BEACN

BEACN WIZARDRY AND MAGIC INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

For the six months ended June 30, 2026 and 2025

Contents

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, 2026		December 31, 2025
Assets					
Current					
Cash		$	387,922	$	429,076
Accounts receivable	5		62,759		110,797
Taxes receivable			74,712		81,347
Inventory	6		673,972		621,960
Prepaid and inventory deposits	7		196,664		217,250
			1,396,029		1,460,430
Non-current					
Property and equipment, net	8		183,966		189,221
Right-of-use asset	12		56,492		73,982
			240,458		263,203
		$	1,636,487	$	1,723,633
Liabilities					
Current					
Accounts payable and accrued liabilities		$	218,753	$	331,523
Due to related parties	14		37,309		2,500
Loans payable	9		453,929		-
Promissory note	10, 17		412,230		404,792
Current portion of lease liability	12, 17		33,003		35,267
Convertible loan	11, 17		981,704		929,051
			2,136,928		1,703,133
Non-current					
Lease liability	12, 17		35,421		46,845
			35,421		46,845
		$	2,172,349	$	1,749,978
Shareholders' equity (deficiency)					
Share capital	13		8,491,230		8,143,711
Reserves	13		1,255,570		1,255,570
Deficit			(10,282,662)		(9,425,626)
			(535,862)		(26,345)
		$	1,636,487	$	1,723,633

These consolidated financial statements are approved by the Board on August 28, 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)

		Three months ended	June 30,	Six months ended	June 30,
	Note	**2026**	**2025**	**2026**	**2025**
Sales, net	15	$ 415,584	$ 584,839	$ 905,924	$ 1,378,793
Cost of sales		238,583	368,743	504,091	818,139
Gross profit		177,001	216,096	401,833	560,654
Expenses					
Advertising and marketing		63,577	124,363	125,068	283,372
Consulting fees		37,547	36,827	59,691	85,630
Depreciation of property and equipment	8	27,908	20,684	54,345	41,291
Depreciation of right-of-use asset	12	8,745	7,135	17,490	13,466
Office, supplies, and miscellaneous		55,986	62,024	130,402	133,362
Professional fees	14	88,489	49,081	140,309	128,503
Prototype and pre-production costs		1,058	-	1,539	43
Research and development		12,123	20,924	24,404	44,852
Rent and operating costs	12	12,155	11,605	24,040	23,070
Salaries and benefits	14	265,116	287,397	584,004	616,883
Share-based payments	13(c)	-	927	-	2,269
Transfer agent, filing fees and shareholder communications		5,936	1,268	18,805	8,395
Travel and related costs		2,203	18,065	17,192	19,325
Total expenses		580,843	640,300	1,197,289	1,400,461
Operating loss		(403,842)	(424,204)	(795,456)	(839,807)
Other items					
Foreign exchange gain (loss)		6,639	(1,685)	6,254	(12,816)
Interest and accretion expense	10,11,17	(36,355)	(32,187)	(67,834)	(64,142)
		(29,716)	(33,872)	(61,580)	(76,958)
Loss and comprehensive loss for the period		(433,558)	(458,076)	(857,036)	(916,765)
Basic and diluted loss per share		$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted		61,642,875	56,536,043	61,156,749	56,536,043

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)

		Share Capital		Reserves				
	Note	Number of shares	Amount	Share-based payments	Warrants	Finders' Warrants	Deficit	Total Shareholders' Equity (Deficiency)
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	13(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**
Balance, December 31, 2025		**59,714,224**	**8,143,711**	**376,196**	**836,677**	**42,697**	**(9,425,626)**	**(26,345)**
Shares issued on private placement	13(b)	3,043,478	350,000	-	-	-	-	350,000
Share issuance costs	13(b)	-	(2,481)	-	-	-	-	(2,481)
Loss and comprehensive loss for the period		-	-	-	-	-	(857,036)	(857,036)
Balance, June 30, 2026		**62,757,702**	**$ 8,491,230**	**$ 376,196**	**$ 836,677**	**$ 42,697**	**$ (10,282,662)**	**$ (535,862)**

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, 2026		2025
Cash provided by (used in):				
Operating activities				
Loss for the period	$	(857,036)	$	(916,765)
Items not affecting cash:				
Depreciation property and equipment		54,345		41,291
Depreciation of right-of-use asset		17,490		13,466
Share-based payments		-		2,269
Interest and accretion expense		67,834		64,142
Changes in non-cash working capital items:				
Accounts receivable		48,038		112,071
Taxes receivable		6,635		5,795
Prepaid and deposits		20,586		47,344
Inventory		(52,012)		461,033
Accounts payable and accrued liabilities		(112,770)		(28,584)
Due to related parties		34,809		(1,024)
Net cash used in operating activities		(772,081)		(198,962)
Investing activities				
Purchases of property and equipment		(49,090)		-
Net cash used in investing activities		(49,090)		-
Financing activities				
Payment of lease liability		(16,752)		(10,585)
Interest paid		-		(2,077)
Proceeds from issuance of common shares		350,000		-
Proceeds from loans payable		449,250		-
Share issuance costs		(2,481)		-
Net cash provided by (used in) financing activities		780,017		(12,662)
Change in cash		(41,154)		(211,624)
Cash, beginning of the year		429,076		792,185
Cash, end of the period	$	387,922	$	580,561

See the notes to the condensed consolidated interim financial statements

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 $857,036 for the six months ended June 30, 2026. To June 30, 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 six-month period ended June 30, 2026 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2026.

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, 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 June 30, 2026, 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, 2026, the principal portion of the Company's convertible loans with accrued interest have maturity dates of 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.

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, 2026, the Company holds cash of US$214,151 (2025 - US$328,851) in USD bank accounts. A 1% change in foreign exchange rates would have an effect of US$1,492 (2025 - US$1,506) on foreign currency. During the six months ended June 30, 2026, the Company had a foreign exchange gain of $6,254 (2025 – loss of $12,816).

5. ACCOUNTS RECEIVABLE

		June 30, 2026		December 31, 2025
Trade receivables	$	62,759	$	110,797
	$	62,759	$	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

		June 30, 2026		December 31, 2025
Finished goods	$	673,972	$	621,960
	$	673,972	$	621,960

The costs of individual items of inventory are determined using weighted average costs. Inventories recognized as an expense during six months ended June 30, 2026, amounted to $301,480 (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 – $115) which is included in cost of sales.

7. PREPAID AND INVENTORY DEPOSITS

		June 30, 2026		December 31, 2025
Inventory deposit on purchase order	$	185,614	$	208,508
Promotional		11,050		8,742
	$	196,664	$	217,250

Prepaid and inventory deposits include parts and finished goods inventory that had not been shipped to the Company by the manufacturer at June 30, 2026.

(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		3,195		45,895		-		-		49,090
Depreciation		(4,151)		(47,833)		(1,138)		(1,223)		(54,345)
Balance, June 30, 2026	$	11,000	$	168,384	$	2,792	$	1,790	$	183,966

9. LOAN PAYABLE

On May 13, 2026, the Company entered into 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 with two related parties of the Company (together, the "Lenders"). On June 18, 2026, the Company closed the second series of the Loan Program for $111,250 with a related party of the Company.

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. Any premium or principal amounts under this Loan Program are not convertible into securities of the Company without prior approval of the TSX Exchange. The Loan Program does not obligate the Company to draw a minimum amount, nor are there any standby fee.

As at December 31, 2024 and 2025	$	-
Additions		449,250
Accrued loan premium expense		4,679
As at June 30, 2026	$	453,929

10. 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. During the six months ended June 30, 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.

As at December 31, 2024	$	389,792
Interest expense		15,000
As at December 31, 2025		404,792
Interest expense		7,438
As at June 30, 2026	$	412,230

(Unaudited: Presented in Canadian Dollars)

11. 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, and defer interest payments until the maturity date. 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 six months ended June 30, 2026, the Company incurred $52,653 (2025 - $52,653). See Note 17 for further details.

As at December 31, 2024	$	822,873
Interest expense		106,178
As at December 31, 2025		929,051
Interest expense		52,653
As at June 30, 2026	$	981,704

12. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company leases an office under a non-cancellable lease with a term to May 31, 2028. The consolidated statements of loss and comprehensive loss disclose the following amounts relating to leases:

- Depreciation charge of right-of-use assets – $17,490 (2025 – $13,466);
- Interest expense (included in interest and accretion expense) – $3,064 (2025 – $4,051); and
- Expense relating to short-term leases (included in rent and operating costs) – $16,752 (2025 – $14,636).

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.

(Unaudited: Presented in Canadian Dollars)

12. RIGHT-OF-USE ASSET AND LEASE LIABILITY (cont'd)

Right-of-use assets:

Balance, December 31, 2024	$	104,937
Amortization		(30,955)
Balance, December 31, 2025	$	73,982
Amortization		(17,490)
Balance, June 30, 2026	**$**	**56,492**

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		3,064
Less: Rent payments		(16,752)
Balance, June 30, 2026	**$**	**68,424**
Less: Current portion		(33,003)
Long-term portion	**$**	**35,421**

		June 30, 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		32,064
Total undiscounted lease liabilities	**$**	**67,043**

13. SHARE CAPITAL

(a) Authorized:

As at June 30, 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.

(Unaudited: Presented in Canadian Dollars)

13. SHARE CAPITAL (cont'd)

(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, 2024	Cancelled	December 31, 2025 and June 30, 2026
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)	-
Outstanding		4,987,500	(1,437,500)	3,550,000
Weighted average exercise price		$ 0.27	$ 0.23	$ 0.29

At June 30, 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 0.67 years (December 31, 2025 – 1.17 years). The stock-based compensation expense recognized in the six months ended June 30, 2026 for the vesting of options was $Nil (2025 – $2,269).

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

(Unaudited: Presented in Canadian Dollars)

13. SHARE CAPITAL (cont'd)

(d) Warrants

Expiry date	Exercise price	December 31, 2024	Expired	December 31, 2025	Expired	June 30, 2026
November 29, 2025[a]	$ 0.45	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		13,216,666	(8,516,666)	4,700,000	(250,000)	4,450,000
Weighted average exercise price		$ 0.44	$ 0.45	$ 0.43	$ 0.10	$ 0.45

[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, 2026, the weighted average remaining life of the outstanding warrants is 0.09 years (December 31, 2025 – 0.57 years).

14. 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, 2026:

	Salaries and benefits	Professional fees	Total
Craig Fraser, Chief Product Officer and Director	$ 60,770	$ -	$ 60,770
Liberty Brunet, Corporate Secretary	$ -	$ 5,000	$ 5,000
Derek Sobel, Chief Financial Officer, through Catapult Consulting Corp.	$ -	$ 90,000	$ 90,000
Kevin Alexander, Chief Executive Officer and Director	$ 88,290	$ -	$ 88,290

(Unaudited: Presented in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS (cont'd)

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

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, 2026, included in due to related parties are amounts owing to related parties of $37,309 (December 31, 2025 - $2,500).

15. SEGMENTED INFORMATION

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

	June 30, 2026	June 30, 2025
Geographic region:		
North America	$ 826,843	$ 1,164,082
Other	77,834	214,711
	$ 904,677	$ 1,378,793

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

As at June 30, 2026	**North America**	**Other**
Property and equipment, net	$ 183,966	$ -
Right-of-use asset	56,492	-
Total	**$ 240,458**	**$ -**

As at December 31, 2025	**North America**	**Other**
Property and equipment, net	$ 189,221	$ -
Right-of-use asset	73,982	-
Total	**$ 263,203**	**$ -**

(Unaudited: Presented in Canadian Dollars)

16. 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.

17. DEBT RECONCILIATION

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

	June 30, 2026	December 31, 2025
Promissory note	$ 412,230	$ 404,792
Convertible loan	981,704	929,051
Loans payable	453,929	-
Lease liability	68,424	82,112
Total debt	**$ 1,916,287**	**$ 1,415,955**

	Convertible Loan	Promissory Note	Loans Payable	Lease Liability	Total
Debt as at December 31, 2024	$ 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)
Debt as at December 31, 2025	929,051	404,792	-	82,112	1,415,955
Financing cash flows	-	-	449,250	(13,688)	435,562
Interest expense	52,653	7,438	4,679	3,064	67,834
Interest payments (presented as financing cash flows)	-	-	-	(3,064)	(3,064)
Debt as at June 30, 2026	$ 981,704	$ 412,230	$ 453,929	$ 68,424	$ 1,916,287

18. SUBSEQUENT EVENTS

Subsequent to period ended June 30, 2026, 3,950,000 warrants with an exercise price of $0.45 expired unexercised.