



**BEACN**

**BEACN WIZARDRY AND MAGIC INC.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Unaudited)

For the three months ended March 31, 2026 and 2025

# **BEACN WIZARDRY AND MAGIC INC.**

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**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	March 31, 2026	December 31, 2025
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 430,840	\$ 429,076
Accounts receivable	5	2,912	110,797
Taxes receivable		87,516	81,347
Inventory	6	511,804	621,960
Prepaid and inventory deposits	7	301,470	217,250
		1,334,542	1,460,430
<b>Non-current</b>			
Property and equipment, net	8	203,268	189,221
Right-of-use asset	11	65,237	73,982
		268,505	263,203
		\$ 1,603,047	\$ 1,723,633
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 263,617	\$ 331,523
Due to related parties	13	2,500	2,500
Promissory note	9, 16	408,490	404,792
Current portion of lease liability	11, 16	36,325	35,267
Current portion of convertible loan	10, 16	955,233	929,051
		1,666,165	1,703,133
<b>Non-current</b>			
Lease liability	11, 16	39,186	46,845
		39,186	46,845
		\$ 1,705,351	\$ 1,749,978
<b>Shareholders' equity (deficiency)</b>			
Share capital	12	8,491,230	8,143,711
Reserves	12	1,255,570	1,255,570
Deficit		(9,849,104)	(9,425,626)
		(102,304)	(26,345)
		\$ 1,603,047	\$ 1,723,633

These consolidated financial statements are approved by the Board on May 29, 2026.

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)

		<b>Three months ended</b>	
	Note	<b>2026</b>	<b>March 31, 2025</b>
Sales, net	14	\$ 490,340	\$ 793,954
Cost of sales		265,508	449,396
<b>Gross profit</b>		<b>224,832</b>	<b>344,558</b>
<b>Expenses</b>			
Advertising and marketing		61,491	159,009
Consulting fees		22,144	48,803
Depreciation of property and equipment	8	26,437	20,607
Depreciation of right-of-use asset	11	8,745	6,331
Office, supplies, and miscellaneous		74,416	71,338
Professional fees	13	51,820	79,422
Prototype and pre-production costs		481	43
Research and development		12,281	23,928
Rent and operating costs	11	11,885	11,465
Salaries and benefits	13	318,888	329,486
Share-based payments	12(c)	-	1,342
Transfer agent, filing fees and shareholder communications		12,869	7,127
Travel and related costs		14,989	1,260
<b>Total expenses</b>		<b>616,446</b>	<b>760,161</b>
<b>Operating loss</b>		<b>(391,614)</b>	<b>(415,603)</b>
<b>Other items</b>			
Foreign exchange gain (loss)		(385)	(11,131)
Interest and accretion expense	9,10,11,16	(31,479)	(31,955)
		(31,864)	(43,086)
<b>Loss and comprehensive loss for the period</b>		<b>(423,478)</b>	<b>(458,689)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>60,397,964</b>	<b>55,686,810</b>

See the notes to the condensed consolidated interim financial statements

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

(Unaudited: Presented in Canadian Dollars)

	Note	Share Capital		Reserves			Total Shareholders' Equity (Deficiency)	
		Number of shares	Amount	Share-based payments	Warrants	Finders' Warrants		Deficit
<b>Balance, December 31, 2024</b>		<b>56,670,746</b>	<b>\$ 7,799,308</b>	<b>\$ 372,274</b>	<b>\$ 836,677</b>	<b>\$ 42,697</b>	<b>\$ (7,541,092)</b>	<b>\$ 1,509,864</b>
Share-based payments	12(c)	-	-	1,342	-	-	-	1,342
Loss and comprehensive loss for the period		-	-	-	-	-	(458,689)	(458,689)
<b>Balance, March 31, 2025</b>		<b>56,670,746</b>	<b>7,799,308</b>	<b>373,616</b>	<b>836,677</b>	<b>42,697</b>	<b>(7,999,781)</b>	<b>1,052,517</b>
<b>Balance, December 31, 2025</b>		<b>59,714,224</b>	<b>8,143,711</b>	<b>376,196</b>	<b>836,677</b>	<b>42,697</b>	<b>(9,425,626)</b>	<b>(26,345)</b>
Shares issued on private placement	12(b)	3,043,478	350,000	-	-	-	-	350,000
Share issuance costs	12(b)	-	(2,481)	-	-	-	-	(2,481)
Loss and comprehensive loss for the period		-	-	-	-	-	(423,478)	(423,478)
<b>Balance, March 31, 2026</b>		<b>62,757,702</b>	<b>\$ 8,491,230</b>	<b>\$ 376,196</b>	<b>\$ 836,677</b>	<b>\$ 42,697</b>	<b>\$ (9,849,104)</b>	<b>\$ (102,304)</b>

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)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the period	\$ (423,478)	\$ (458,689)
Items not affecting cash:		
Depreciation property and equipment	26,437	20,607
Depreciation of right-of-use asset	8,745	6,331
Share-based payments	-	1,342
Interest and accretion expense	31,479	31,955
Changes in non-cash working capital items:		
Accounts receivable	107,885	(17,625)
Taxes receivable	(6,169)	(8,312)
Prepaid and deposits	(84,220)	46,288
Inventory	110,156	223,403
Accounts payable and accrued liabilities	(67,906)	(1,383)
Due to related parties	-	2,457
<b>Net cash used in operating activities</b>	<b>(297,071)</b>	<b>(153,626)</b>
<b>Investing activities</b>		
Purchases of property and equipment	(40,484)	-
<b>Net cash used in investing activities</b>	<b>(40,484)</b>	<b>-</b>
<b>Financing activities</b>		
Payment of lease liability	(8,200)	(5,065)
Interest paid	-	(2,077)
Proceeds from issuance of common shares	350,000	-
Share issuance costs	(2,481)	-
<b>Net cash provided by (used in) financing activities</b>	<b>339,319</b>	<b>(7,142)</b>
<b>Change in cash</b>	<b>1,764</b>	<b>(160,768)</b>
<b>Cash, beginning of the year</b>	<b>429,076</b>	<b>226,230</b>
<b>Cash, end of the period</b>	<b>\$ 430,840</b>	<b>\$ 65,462</b>

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 THREE MONTHS ENDED MARCH 31, 2026 AND 2025**  
**(Unaudited: Presented in Canadian Dollars)**

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**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. The Company's registered records office is located at 204-1075 Pendergast St., Victoria, British Columbia, V8V 0A1, Canada.

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 \$423,478 for the three months ended March 31, 2026. To March 31, 2026, 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, 2025.

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, 2025. 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 three-month period ended March 31, 2026 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2026.

**BEACN WIZARDRY AND MAGIC INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**  
**(Unaudited: Presented in Canadian Dollars)**

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**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 three months ended March 31, 2026 and year ended December 31, 2025.

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 March 31, 2026 and no change in the loss allowance during the three 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 March 31, 2026, 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 THREE MONTHS ENDED MARCH 31, 2026 AND 2025****(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 March 31, 2026, the Company holds cash of US\$212,760 (2025 - US\$328,851) in USD bank accounts. A 1% change in foreign exchange rates would have an effect of US\$1,511 (2025 - US\$2,242) on foreign currency. During the three months ended March 31, 2026, the Company had a foreign exchange loss of \$385 (2025 – loss of \$11,131).

**5. ACCOUNTS RECEIVABLE**

		<b>March 31, 2026</b>		<b>December 31, 2025</b>
Trade receivables	\$	2,912	\$	110,797
	\$	2,912	\$	110,797

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**

		<b>March 31, 2026</b>		<b>December 31, 2025</b>
Finished goods	\$	511,804	\$	621,960
	\$	511,804	\$	621,960

The costs of individual items of inventory are determined using weighted average costs. Inventories recognized as an expense during three months ended March 31, 2026 amounted to \$158,697 (2025 – \$264,110). 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 \$Nil (2025 – \$113) which is included in cost of sales.

**7. PREPAID AND INVENTORY DEPOSITS**

		<b>March 31, 2026</b>		<b>December 31, 2025</b>
Inventory deposit on purchase order	\$	297,728	\$	208,508
Promotional		3,742		8,742
	\$	301,470	\$	217,250

Prepaid and inventory deposits include parts and finished goods inventory that had not been shipped to the Company by the manufacturer at March 31, 2026.

**BEACN WIZARDRY AND MAGIC INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

(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, 2024	\$ 7,985	\$ 146,286	\$ 3,046	\$ 5,480	\$ 162,797
Additions	12,269	101,996	2,770	-	117,035
Depreciation	(8,298)	(77,960)	(1,886)	(2,467)	(90,611)
Balance, December 31, 2025	11,956	170,322	3,930	3,013	189,221
Additions	981	39,503	-	-	40,484
Depreciation	(1,984)	(23,279)	(566)	(608)	(26,437)
Balance, March 31, 2026	\$ 10,953	\$ 186,546	\$ 3,364	\$ 2,405	\$ 203,268

**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. Subsequent to the period ended March 31, 2026, the Company and the lender extended the maturity date to May 11, 2027. 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.

<b>As at December 31, 2024</b>	\$	389,792
Interest expense		15,000
<b>As at December 31, 2025</b>		404,792
Interest expense		3,698
<b>As at March 31, 2026</b>	\$	408,490

**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 year ended December 31, 2025, the Company and the Lenders agreed to extend the maturity date to August 28, 2026. The modifications did not result in a substantial change in the terms and conditions of the debt. Accordingly, it has been treated under IFRS 9 as a modification of debt. There was no substantial change in the carrying amount of the financial liability at the time of adjustment and so there has been no change reflected in the consolidated financial statements.

During the three months ended March 31, 2026, the Company incurred \$26,182 in interest expense which is payable at the annual anniversary date of the loan (2025 - \$26,181). See Note 16 for further details.

<b>As at December 31, 2024</b>	\$	822,873
Interest expense		106,178
<b>As at December 31, 2025</b>		929,051
Interest expense		26,182
<b>As at March 31, 2026</b>	\$	955,233

**BEACN WIZARDRY AND MAGIC INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

(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 – \$8,745 (2025 – \$6,331);
- Interest expense (included in interest and accretion expense) – \$1,599 (2025 – \$2,077); and
- Expense relating to short-term leases (included in rent and operating costs) – \$8,200 (2025 – \$7,142).

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, 2024	\$	104,937
Amortization		(30,955)
Balance, December 31, 2025	\$	73,982
Amortization		(8,745)
<b>Balance, March 31, 2026</b>	<b>\$</b>	<b>65,237</b>

**Lease liabilities:**

Balance, December 31, 2024	\$	105,510
Add: Interest		7,637
Less: Rent payments		(31,035)
Balance, December 31, 2025	\$	82,112
Add: Interest		1,599
Less: Rent payments		(8,200)
<b>Balance, March 31, 2026</b>	<b>\$</b>	<b>75,511</b>
Less: Current portion		(36,325)
<b>Long-term portion</b>	<b>\$</b>	<b>39,186</b>

**March 31,  
2026****Maturity Analysis – contractual undiscounted cash flows from minimum lease**

Short-term portion - less than one year	\$	34,979
Long-term portion - one to five years		40,809
<b>Total undiscounted lease liabilities</b>	<b>\$</b>	<b>75,788</b>

**BEACN WIZARDRY AND MAGIC INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**  
(Unaudited: Presented in Canadian Dollars)

**12. SHARE CAPITAL**

(a) Authorized:

As at March 31, 2026, 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 2026**

On January 8, 2026, the Company completed the second of two tranches of a non-brokered private placement, whereby the Company issued 3,043,478 common shares of the Company at a price of \$0.115 per share for gross proceeds of \$350,000.

In connection with the private placement, the Company incurred \$2,481 in share issuance costs.

**Fiscal 2025**

On December 5, 2025, the Company completed the first tranche of a non-brokered private placement, whereby the Company issued 3,043,478 common shares of the Company at a price of \$0.115 per share for gross proceeds of \$350,000.

In connection with the private placement, the Company incurred \$5,597 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:

<b>Expiry date</b>	<b>Exercise price</b>	<b>December 31, 2024</b>	<b>Cancelled</b>	<b>December 31, 2025 and March 31, 2026</b>
October 29, 2026	\$ 0.30	3,075,000	(550,000)	2,525,000
January 22, 2027	\$ 0.32	50,000	-	50,000
May 2, 2027	\$ 0.32	100,000	-	100,000
May 17, 2027	\$ 0.35	450,000	(100,000)	350,000
September 27, 2027	\$ 0.27	50,000	-	50,000
September 23, 2028	\$ 0.20	925,000	(450,000)	475,000
April 20, 2031	\$ 0.10	337,500	(337,500)	-
<b>Outstanding</b>		<b>4,987,500</b>	<b>(1,437,500)</b>	<b>3,550,000</b>
<b>Weighted average exercise price</b>		<b>\$ 0.27</b>	<b>\$ 0.23</b>	<b>\$ 0.29</b>

At March 31, 2026, 3,550,000 stock options were exercisable (December 31, 2025 – 3,550,000), and the weighted average remaining life of the outstanding and exercisable options is 0.92 years (December 31, 2025 – 1.17 years). The stock-based compensation expense recognized in the three months ended March 31, 2026 for the vesting of options was \$Nil (2025 – \$1,342).

**BEACN WIZARDRY AND MAGIC INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**  
(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:

	2026	2025
Expected dividend yield	-	Nil
Expected stock price volatility	-	85.41%
Risk-free interest rate	-	1.80%
Forfeiture rate	-	Nil
Expected options life in years	-	5 years

(d) Warrants

Expiry date	Exercise price	December 31, 2024	Expired	December 31, 2025 and March 31, 2026
November 29, 2025 <sup>(a)</sup>	\$ 0.45	8,516,666	(8,516,666)	-
April 20, 2026	\$ 0.10	250,000	-	250,000
July 25, 2026	\$ 0.45	3,950,000	-	3,950,000
September 29, 2026	\$ 0.45	500,000	-	500,000
Outstanding		13,216,666	(8,516,666)	4,700,000
Weighted average exercise price	\$ 0.44	\$ 0.45	\$ 0.43	

<sup>(a)</sup> 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 March 31, 2026, the weighted average remaining life of the outstanding warrants is 0.32 years (December 31, 2025 – 0.57 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 three months ended March 31, 2026:

	Salaries and benefits	Professional fees	Total
Craig Fraser, Chief Product Officer and Director	\$ 28,458	\$ -	\$ 28,458
Liberty Brunet, Corporate Secretary	\$ -	\$ 2,500	\$ 2,500
Derek Sobel, Chief Financial Officer, through Catapult Consulting Corp.	\$ -	\$ 45,000	\$ 45,000
Kevin Alexander, Chief Executive Officer and Director	\$ 41,538	\$ -	\$ 41,538

**BEACN WIZARDRY AND MAGIC INC.**  
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**13. RELATED PARTY TRANSACTIONS (cont'd)**

For the three months ended March 31, 2025:

	Salaries and benefits	Professional fees	Total
Craig Fraser Chief Executive Officer, Former Director	\$ 29,346	\$ -	\$ 29,346
Daniel Davies Chief Technology Officer, Director	\$ 29,346	\$ -	\$ 29,346
Liberty Brunet, Corporate Secretary	\$ 30,468	\$ -	\$ 30,468
Kevin Alexander, Director	\$ -	\$ 28,470	\$ 28,470

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 March 31, 2026, included in due to related parties are amounts owing to related parties of \$2,500 (December 31, 2025 - \$2,500).

**14. SEGMENTED INFORMATION**

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

	March 31, 2026	March 31, 2025
<b>Geographic region:</b>		
North America	\$ 445,151	\$ 653,730
Other	45,189	140,224
	\$ 490,340	\$ 793,954

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

<b>As at March 31, 2026</b>	<b>North America</b>	<b>Other</b>
Property and equipment, net	\$ 203,268	\$ -
Right-of-use asset	65,237	-
<b>Total</b>	<b>\$ 268,505</b>	<b>\$ -</b>
<b>As at December 31, 2025</b>	<b>North America</b>	<b>Other</b>
Property and equipment, net	\$ 189,221	\$ -
Right-of-use asset	73,982	-
<b>Total</b>	<b>\$ 263,203</b>	<b>\$ -</b>

**BEACN WIZARDRY AND MAGIC INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025****(Unaudited: Presented in Canadian Dollars)****15. CAPITAL MANAGEMENT**

The Company's capital consists of shareholders' equity (deficiency). 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.

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
Promissory note	\$ 408,490	\$ 404,792
Convertible loan	955,233	929,051
Lease liability	75,511	82,112
<b>Total debt</b>	<b>\$ 1,439,234</b>	<b>\$ 1,415,955</b>

	<b>Convertible Loan</b>	<b>Promissory Note</b>	<b>Lease Liability</b>	<b>Total</b>
<b>Debt as at December 31, 2024</b>	\$ 822,873	\$ 389,792	\$ 105,510	\$ 1,318,175
Financing cash flows	-	-	(23,398)	(23,398)
Interest expense	106,178	15,000	7,637	128,815
Interest payments (presented as financing cash flows)	-	-	(7,637)	(7,637)
<b>Debt as at December 31, 2025</b>	<b>929,051</b>	<b>404,792</b>	<b>82,112</b>	<b>1,415,955</b>
Financing cash flows	-	-	(6,601)	(6,601)
Interest expense	26,182	3,698	1,599	31,479
Interest payments (presented as financing cash flows)	-	-	(1,599)	(1,599)
<b>Debt as at March 31, 2026</b>	<b>\$ 955,233</b>	<b>\$ 408,490</b>	<b>\$ 75,511</b>	<b>\$ 1,439,234</b>

**17. SUBSEQUENT EVENTS**

Subsequent to the period ended March 31, 2026, the Company announced the creation of a shipment-triggered loan program (the "Loan Program") and the closing of the first series under the Loan Program for an aggregate amount of \$338,000. The Loan Program is governed by a master loan agreement (the "MLA") and is intended to provide the Company with non-dilutive financing to enhance the production and shipment of finished goods inventory. Advances under the Loan Program may be made from time to time in one or more series, with each series structured as a separate borrowing under the MLA. Amounts advanced under each series bear a fixed premium of 10% of funds advanced and are repayable from product sales over the applicable repayment period. Each series has a contractual maturity of up to twelve (12) months following the final shipment date of the applicable inventory. The Company may repay amounts outstanding under a series prior to maturity without penalty or premium. The Loan Program does not obligate the Company to draw a minimum amount, nor are there any standby fees. The lenders under the Loan Program are considered related parties of the Company.

Subsequent to period end, 250,000 warrants with an exercise price of \$0.10 expired unexercised.