MUSTGROW BIOLOGICS CORP.

Financial Statements

December 31, 2025 and 2024

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of
MustGrow Biologics Corp.

Opinion

We have audited the financial statements of MustGrow Biologics Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of NexusBioAg assets	
As further described in Notes 4, 5, and 6 to the financial statements, the Company had inventory of $2,385,154, equipment of $152,864, and intangible assets of $187,683 in the NexusBioAg cash-generating unit (CGU) prior to the recording of impairment charges against these assets of $386,165, $152,864, and $187,683, respectively. Inventory is required to be recorded at the lower of cost and net realizable value. The equipment and intangible assets are required to be tested for impairment when circumstances indicate that their carrying value may be impaired, or at each reporting date where required. The equipment and intangible assets are tested by comparing the recoverable amount of the assets or the CGU with their carrying amounts. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. We considered this to be a key audit matter due to the significance of the impairment recorded and the judgments applied by management in estimating the recoverable amounts. Significant assumptions included forecasted cash flows arising from the sale or disposal of these assets after year-end.	To test the estimated recoverable amount of the NexusBioAg assets, our audit procedures included, among others: With the assistance of our valuation specialists, we assessed the methodologies applied and evaluated management's determination that no future cash flows are expected to be derived from the intangible assets by considering the current and past performance of NexusBioAg and whether the assets could be redeployed or used in other parts of the business, and inspected evidence regarding management's efforts to sell the assets. We assessed management's estimated disposal amounts of equipment and with the assistance of our valuation specialists and compared management's estimated market values to market selling prices for similar equipment. We assessed the net realizable value of NexusBioAg's inventory by evaluating sales occurring subsequent to year-end, which we considered a key source of evidence in determining net realizable selling prices. We also assessed the adequacy of the disclosures included in the financial statements related to the impairments recorded.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert Jolley.

Ernst & Young LLP

Chartered Professional Accountants

Saskatoon, Canada
April 29, 2026

MUSTGROW BIOLOGICS CORP.
Statements of financial position
(Expressed in Canadian Dollars)

		December 31, 2025		December 31, 2024
ASSETS				
Current assets				
Cash and cash equivalents	$	918,767	$	2,997,530
Accounts receivable		69,278		102,776
Inventory (note 4)		1,998,989		1,430,223
Prepaid expenses and deposits		73,501		129,885
		3,060,535		**4,660,414**
Equipment (note 5)		-		180,264
Intangible assets (note 6)		-		575,575
Right-of-use assets (note 7)		32,613		-
Total assets	**$**	**3,093,148**	**$**	**5,416,253**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 11)	$	1,641,915	$	2,503,118
Current portion of lease liability (note 7)		14,790		-
Current portion of long-term debt (note 8)		417,991		393,459
		2,074,696		**2,896,577**
Non-current liabilities				
Earn-out payable (note 13)		-		225,575
Lease liability (note 7)		19,015		-
Long-term debt (note 8)		-		124,532
Convertible debentures (note 9)		132,337		-
Total liabilities		**2,226,048**		**3,246,684**
EQUITY				
Share capital (note 10)		28,697,110		25,333,011
Contributed surplus (note 10)		7,597,395		5,006,297
Deficit		(35,427,405)		(28,169,739)
		867,100		2,169,569
Total liabilities and equity	**$**	**3,093,148**	**$**	**5,416,253**

Signed on behalf of the Board,

/s/ Brad Munro   /s/ David Borecky

The accompanying notes are an integral part of these financial statements

MUSTGROW BIOLOGICS CORP.
Statements of loss and comprehensive loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2025	2024
Sales (note 12)	$ 8,286,541	$ 125,518
Cost of sales	(6,824,236)	(97,263)
Impairment loss (notes 4, 5, 6, 18)	(726,721)	-
License revenue	-	272,500
	$ 735,584	$ 300,755
Expenses		
Selling expenses	$ 1,929,536	$ -
Marketing and promotion	623,115	470,252
Office and administration (note 11)	1,221,485	1,035,818
Research and development	473,915	773,858
Regulatory	270,399	351,278
Corporate communications	372,173	204,755
Transfer agent, filing and exchange	264,902	250,302
Patent expenses	254,337	220,262
Professional fees	581,436	634,387
Royalty expense (note 8)	291,497	-
Depreciation	50,760	-
Stock-based compensation (note 10)	1,381,353	1,474,015
	$ 7,714,908	$ 5,414,927
Loss before the following	$ (6,979,324)	$ (5,114,172)
Interest income	34,049	202,404
Finance costs	(313,124)	-
Foreign exchange gain (loss)	733	23,046
Net loss	**$ (7,257,666)**	**$ (4,888,722)**
Total comprehensive loss	**$ (7,257,666)**	**$ (4,888,722)**
Net loss per share, basic and diluted	$ (0.13)	$ (0.09)
Weighted average number of shares outstanding, basic and diluted	54,354,575	51,596,109

The accompanying notes are an integral part of these financial statements

MUSTGROW BIOLOGICS CORP.
Statements of changes in equity (deficiency)
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
	(note 10)				
Balance, December 31, 2023	51,463,575	$ 25,060,377	$ 3,804,916	$ (23,281,017)	$ 5,584,276
Exercise of share units and stock options	177,035	272,634	(272,634)	-	-
Stock-based compensation	-	-	1,474,015	-	1,474,015
Net loss and comprehensive loss	-	-	-	(4,888,722)	(4,888,722)
Balance, December 31, 2024	51,640,610	$ 25,333,011	$ 5,006,297	$ (28,169,739)	$ 2,169,569

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
Balance, December 31, 2024	51,640,610	$ 25,333,011	$ 5,006,297	$ (28,169,739)	$ 2,169,569
Stock-based compensation	-	-	1,381,353	-	1,381,353
Exercise of stock options	746,882	481,134	(349,687)	-	131,447
Issuance and conversion of Debenture Units	3,407,134	1,519,677	1,032,880	-	2,552,557
Issuance of 2025 Units	3,059,731	1,363,288	526,552		1,889,840
Net loss and comprehensive loss	-	-	-	(7,257,666)	(7,257,666)
Balance, December 31, 2025	58,854,357	$ 28,697,110	$ 7,597,395	$ (35,427,405)	$ 867,100

The accompanying notes are an integral part of these financial statements

(Expressed in Canadian Dollars)

	Year ended December 31, 2025	2024
Operating Activities		
Net loss	$ (7,257,666)	$ (4,888,722)
Items not affecting cash		
Stock-based compensation	1,381,353	1,474,015
Deferred revenue	-	(272,500)
Depreciation expense	50,760	-
Non-cash finance costs	114,826	-
Impairment loss	726,721	-
Net changes in non-cash working capital items:		
Accounts receivable	33,498	(7,966)
Inventory	(954,931)	(298,180)
Prepaid expenses and deposits	56,384	(104,001)
Accounts payable and accrued liabilities	790,288	519,058
Cash used in operating activities	**(5,058,767)**	**(3,578,296)**
Investing Activities		
Acquisition of NexusBioAg assets	(1,500,000)	-
Cash (used in) investing activities	**(1,500,000)**	**-**
Financing Activities		
Issuance of Debenture Units	2,573,075	-
Issuance of 2025 Units	1,889,840	-
Exercise of stock options	131,447	-
Repayment of long-term debt	(100,000)	(241,343)
Payment of lease liabilities	(14,358)	-
Cash (used in) provided by financing activities	**4,480,004**	**(241,343)**
Net increase (decease) in cash during the year	**(2,078,763)**	**(3,819,639)**
Cash, beginning of the year	2,997,530	6,817,169
Cash, end of the year	**$ 918,767**	**$ 2,997,530**

1. Nature and continuance of operations

MustGrow Biologics Corp. (the "Company") was incorporated on December 2, 2014 as 1020673 BC Ltd. under the laws of the province of British Columbia, Canada.

The Company is a provider of innovative biological and regenerative agriculture solutions designed to support sustainable farming. The Company's proprietary products and technologies offer eco-friendly alternatives to restricted or banned synthetic chemicals and fertilizers. These products and technologies are derived from mustard seed and developed into organic biocontrol and biofertility products to help replace banned or restricted synthetic chemicals and fertilizers. In North America, MustGrow owns and is working on product registrations and sales. The Company's first registered product, TerraSante™, a biofertility product, launched in 2024 and is currently registered in key U.S. states and initial sales ramp-up is ongoing. Outside of North America, MustGrow is focused on collaborating with agriculture companies, such as Bayer in Europe, the Middle East and Africa, to commercialize MustGrow's wholly-owned proprietary products and technologies. The head office, principal address, records office and registered address of the Company are located at 1005 – 201 1st Ave. S., Saskatoon, Saskatchewan, S7K 1J5, Canada.

In 2025, most of the Company's sales were third-party products related to NexusBioAg. See note 13. The Company discontinued those sales in April 2026. See note 18. Notwithstanding this loss of sales, Management believes the Company has sufficient resources to continue as a going concern.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

The financial statements were authorized for issuance by the Company's Board of Directors on April 29, 2026.

3. Material accounting policy information

Significant estimates, judgments and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates and may be material.

Areas requiring a significant degree of estimation relate to revenue recognition from contracts with licensees, the cost allocation of purchased bundled assets , net realizable value of inventory, the useful lives and valuation of equipment and intangible assets, the fair value measurements for financial instruments and stock-based compensation and other equity-based payments. The most significant use of judgements and estimates are the fair value estimation of assets acquired in the NexusBioAg asset purchase and the valuation methods utilized. The key assumptions and sensitivity analyses are provided in Note 13. Specific estimates are discussed in the following policy description. Actual results may differ from those estimates.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted amounts are not presented when the effect of the computation is anti-dilutive.

Cash and cash equivalents

Cash and cash equivalents consist of balances held with financial institutions and amounts due on demand or with an original maturity of three months or less.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of net income for the current period.

Inventory

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:
• Raw materials: purchase cost on a first-in/first-out basis
• Finished goods and work in progress: cost of direct materials and toll manufacturing fees

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Revenue recognition

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognize revenue when, or as, the Company satisfies a performance obligation.

The Company generates revenue through product sales and fees for evaluation and collaboration agreements with interested agriculture customers.

Revenue from sales of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods to the customer's location. The normal credit term offered is 30 days. The Company considers if any other promises in the contract exist which require a transaction price to be allocated (ex: warranties). Variable consideration, the existence of a significant financing component, non-cash consideration and consideration payable to the customer are not present in the Company's contracts with customers.

Evaluation and collaboration agreements can include amounts paid to the Company which relate to various performance obligations. These performance obligations can range from the provision of proprietary technology, information and materials for the purposes of research evaluation, product development and regulatory approval. Revenue from these agreements is generally recognized when the Company has satisfied all of the required performance obligations in the contract. When contracts involve various performance obligations, the Company evaluates whether each performance obligation is distinct and should be accounted for as a separate unit of accounting under IFRS 15, *Revenue from Contracts with Customers*. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for the completion of the performance obligations. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts related to a potential commercial product include variable consideration if certain developmental milestones are met. These revenues are not recognized until evidence exists suggesting that the milestone has been met. The total transaction price is determined at the inception of the contract and where a single contract price is stated, the contract price is allocated to each performance obligation based on their relative standalone selling prices. Until such obligations have been discharged, the Company records amounts received as deferred revenue.

Ancillary revenue is also earned through interest for funds held on deposit by financial institutions.

Equipment

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a declining balance basis over the estimated useful lives of the assets, as follows: Equipment 5-10 years.

An item of equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives, methods of depreciation and potential impairment of equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired, or tests annually for impairment where required. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. The Company's CGUs are NexusBioAg and mustard-based products. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Segment reporting

An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenue and incur expenses, including revenue and expenses incurred by virtue of activities with any of the Company's other operations. An operating segment has discrete financial information available that is regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to assess performance or make resource allocation decisions. The CODM has been identified as the Chief Executive Officer. The Company has a single operating and reportable segment.

Financial instruments

The Company initially recognizes financial assets at fair value on the date they are originated, plus or minus transaction costs for financial assets not at fair value through profit or loss ("FVPL").

Financial assets are subsequently measured at FVPL, amortized cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

Cash and accounts receivable are subsequently measured at amortized cost as they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and they meet the SPPI criterion. There are no financial assets classified as FVPL or FVOCI as at the reporting date.

For accounts receivable, the Company applies a simplified approach in calculating expected credit losses ("ECLs"). The Company recognizes a loss allowance based on lifetime ECL approach at each reporting date. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities, long-term debt and convertible debentures, which are all subsequently measured at amortized cost using the effective interest rate method. There are no financial liabilities at FVPL nor derivatives as at the reporting dates.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of loss.

Financial instruments measured at fair value are classified into one of the 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 and liabilities;
- Level 2: Inputs other than quoted prices 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 Company does not have any financial assets or liabilities held at FVPL.

The fair value of cash is determined based on Level 1 inputs. As at December 31, 2025, the Company believes that the carrying values of accounts receivable, GST receivable, other receivables, accounts payable and accrued liabilities and the current portion of long-term debt approximate their fair values because of their nature or relatively short maturity dates or durations.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in office and administration expenses. The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the 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 income tax:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Share based payments

The Company grants share units, stock options and warrants to officers, directors and non-employees as consideration for services rendered and these are accounted for as equity-settled transactions.

The cost of the equity-settled transactions is based on the fair value of share units, stock options and warrants measured at the grant date and recognized over the vesting period. The cost of the equity-settled transactions for non-employees is determined using the service date measurement approach, which requires the Company to measure the fair value of the share option at each date when services are received. The expenses for each period are recognized in stock-based compensation expense, with a corresponding increase in contributed surplus.

Consideration received on the exercise of stock options or warrants is recorded as share capital and the related contributed surplus on options or warrants granted are transferred to share capital.

The Company used the Black-Scholes option-pricing method to determine the fair value of these options and warrants taking into consideration the terms and conditions. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options or warrants that are expected to vest.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use and sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost, less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use and is amortized over the period expected future benefit. During the period of development, the asset is tested for impairment annually.

Earn-out payable

The earn-out payable, which is a contingent consideration resulting from asset acquisitions, was valued at fair value at the acquisition date as part of the allocation of total cost to the identifiable assets acquired. The key assumption in the calculation was the expected future sales and the discount factor.

Accounting standards and amendments adopted

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2025.

Lack of exchangeability – Amendments to IAS 21. In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments had no impact on the Company's financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments. In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 - to address matters regarding how to classify some financial assets with environment, social and governance features. The amendments provide guidance on the classification of financial assets, including those with contingent features, and clarify the requirements for the recognition and derecognition of financial liabilities. They also introduce an exception for the derecognition of financial assets and financial liabilities settled through an electronic payment system and require additional disclosures for certain financial instruments.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted, and will apply retrospectively.

(Expressed in Canadian Dollars)

4. Inventory

	December 31, 2025	December 31, 2024
Finished goods	$ 1,747,043	$ 1,196,886
Raw material	251,946	233,337
	$ 1,998,989	$ 1,430,223

The cost of inventories recognized as an expense and included in cost of sales during the year ended December 31, 2025 totaled $6,824,236 (2024 – $97,263).

At December 31, 2025, the Company recognized an impairment loss of $386,165 for obsolete finished goods inventory related to NexusBioAg.

5. Equipment

Equipment was stated at cost less accumulated depreciation. Depreciation was computed using the declining balance method over the estimated useful lives of the assets. The estimated useful lives of equipment generally range from 5 to 10 years, depending on the nature of the asset. The Company recognized an impairment loss for the full book value of the equipment at December 31, 2025 related to the closure of NexusBioAg (see note 18).

	December 31, 2025	December 31, 2024
Equipment	$ 191,080	$ 180,264
Accumulated depreciation	(38,216)	-
	$ 152,864	$ 180,264
Impairment loss	(152,864)	
	-	$ 180,264

6. Intangible assets

On December 31, 2024, the Company acquired certain Canadian Food Inspection Agency product registrations and trademarks related to NexusBioAg. The acquisition cost was originally recorded at $575,575, but was subsequently adjusted to $187,693 (see note 13). At December 31, 2025, the Company recognized an impairment loss of $187,693, in view of the closure of the NexusBioAg business (see note 18).

7. Right-of-use assets

On February 28, 2025, the Company entered into a 36 month, 8.99% lease contract for a vehicle used in its operations.

The carrying amounts of right-of-use assets are presented below.

(Expressed in Canadian Dollars)

	Vehicle	Accumulated Depreciation	Net Book Value
December 31, 2024	$ -	$ -	$ -
Additions	45,157	-	45,157
Depreciation for the period	-	12,544	(12,544)
December 31, 2025	$ 45,157	$ 12,544	$ 32,613

The carrying amounts of lease liabilities are presented below.

December 31, 2024	$ -
Additions	45,157
Accretion of interest	3,006
Payments	(14,358)
December 31, 2025	$ 33,805
Current portion	14,790
Long-term portion	$ 19,015

The following are the amounts related to the lease recognized in the Statement of Loss.

	Year ended December 31, 2025	**2024**
Depreciation expense on right-of-use assets	$ 12,544	$ -
Interest expense on lease liabilities	3,006	
Total expense related to right-of-use assets	$ 15,550	$ -

Total cash outflow for the lease for the year ended December 31, 2025 was $14,358 (2024 – nil).

Total undiscounted future cash outflows for the lease are presented below.

2026	$ 17,229
2027	17,229
2028	2,872
	$ 37,330

(Expressed in Canadian Dollars)

8. Debt

	December 31 2025	December 31 2024
Ag-West Bio Inc. loan	$ 40,928	$ 140,928
Saskatchewan Minister of Agriculture loan	377,063	377,063
	417,991	517,991
Less current portion	417,991	393,459
	$ -	$ 124,532

Under the terms of the Ag-West Bio Inc. ("Ag-West") loan, the Company will pay Ag-West a royalty of 5% of all gross revenues received by the Company or an affiliate commencing on the date the Company or its affiliates have attained $500,000 in cumulative revenues beginning May 5, 2017. Gross revenue received is defined to include all sources of revenue, including product sales, licensing revenue, sub-licensing revenue, and royalty revenue received, as well as proceeds derived from the sale of the assets or sales of the Company or an affiliate as part of a divestiture of the business or that would result in a change of control. The maximum amount Ag-West may receive under this agreement is $750,000, with the first $382,271 payments to be applied to pay down the principal outstanding. Ag-West has retained a general security interest in all of the Company's assets. As at December 31, 2025, $40,928 of the Ag-West loan remains outstanding and is classified as current (current portion, December 31, 2024 - $16,396). For the year ended December 31, 2025, the 5% royalty on gross revenue resulted in accrued royalty expense of $291,497, respectively (2024 – nil).

Under the terms of the Saskatchewan Minister of Agriculture loan, the principal amount of $377,063 was due on March 1, 2022. Interest accrues at prime rate plus 2% commencing on the day on which the Company earns cumulative revenue in excess of $250,000 from the commercial sale of the products, provided such date is prior to March 1, 2022. Interest at a rate of 10% per annum will accrue and be payable on demand on any principal and interest in arrears. The terms of the Saskatchewan Minister of Agriculture loan were amended as of March 1, 2020, at which time a gain on extinguishment was recorded based on a fair value interest rate of 17%. Under the terms, from February 1, 2020 onward, interest accretion was recorded at an effective rate of 17% until the maturity date of March 1, 2022, and no interest has been accrued subsequent to this date. The Company is currently in discussions with the Saskatchewan Minister of Agriculture regarding settlement or extension of the loan and, accordingly, no interest has been accrued.

9. Convertible debentures

On January 16, 2025, the Company announced the closing of a non-brokered private placement of units (each, a "Debenture Unit") at a price per Unit of $1,000 for aggregate gross proceeds to the Company of $2,585,000 (the "Debenture Offering") on January 16, 2025 (the "Closing Date"). Each Debenture Unit was comprised of: (i) $1,000 principal amount of unsecured convertible debentures (the "Debentures"); and (ii) 666 common share purchase warrants (the "Debenture Warrants"). Each Debenture may, at the option of the holder: (i) be converted into common shares in the capital of the Company at price of $1.50 per common share at any time; or (ii) be paid in cash 60 months following the Closing Date (subject to certain acceleration rights). Each Debenture Warrant is exercisable by the holder thereof to acquire one common share at a price of $1.90 per common share for a period of 60 months following the Closing Date. The Debentures accrue interest at a rate of 8% per annum, payable semi-annually in cash.

(Expressed in Canadian Dollars)

On August 28, 2025, holders of $2,385,000 of Debentures converted their Debentures into common shares at $0.70 per common share, resulting in the issuance of 3,407,134 common shares. Alongside the conversion, the exercise price of the Debenture Warrants associated with the converted Debentures was amended to be $0.90.

Proceeds on issuance of the Debenture Units were allocated to debt, common shares and contributed surplus based on the relative values of the debt, conversion option and Debenture Warrants. The discount rate on the debt was assumed to be 21%, based on market rates for similar transactions. The values of the conversion option and Debenture Warrants were calculated using the Black-Scholes option pricing model utilizing the following assumptions: Expected annualized volatility of 30%; risk-free interest rate of 3%; expected dividend yield of 0%; expected life of five years. Total proceeds on issuance of the Debenture Units, net of issuance costs related to the conversion were $2,573,075.

Following conversion, $200,000 of the Debentures remain outstanding and have a discounted value of $132,337. The discounted value will be accreted to the face value of $200,000 over the five-year term of the Debentures.

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

	Number of common shares		Share capital
Balance, December 31, 2023	51,463,575	$	25,060,377
Exercise of Share Units	177,035		272,634
Balance, December 31, 2024	51,640,610	$	25,333,011
Conversion of Debentures	3,407,134		1,519,677
Issuance of 2025 Units	3,059,731		1,363,288
Exercise of Stock Options	746,882		481,134
Balance, December 31, 2025	58,854,357	$	28,697,110

On August 28, 2025, holders of $2,385,000 of Debentures converted their Debentures into common shares at $0.70 per common share, resulting in the issuance of 3,407,134 common shares. The discounted value of the Debentures at the conversion date was $1,531,602. This amount, net of share issuance costs of $11,925, was credited to share capital.

On August 28, 2025, the Company completed a private placement of 3,059,731 units (the “2025 Unit Offering”) consisting of one common share and one warrant to purchase one common share at $.90 per share for five years (the “2025 Unit Warrant” and the common shares and 2025 Unit Warrants together, the ”2025 Unit”). Issue price was $0.70 per 2025 Unit and gross proceeds were $2,141,812. The issue price allocated to the share portion of the Unit was $0.54 and $0.16 was allocated to the warrant portion. Proceeds, net of cash issuance costs were $1,889,840.

Proceeds of the 2025 Unit Offering, net of issuance costs, allocated to share capital was $1,363,288.

Warrants

In connection with the Debenture Offering, the Company issued 1,721,610 Debenture Warrants, exercisable by the holder thereof to acquire one Common Share at a price of $1.90 per common share for a period of five years following January 16, 2025. The fair value of the Debenture Warrants was estimated using the Black-Scholes option pricing model at $0.32 per warrant, based on the following assumptions: expected annualized volatility of 30%; risk-free interest rate of 3%; expected dividend yield of 0%; expected life of five years. This is accounted for as equity-settled share-based payments to non-employees under IFRS 2, and $549,000 was recorded in contributed surplus with the corresponding expense included in share issuance costs.

In connection with the Debenture Offering, the Company issued to certain finders an aggregate of 44,800 non-transferable finder’s warrants (the "Debenture Finder Warrants"). Each Debenture Finder Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $1.90 per Common Share for a period of two years following January 16, 2025. The fair value of the Debenture Finder Warrants at the date of issuance was estimated using the Black-Scholes option pricing model at $0.60 per warrant, based on the following assumptions: expected annualized volatility of 80%; risk-free interest rate of 2.95%; expected dividend yield of 0%; expected life of two years. This is accounted for as equity-settled share-based payments to non-employees under IFRS 2, and $26,880 was recorded in contributed surplus with the corresponding expense included in finance costs.

On August 28, 2025, the Company issued 3,059,731 warrants pursuant to the 2025 Unit Offering. Each warrant entitles the holder to purchase one common share at $0.90 per share for five years (the “2025 Unit Warrants”). The fair value of these warrants at the date of issuance was estimated using the Black-Scholes option pricing model at $0.30 per warrant, based on the following assumptions: expected annualized volatility of 80%; risk-free interest rate of 2.69%; expected dividend yield of 0%; expected life of two years.

The Company also issued 123,318 warrants to finders that placed a portion of the 2025 Unit Offering (the “2025 Unit Finder Warrants”). These warrants have an exercise price of $0.90 per share and a five-year term. The fair value of these warrants at the date of issuance was estimated using the Black-Scholes option pricing model at $0.30 per warrant based on the following assumptions: Expected annualized volatility of 80%; risk-free interest rate of 2.69%; expected dividend yield of 0%; expected life of two years. This is accounted for as equity-settled share-based payments to non-employees under IFRS 2, and $36,995 was recorded in contributed surplus with the corresponding amount treated as a cost of issuance for common shares and warrants.

(Expressed in Canadian Dollars)

The following table summarizes the continuity of warrants for 2025 and 2024.

	Warrants	Weighted Average Exercise price
Balance, December 31, 2024	-	
Issuance	1,588,410	$ 0.90
Issuance	133,200	$ 1.90
Issuance	44,800	$ 1.90
Issuance	3,059,731	$ 0.90
Issuance	123,318	$ 0.90
Balance, December 31, 2025	4,949,459	$ 0.94

The following table summarizes the warrants that remain outstanding as at December 31, 2025:

	Number	Exercise price	Expiry
Debenture Warrants	1,588,410	$ 0.90	January 2030
Debenture Warrants	133,200	$ 1.90	January 2030
Debenture Finder Warrants	44,800	$ 1.90	January 2027
2025 Unit Warrants	3,059,731	$ 0.90	August, 2030
2025 Unit Finder Warrants	123,318	$ 0.90	August, 2030
	4,949,459		

Omnibus Incentive Plan

The Company established an Omnibus Incentive Plan on June 29, 2022 (the "Omnibus Plan") for directors, officers and consultants of the Company. The Omnibus Plan replaces the Legacy Option Plan described below. The Omnibus Plan provides for the grant of stock options, performance share units ("PSU's"), restricted share units ("RSU's") and deferred share units ("DSU's") (RSU's and DSU's are collectively referred to as "Share Units"). The Company's Board of Directors has full authority to administer the Omnibus Plan, including authority to determine the eligibility of individuals to participate in the Omnibus Plan, the term, vesting period, vesting conditions, exercise price, and make any other determinations that the Board of Directors deems necessary or desirable for the administration of the Omnibus Plan, subject to compliance with regulatory requirements.

The maximum number of common shares reserved for issuance under the Omnibus Plan shall not exceed 10% of the Company's issued and outstanding common shares from time to time on a non-diluted basis.

Upon redemption of Share Units, holders will receive, at the discretion of the Company: i) common shares equal to the number of Share Units granted; ii) a cash payment equal to the number of Share Units multiplied by the fair market value of a common share on the redemption date; or iii) a combination of common shares and cash.

(Expressed in Canadian Dollars)

The Company does not have a history of settling Share Units in cash and has sole discretion on the form of settlement. Accordingly, the Share Units are accounted for as equity settled share-based payments valued using the share price of the common shares on the grant date and are amortized over the vesting period.

A summary of the changes and status of Share Units follows.

	RSU's	PSU's	DSU's
Balance, December 31, 2023	177,035	-	951,459
Exercised	(177,035)	-	-
Issuance	-	-	1,575,398
Balance, December 31, 2024	-	-	2,526,857
Issuance	217,685	241,855	-
Issuance	10,225	-	1,650,090
Expired	-	(241,855)	
Balance, December 31, 2025	227,910	-	4,176,947
Vested at December 31, 2025	10,225	-	4,176,947

In September, 2025, the Company issued 1,650,090 DSU's and 10,225 RSU's to directors, officers and consultants of the Company. The value of these DSU's was based on the fair value of the Company's common shares on the date of grant. Accordingly, the fair value was $0.70 per Share Unit for a total value of $1,162,221 and is recorded as stock-based compensation as the Share Units vest.

In January and February, 2025, the Company issued 217,685 RSU's and 241,855 PSU's to employees. The value of these RSU's and PSU's was based on the fair value of the Company's common shares on the dates of grant - $1.47 and $1.33. The value of the PSU's also considered the estimated outcome of the performance conditions attached to the PSU's. The value of the RSU's and the PSU's was calculated as $312,857 and $243,272, respectively, and is recorded as stock-based compensation as the Share Units vest. The performance criteria attached to the PSU's were not met and the PSU's expired as of December 31, 2025.

In September, 2024, the Company issued 1,575,398 DSU's to directors, officers and consultants of the Company. The value of these DSU's was based on the fair value of the Company's common shares on the date of grant, September 3, 2024. Accordingly, the fair value was $0.82 per Share Unit for a total value of $1,291,826 and is recorded as stock-based compensation as the Share Units vest.

Stock-based compensation related to Share Units of $1,371,237 was recorded for the year ended December 31, 2025 (2024 – $1,408,304).

During the year ended December 31, 2024, 177,035 RSU's were settled through the issuance of 177,035 common shares, resulting in a transfer of $272,634 from contributed surplus to share capital.

Legacy Option Plan

The Company established a stock option plan (the "Legacy Option Plan") for directors, officers and consultants of the Company. The Company's Board of Directors determined, among other things, the eligibility of individuals to participate in the Legacy Option Plan and the term, vesting period, and the exercise price of options granted to individuals under the Legacy Option Plan.

(Expressed in Canadian Dollars)

Each stock option issued under the Legacy Option Plan ("Stock Option") converts into one common share of the Company on exercise. No amounts were paid or payable by the individual on receipt of the Stock Option. Stock Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Legacy Option Plan provided that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding.

On May 1, 2025, 100,000 Stock Options expired and 900,000 Stock Options were exercised resulting in the issuance of 746,882 shares and net proceeds of $131,447.

No Stock Options were issued in the years ended December 31, 2025 and 2024.

Stock-based compensation related to Stock Options of $10,116 was recorded for the year ended December 31, 2025 (2024 - $65,711).

A summary of the status of the Stock Options outstanding follows.

Exercise price	Stock Options outstanding	Expiry date	Weighted average remaining contractual life (years)	Stock Options exercisable
$3.40	250,000	2027-03-14	1.20	250,000
2.10	50,000	2026-01-14	0.04	50,000
	300,000			300,000

11. Related parties

During the year ended December 31, 2025, the Company incurred consulting fees and office rent of $994,074 (2024 – $959,866) to companies controlled by directors and officers of the Company. The fees paid to directors and officers of the Company considered to be related parties for financial reporting purposes are made on terms equivalent to those that prevail in arm's length transactions.

During the year ended December 31, 2025, stock-based compensation related to Stock Options and Share Units issued to directors and officers of the Company totaled $1,125,179 (2024 – $1,210,482).

At December 31, 2025 there was $137,450 accrued and payable to directors and officers of the Company or companies controlled by them (December 31, 2024 – $248,462). Outstanding balances are unsecured and interest free. Settlement of these liabilities occurs in cash. There have been no guarantees provided for any related party payables.

(Expressed in Canadian Dollars)

12. Revenue

For the year ended December 31, 2025, sales revenue of $598,928 was sourced from the United States and the remainder was from Canada. In 2024, sales were sourced from the United States and license revenue was sourced from Belgium.

During the year ended December 31, 2024, the performance obligations related to deferred revenue were met and $272,500 was recognized in revenue.

13. Acquisition of NexusBioAg assets

On January 2, 2025, the Company announced the execution and closing of an Asset Purchase Agreement (the "APA") dated December 31, 2024 with Univar Solutions Canada Ltd. ("Univar Solutions") for the acquisition of certain assets related to NexusBioAg. The consideration payable to Univar Solutions pursuant to the APA was: (i) a deferred cash payment of approximately $1,662,307, subject to adjustment in accordance with the terms of the APA; and (ii) earn-out payments equal to a specified percentage amount of gross margin on certain itemized products sold by the Company in 2025 and 2026. The estimated fair value of the earn-out payments was originally calculated to be $225,575. The costs of the purchase were allocated to the identifiable assets on the basis of their values on the date of purchase.

Inventory	$1,132,043
Fixed assets	180,264
Intangible assets (product registrations and trademark)	575,575
	$1,887,882

The fair value measurement of the inventory and fixed assets was based on the arms-length agreement between Univar Solutions and the Company as well as reference to the market price of these assets on the date on which the transaction occurred. The fair value measurement of the product registrations was calculated to be $258,349, based on replacement cost for similar registrations. The fair value measurement of the trademark was calculated to be $317,226, based on a royalty calculation estimate. This calculation uses the following estimates:

- A discount rate of 17%
- A royalty rate of 0.5%

If the estimated discount rate used in the calculation had been 1% higher than management's estimate, the fair value of the trademark name would have been $11,250 lower. If the estimated royalty rate had been 0.25% higher than management's estimate, the fair value of the trademark name would have been $169,450 higher.

In 2025, the terms of the APA were amended to adjust the consideration and eliminate the earn out payments. The amended costs of the purchase were allocated to the identifiable assets as follows.

Inventory	$1,132,043
Fixed assets	180,264
Intangible assets (product registrations and trademark)	187,693
	$1,500.000

(Expressed in Canadian Dollars)

14. Income taxes

For income tax purposes, the Company has non-capital losses which can be applied to reduce future years' taxable income. These losses expire as follows:

2030	616,115
2031	1,305,153
2032	1,283,488
2033	805,310
2034	687,056
2035	321,095
2036	290,232
2037	88,532
2038	861,965
2039	1,425,129
2040	2,392,668
2041	2,600,687
2042	3,726,046
2043	-
2044	3,282,879
2045	5,091,286
	$ 24,777,641

As at December 31, 2025, the Company has scientific research and experimental development ("SRED") expenditures which can be applied to reduce future years' taxable income of $469,743 as well as SRED tax credits of $18,826 which can be applied to reduce future years' tax payable. Deferred tax assets have not been recognized in respect of tax losses, tax deductions or tax credits.

Reconciliation of tax expense and the accounting profit multiplied by the Company's domestic tax rate for 2025 and 2024:

	2025	2024
Net income (loss) for the year	$ (7,257,666)	$ (4,888,722)
	27%	27%
Anticipated tax (recovery) on net loss	$ (1,959,570)	$ (1,319,955)
Non-deductible stock based compensation	372,965	397,984
Non-deductible expenses	195,927	3,374
Patent costs capitalized to CCA	68,671	59,471
Share issuance costs deducted	(52,641)	(27,252)
Losses carried forward	1,374,647	886,377
Income tax expense	$ -	$ -

15. Financial instruments

Interest rate risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to cash flow risk because there is no variable interest paid on debt outstanding. The Company is not currently exposed to fair value risk because the fair value of its cash deposits and debt do not vary with changes in interest rates.

Foreign currency risk

The Company conducts certain of its operations in United States dollars and has sales and purchases in US dollars which are recorded at the spot rate at the date of the transaction. As of December 31, 2025, the Company held US dollar cash of $294,911 (December 31, 2024 – $25,376).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets. As at December 31, 2025 the allowance for credit losses was $nil (2024 - $nil).

Financial instrument carrying values and fair values

For all current financial assets and financial liabilities, carrying amounts are assumed to approximate fair value due to the short-term maturities of these items.

The long-term debt at December 31, 2025 consists of the Ag-West loan and the Saskatchewan Minister of Agriculture loan, both valued using a discounted cash flow test taking into consideration the current market rate of interest with similar term to maturity and the Company's current credit quality. As at December 31, 2025, the fair value of the long-term debt is $417,991 (December 31, 2024 - $517,991) and is classified as level 3 in the fair value hierarchy.

16. Disputes

From time to time, the Company may become involved in various legal disputes. While it may not be possible to estimate the exact outcome of these disputes, management believes that there will be no significant adverse effects on the financial position of the Company when such matters are resolved.

(Expressed in Canadian Dollars)

The Company is a defendant in a legal action initiated by Phospholutions, Inc., who filed a statement of claim on November 24, 2025 in Pennsylvania, USA. The claim alleges breach of contract and unjust enrichment and seeks damages of approximately US$5,000,000.

The Company filed its statement of defense on March 23, 2026 and has also submitted a counterclaim against the plaintiff alleging breach of contract, declaratory judgement to terminate contract, tortious interference with prospective contractual relations and common law unfair competition, seeking damages in excess of US$5,000,000.

At this stage of the proceedings, the litigation is ongoing and no trial date has been set. Based on the information currently available and consultation with external legal counsel, management believes that it is not probable that an outflow of economic resources will be required to settle the claim and the outcome of the matter cannot be reliably estimated. Accordingly, no provision has been recognized in respect of this matter, as the criteria under IAS 37 have not been met. The Company will continue to monitor the progress of the litigation and will reassess the need for a provision as additional information becomes available. There is inherent uncertainty regarding the timing and final outcome of this matter.

17. Capital management

The Company's primary objective when managing capital is to ensure that it has sufficient resources to maintain its ongoing operations. The Company considers long-term debt and total shareholders' equity in the definition of capital. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt or defer discretionary expenses. The Company creates forward-oriented cash flow budgets to manage the capital required to continue the business.

	2025	2024
Current portion of long-term debt	$ 417,991	$ 393,459
Long-term debt	132,337	124,532
Shareholders' equity	867,100	2,169,569
	$ 1,417,428	$ 2,687,560

18. Subsequent events and impairment

On January 23, 2026, the Company announced the closing of a non-brokered LIFE offering private placement of up to 4,000,000 units priced at $0.50 per unit for gross proceeds of $2 million. Each unit consists of (i) one common share of the Company; and (ii) one common share purchase warrant exercisable for 60 months from the closing date and will entitle the holder thereof to purchase one addition common share at an exercise price of $0.70 per share.

On March 31, 2026, the Company decided to discontinue sales of third-party products related to NexusBioAg effective April 15, 2026. In view of this, the Company recognized impairment losses for the equipment and intangible assets related to NexusBioAg as of December 31, 2025. The impairment of the equipment was $152,864 and the impairment of the intangibles was $187,693.