HYTN INNOVATIONS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2026 and 2025

(UNAUDITED)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of HYTN Innovations Inc. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three and six months ended March 31, 2026, have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

HYTN Innovations Inc.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2026 and September 30, 2025

In Canadian Dollars, unless noted (unaudited)

As at	Notes	March 31, 2026	September 30, 2025
		$	$
ASSETS			
Current Assets			
Cash		523,538	344,515
Restricted cash		587	587
Accounts receivable		171,196	198,872
Inventory	**4**	701,011	1,307,603
Prepaid expenses		86,136	7,302
Total current assets		**1,482,468**	**1,858,879**
Non-current Assets			
Property, plant and equipment	**5**	1,512,244	1,613,815
Intangible assets	**6**	37,551	43,328
Deposits		103,972	103,972
Total non-current assets		1,653,767	1,761,115
TOTAL ASSETS		**3,136,235**	**3,619,994**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	**13**	1,939,660	2,676,852
Loans payable	**9**	235,262	415,252
Lease liability - current	**7**	137,410	148,043
Contingent consideration payable	**6,10**	12,000	42,300
Deferred revenue		282,902	-
Total current liabilities		**2,607,234**	**3,282,447**
Non-current Liabilities			
Lease liability - non-current	**7**	729,845	737,612
Decommissioning provision	**8**	737,000	720,000
Total non-current liabilities		**1,466,845**	**1,457,612**
TOTAL LIABILITIES		**4,074,079**	**4,740,059**
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	**11**	20,031,002	19,497,502
Warrant reserve	**11**	2,776	2,776
Stock-based payment reserve	**11**	1,841,014	1,629,310
Subscriptions	**11**	300,000	-
Equity contribution to subsidiary		(54,655)	(54,655)
Deficit		(23,057,981)	(22,194,998)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		**(937,844)**	**(1,120,065)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		**3,136,235**	**3,619,994**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Going concern (Note 2), Commitments (Note 17), Subsequent Events (Note 18)

Approved on behalf of the Board of Directors:

"Elliot McKerr", Director *"Eli Dusenbury",* Director

HYTN Innovations Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three and Six Months Ended March 31, 2026 and 2025

In Canadian Dollars, unless noted (unaudited)

For the Three and Six Months Ended March 31,	Three Months Ended 2026	Three Months Ended 2025	Six Months Ended 2026	Six Months Ended 2025
	$	$	$	$
Revenues (Note 12)	336,732	479,954	1,797,513	675,966
Cost of Sales	144,430	93,668	928,910	202,636
GROSS PROFIT	**192,302**	**386,286**	**868,603**	**473,330**
EXPENSES				
Advertising and marketing	246,845	232,314	248,267	243,383
Consulting expense (Note 13)	45,000	67,500	90,000	141,006
Depreciation (Note 5)	53,490	47,232	79,621	90,244
Amortization (Note 6)	2,888	2,888	5,777	5,777
Office and miscellaneous	66,653	84,798	132,201	171,283
Professional fees	16,785	41,104	80,081	57,404
Salaries and payroll (Note 13)	159,158	181,810	345,415	325,145
Selling costs	77,709	32,493	416,343	89,527
Stock-based compensation (Note 11,13)	39,923	38,211	211,704	137,439
Transfer agent and filing fees	13,631	12,516	22,409	20,086
Travel	8	1,499	6,085	4,741
OPERATING EXPENSES	**722,090**	**742,365**	**1,637,903**	**1,286,035**
TOTAL OPERATING LOSS	**(529,788)**	**(356,079)**	**(769,300)**	**(812,705)**
Change in decommissioning provision (Note 8)	4,000	29,000	(9,000)	(8,000)
Interest / accretion expense (Note 7,8,9)	(38,776)	(24,277)	(71,983)	(43,775)
Gain (Loss) on contingent consideration payable revaluation (Note 6)	(10,000)	(293)	(12,700)	2,250
	(44,776)	**4,430**	**(93,683)**	**(49,525)**
NET LOSS AND COMPREHENSIVE LOSS	**(574,564)**	**(351,649)**	**(862,983)**	**(862,230)**
Loss per share, basic and diluted	(0.01)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding – Basic and diluted	**93,874,818**	**92,643,413**	**93,790,547**	**91,872,599**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

HYTN Innovations Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)
As at March 31, 2026 and 2025
In Canadian Dollars, unless noted (unaudited)

	Common Shares	Share Capital	Subscriptions Received	Warrant reserve	Stock-based payment reserve	Equity contribution to subsidiary	Deficit	Total Equity (Deficit)
	Number	$	$	$	$	$	$	$
Balance, September 30, 2024	89,950,607	18,439,514	-	2,776	2,117,358	(54,655)	(20,677,968)	**(172,975)**
Exercises - warrants	1,730,000	432,500	-	-	-	-	-	**432,500**
Issuances – settlement of restricted share units	2,027,500	574,788	-	-	(574,788)	-	-	**-**
Stock-based compensation (Note 11)	-	-	-	-	137,439	-	-	**137,439**
Loss for the year	-	-	-	-	-	-	(862,230)	**(862,230)**
Balance, March 31, 2025	**93,708,107**	**19,446,802**	**-**	**2,776**	**1,680,009**	**(54,655)**	**(21,540,198)**	**(465,230)**
Balance, September 30, 2025	93,708,107	19,497,502	-	2,776	1,629,310	(54,655)	(22,194,998)	**(1,120,065)**
Shares issued for acquisition – Prism (Note 6, 11)	100,000	25,000	-	-	-	-	-	**25,000**
Exercises – warrants	2,034,000	508,500	300,000	-	-	-	-	**808,500**
Stock-based compensation (Note 11)	-	-	-	-	211,704	-	-	**211,704**
Loss for the year	-	-	-	-	-	-	(862,983)	**(862,983)**
Balance, March 31, 2026	**95,842,107**	**20,031,002**	**300,000**	**2,776**	**1,841,014**	**(54,655)**	**(23,057,981)**	**(937,844)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

HTYN Innovations Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended March 31, 2026 and 2025
In Canadian Dollars, unless noted (unaudited)

For the Six Months Ended March 31,		2026	2025
		$	$
OPERATING ACTIVITIES			
Net loss for the year		**(862,983)**	**(862,230)**
Items not affecting cash			
Depreciation	**5**	114,042	90,244
Amortization	**6**	5,777	5,777
Stock-based compensation	**11**	211,704	137,439
Change in decommissioning provision	**8**	9,000	8,000
Interest/accretion expense	**7,8**	73,857	43,775
(Gain)/ Loss on contingent consideration payable revaluation	**6**	12,700	(2,250)
Net changes in non-cash working capital items:			
Accounts receivable		27,676	(81,899)
Prepaid expenses		(78,834)	(142,454)
Inventory		606,592	(36,891)
Accounts payable and accrued liabilities and provision for returns		(737,192)	134,618
Accrued interest	**9**	20,010	-
Deferred revenue		282,902	166,497
Cash used in operating activities		**(314,749)**	**(539,374)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**5**	(12,471)	(3,659)
Payment of contingent consideration	**6**	(18,000)	-
Cash used in investing activities		**(30,471)**	**(3,659)**
FINANCING ACTIVITIES			
Warrant exercise proceeds received	**11**	808,500	432,500
Loan proceeds received	**9**	205,000	195,000
Repayment of lease liability	**7**	(84,257)	(70,884)
Repayment of indebtedness	**9**	(405,000)	-
Cash (used in) provided by in financing activities		**524,243**	**556,616**
Net change in cash		179,023	13,583
Cash, beginning of year		344,515	256,580
Cash, end of year		**523,538**	**270,163**

Cash interest of $65,857 related to the Company's lease was paid during the six months ended March 31, 2026 (2025 - $59,169). No income taxes paid during the six months ended March 31, 2026 and 2025.

Supplemental cash flow information – Note 16

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

HYTN Innovations Inc. (the "Company" or "HYTN Innovations") was incorporated under the laws of British Columbia on October 22, 1990. The Company's principal place of business is 303-890 Clement Avenue, Kelowna, British Columbia.

On February 17, 2022, the Company completed the Securities Exchange Agreement (the "SEA") with HYTN Beverage Corp. ("HYTN"), pursuant to which the Company purchased all of the outstanding securities of HYTN in exchange for common shares and common share purchase warrants of the Company issued on a one-for-one basis to the former security holders of HYTN (the "Reverse Take-Over" or "RTO"). The transaction was accounted for as a reverse acquisition, with HYTN identified as the accounting acquirer. Consequently, the comparative figures reported are those of HYTN.

In addition, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with 1306562 B.C. Ltd. ("Numberco") and MMO Merger Holdings Inc., a wholly-owned subsidiary of the Company ("Subco"), pursuant to which Numberco and Subco amalgamated on February 17, 2022 under the Business Corporations Act (British Columbia) with the resulting entity ("Amalco") continuing as a wholly-owned subsidiary of the Company (the "Amalgamation", and together with the Reverse Take-Over, the "Corporate Transactions").

The Corporate Transactions constituted a change of business for the Company, with the Company carrying on with the development and launch of HYTN's sparkling tetrahydrocannabinol and cannabidiol beverage business.

On February 22, 2022, the Company changed its name from Mount Dakota Energy Corp. to HYTN Innovations Inc. and listed its Common Shares on the Canadian Securities Exchange (the "CSE") under the symbol "HYTN".

On July 16, 2024, the Company completed the acquisition of 100% of the issued and outstanding share capital of Prism Scientific Labs Inc. ("Prism") (Note 10).

These condensed consolidated interim financial statements (the "financial statements") were approved by the Board of Directors on May 29, 2026.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. On March 31, 2026, the Company had not yet achieved profitable operations and had a deficit of $23,057,981 (September 30, 2025 - $22,194,998) and a working capital deficiency of $1,124,766 (September 30, 2025 –$1,423,568).

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company expects to incur further losses in the development of its business. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material. Management is aware of the Company's reliance on external funding through equity and debt financing, which leads to a material uncertainty which casts doubts on the Company's ability to continue as a going concern.

Global Conflict

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, tariffs, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

3. BASIS OF PRESENTATION

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company's functional and presentation currency.

a) Accounting Policies and Estimates

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2025.

The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Notes 3 and 4 of the Company's audited consolidated financial statements for the year ended September 30, 2025. All accounting policies and methods of computation followed in the preparation of these financials statements are consistent with those of the previous year.

b) Basis of consolidation

These financial statements are presented in Canadian dollars ("CAD") and incorporate the financial results of the Company and its controlled subsidiaries:

Entity	Jurisdiction	Functional currency	Ownership %	
			2026	2025
HYTN Innovations Inc.	Canada	CAD	Parent	Parent
HYTN Beverage Corp.	Canada	CAD	100%	100%
HYTN Cannabis Inc.	Canada	CAD	100%	100%
1306562 B.C. Ltd.	Canada	CAD	100%	100%
Prism Scientific Labs Inc.	Canada	CAD	100%	100%
1579700 B.C. Ltd.	Canada	CAD	100%	N/A

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

c) Foreign currencies

The Company's functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

d) Significant accounting judgements and estimates

The timely preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and disclosures.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. As at March 31, 2026, management has identified the following material estimates:

i) Valuation of inventory
In calculating the net realizable value (NRV) of inventory, management determines the selling prices based on current observable market sales prices, selling costs, and includes an estimate of slow moving, spoiled or expired inventory based on the most reliable evidence available at the time, to record inventory at the lower of cost or net realizable value. The cost of inventory includes an allocation of manufacturing overhead costs, which requires management to apply judgement in identifying the overheads attributable to production and determining the appropriate allocation method.

ii) Provisions
Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. Management uses judgement to assess the existence and to estimate the future decommissioning liability. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. In addition, management determines the appropriate discount rate at each reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Management also uses judgment to assess the likelihood of achieving the milestones under the Prism's licensed agreement in order to estimate the contingent consideration payable.

In the preparation of these consolidated financial statements, management has made judgements, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the consolidated financial statements:

i) Going concern and liquidity
In assessing the Company's ability to continue as a going concern, management utilizes significant estimates in the forecasting of future cash flows. Critical input estimates such as economic conditions, market demands, production quality, integrated operating activities and capital project expenditures are used.

ii) Revenue recognition
The Company enters into agreements with customers to process cannabis products for export to local and international markets. Significant judgement is required in evaluating whether performance obligations are satisfied over time or at a point in time. There is also judgement in determining whether the Company is a principal or agent under the terms of the agreements, and therefore whether the Company records revenue on a gross or net basis. The Company reviews the terms of the agreements to assess whether it controls the specified good or services before transferring those goods or services to the customers, including whether it has inventory risk and is primarily responsible for fulfilling the promise to provide the specified goods or services. In the arrangements entered into during the year, the Company has concluded that revenues are recognized at the point in time when control of the processed cannabis goods are transferred to the customer, and that it acts as a principal.

In Canadian Dollars, unless noted (unaudited)

Revenue is recognized net of sales discounts and net of an estimated sales return reserve. The provision for returns at March 31, 2026 and September 30, 2025 reflects actual subsequent returns related to sales recognized in the current year, if any, plus an estimate of returns determined by reviewing its customers' sales and returns history.

e) Accounting standards adopted in the current year

The Company did not adopt any standards or amendments during the period ended March 31, 2026.

a) Upcoming accounting standards and interpretations

The following are the standards, amendments, and interpretations that the Company expects may be applicable at a future date and, if so, intends to adopt when they become effective. Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company will assess the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

In May 2024, the IASB issued narrow-scope amendments to the recognition, derecognition and classification requirements in IFRS 9 – Financial Instruments ("IFRS 9") and introduced additional disclosure requirements in IFRS 7 – Financial Instruments: Disclosure ("IFRS 7"). Key changes include clarification on the timing of recognition and derecognition of financial assets and liabilities, introduction of additional disclosure for certain financial instruments with contractual terms that could change the timing or amount of contractual cash flows due to contingent events that are not directly related to changes in basic lending risks and costs, and additional guidance for assessing whether the contractual cash flows of financial assets represent solely payments of principal and interest and updated disclosures for equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company will assess the impact that the adoption of these amendments will have on its consolidated financial statements.

4. INVENTORY

Inventory as at March 31, 2026, and September 30, 2025 consisted of the following:

As at	March 31, 2026	September 30, 2025
	$	$
Raw materials	188,787	1,255,176
Work in process	181,364	5,228
Finished goods	330,860	47,199
	701,011	**1,307,603**

During the six months ended March 31, 2026, the Company wrote off $8,079 (2025 – $2,138) of inventory.

In Canadian Dollars, unless noted (unaudited)

5. PROPERTY, PLANT AND EQUIPMENT

At March 31, 2026 and September 30, 2025, the Company's property, plant and equipment are as follows:

	Leasehold Improvements	Equipment	Right-of-Use Assets	Total
	$	$	$	$
Cost				
Balance, September 30, 2024	992,089	561,167	797,969	2,351,225
Additions	-	18,226	-	18,226
Lease modifications	-	-	120,141	120,141
Balance, September 30, 2025	**992,089**	**579,393**	**918,110**	**2,489,592**
Additions	-	12,471	-	12,471
Balance, March 31, 2026	**992,089**	**591,864**	**918,110**	**2,502,063**
Accumulated Depreciation				
Balance, September 30, 2024	209,570	275,418	190,634	675,622
Additions	66,139	80,820	53,196	200,155
Balance, September 30, 2025	**275,709**	**356,238**	**243,830**	**875,777**
Additions	33,070	50,368	30,604	114,042
Balance, March 31, 2026	**308,779**	**406,606**	**274,434**	**989,819**
Net, September 30, 2025	**716,380**	**223,155**	**674,280**	**1,613,815**
Net, March 31, 2026	**683,310**	**185,258**	**643,676**	**1,512,244**

During the six months ended March 31, 2026, the Company allocated a total of $34,420 of depreciation related to leasehold improvements, equipment, and right-of-use assets to inventory in the form of overhead (2025 - $11,286).

6. INTANGIBLE ASSETS

As a result of the Acquisition of Prism (Note 10), the Company acquired exclusive access to Prism's license agreement ("License") with respect to the technologies of Lux Sit Systems Inc. ("Lux Sit") relating to the cultivation of psilocybin-containing mushrooms (the "Licensed IP"). The Licensed IP includes specialized equipment designed to increase by the total yield and the tryptamine profile of mushrooms by enabling the production of larger and more potent biomass for psychedelic drug manufacturing.

This License is for a five-year term expiring on June 4, 2029, with the license agreement between Prism and Lux Sit having been entered into on June 4, 2024.

The License was originally acquired by Prism in exchange for the issuance to Lux Sit of 100,000 Prism shares, and the payment of $35,000, as well as a covenant to issue an additional 100,000 Prism shares and pay $30,000 in cash upon the first anniversary of the license agreement, provided the licensed IP is proved to provide certain benefits as described in the license agreement. The Company assumed the contingent consideration payable with the completion of the acquisition at a fair value of $56,250. On March 3, 2026, the Company issued 100,000 common shares to Lux Sit in conjunction with the License. As such, the Company revalued the contingent consideration payable immediately before issuance of the shares, and determined the fair value of the contingent consideration payable to be $55,000 (September 30, 2025 - $42,300). Accordingly, a loss on revaluation of $10,000 was recognized in the Condensed Consolidated Interim Statement of Loss and Comprehensive Loss. At March 31, 2026, the Company had made cash payments of $18,000 to Lux Sit and had $12,000 payable. As the remaining consideration payable represents cash only, no further gain or loss was recognized on revaluation (2025 - $2,250).

In Canadian Dollars, unless noted (unaudited)

The Company initially recognized the license at $57,770. During the six months ended March 31, 2026, the Company recognized $5,777 (2025 - $5,777) related to the amortization of the license. The carrying amount at March 31, 2026, was $37,551 (September 30, 2025 - $43,328).

7. LEASE LIABILITY

The Company's right-of-use asset relates to its leased warehouse and manufacturing facility. The Company has one lease with monthly payments of $10,490, increasing every year by $1 per square foot over the initial 5 years, with an initial term of 10 years and three options to renew for an additional 5 years. The lease is secured by the Company's tangible assets. The incremental borrowing rate applied to lease liability was 15%.

On June 1, 2025, the Company's one lease's monthly payments increased to $14,043, with all other terms held the same. The Company accounted for this as a lease modification and remeasured the lease liability and right-of-use asset on June 1, 2025. The incremental borrowing rate applied to the lease liability was 15%.

The Company has elected to apply the practical expedient to not separate the non-lease components from the lease component. Accordingly, the lease payments used to measure the right-of-use asset and lease liability includes both the non-lease and lease components.

	March 31, 2026	September 30, 2025
	$	$
Balance, Opening	**885,655**	**793,563**
Remeasurement	-	120,141
Interest/accretion expense	65,857	123,331
Repayments	(84,257)	(151,380)
Balance, Closing	**876,627**	**885,655**
Less: Current portion	(137,410)	(148,043)
Lease liability, long-term	**729,845**	**737,612**

The Company's annual lease payments are as follows:

Years ending	$
September 30, 2026	84,257
September 30, 2027	168,515
September 30, 2028	168,515
September 30, 2029	168,515
September 30, 2030 and thereafter	1,081,302
Total lease payments	1,671,103
Remaining present value adjustment to be accreted over the lease term	(803,848)
Lease liability balance, March 31, 2026	**867,255**

In Canadian Dollars, unless noted (unaudited)

8. DECOMMISSIONING PROVISION

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provision associated with the Company's reclamation efforts for HYTN Innovation's abandoned petroleum and natural gas properties:

	March 31, 2026	September 30, 2025
	$	$
Balance, Opening	**720,000**	**675,000**
Accretion expense	8,000	11,000
Change in decommissioning provision	9,000	34,000
Balance, Closing	**737,000**	**720,000**

The total undiscounted amount of the estimated cash flows required to settle its decommissioning obligations is $692,477 (2025 - $692,477), which is estimated to occur in five years.

At March 31, 2026, the estimated net present value of the obligation was calculated using a risk-free interest rate of 3.05% (September 30, 2025 – 2.47%) based on the Bank of Canada benchmark bond yields corresponding to the estimated time of reclamation and an inflation rate of 2.40% (September 30, 2025 – 2.40%).

9. LOANS PAYABLE

During the year ended September 30, 2025, the Company entered into a promissory note and loan agreement with a lender controlled by a significant shareholder of the Company for a principal of up to $1,000,000, of which proceeds of $205,000 were received as at March 31, 2026. The loans are unsecured and accrue interest at 15% per annum and are due on demand.

The following table outlines the movements in the Company's loans payable for the six months ended March 31, 2026 and the year ended September 30, 2025:

	March 31, 2026	September 30, 2025
	$	$
Balance, Opening	415,252	-
Loans issued	205,000	395,000
Interest expense (forgiven)	20,010	20,252
Repayments	(405,000)	-
Balance, Closing	**235,262**	**415,252**

10. CORPORATE TRANSACTION

a) Prism Scientific Labs Inc.

On July 16, 2024, the Company completed the acquisition of 100% of the issued and outstanding share capital of Prism Scientific Labs Inc. in consideration for an aggregate of 12,100,100 common shares in the capital of the Company (the "Acquisition"). The Acquisition granted the Company exclusive access to Prism's license with respect to the technologies of Lux Sit Systems Inc. relating to the cultivation of psilocybin-containing mushrooms (Note 6).

The Company notes that the Prism acquired the license in exchange for the issuance to Lux Sit of 100,000 Prism shares, and the payment of $35,000, as well as a covenant to issue an additional 100,000 Prism shares and $30,000 in cash upon the first anniversary of the license agreement, provided the licensed IP is proven to provide certain benefits as described in the license agreement. The covenant was fair valued upon the acquisition date and was recorded as a contingent consideration payable.

In Canadian Dollars, unless noted (unaudited)

The transaction was accounted for as an asset acquisition, and not as a business combination as, based on the development stage of Prism, it did not meet the definition of a business. As a result, the transaction has been accounted for in accordance with IFRS 2 Share-based payments.

The fair value of the consideration was determined on the date the Company issued its common shares to Prism (July 16, 2024), which corresponds to 12,100,100 common shares of the Company issued at $0.325 (quoted price). The Company measured the license agreement acquired at its fair value of $57,770, determined based on the total cash and share payments Prism needed to make to acquire the exclusive use of the Licensed IP. The Company measured the fair value of the contingent consideration payable assumed using the following assumptions:

- Consideration of $30,000 cash payment and 100,000 shares valued at a share price of $0.265; and
- It is 90% probable that certain benefits as described in the license agreement will be realized.

The difference between the fair value of the common shares of $3,932,533 and the fair value attributable to the net identifiable assets of $143,048 consisted of unidentifiable goods or services received, which did not mee the criteria for recognition as an asset. Accordingly, $3,789,485 was recognized as an acquisition expense in the consolidated statement of loss and comprehensive loss.

The purchase price allocation at the acquisition date was as follows:

	$
Net assets acquired	
Cash(1)	182,808
Intangible asset	57,770
Accounts payable and accrued liabilities(1)	(41,280)
Contingent consideration(1)	(56,250)
Net identifiable assets acquired	143,048
Acquisition expense	3,789,485
Net assets acquired	**3,932,533**
Consideration	
Fair value of 12,100,100 shares issued	**3,932,533**

1) Amounts acquired are recorded at fair value

During the six-months ended March 31, 2026, Lux Sit issued an invoice to the Company for the $30,000 cash payment. During the six-months ended March 31, 2026, the Company issued 100,000 common shares valued at $25,000, and made cash payments of $18,000 to Lux Sit in conjunction with the Contingent Consideration discussed in Note 6.

11. SHARE CAPITAL

a) Authorized and Issued Share Capital

The authorized share capital consists of an unlimited number of Class A common voting shares.

Common shares issued and outstanding as at March 31, 2026 are 95,842,107 (September 30, 2025 –93,708,107).

Shares issued during the six months ended March 31, 2026 and the year ended September 30, 2025 were as follows:

In Canadian Dollars, unless noted (unaudited)

	Description	Number of Shares	Amounts ($)
Balance, September 30, 2024		**89,950,607**	**18,439,514**
October 9, 2024	Settlement of RSUs	60,000	8,000
November 5, 2024	Exercise of warrants	840,000	210,000
November 7, 2024	Exercise of warrants	840,000	210,000
January 23, 2025	Exercise of warrants	50,000	12,500
February 12, 2025	Settlement of RSUs	1,967,500	617,488
Balance, September 30, 2025		**93,708,107**	**19,497,502**
March 3, 2026	Property acquisition	100,000	25,000
March 25, 2026	Exercise of warrants	2,034,000	508,500
Balance, March 31, 2026		**95,842,107**	**20,031,002**

b) Options

The Company has established an omnibus equity incentive plan (the “Plan”) dated February 17, 2022, contemplating the grant of equity-based incentive awards, in the form of options, restricted share units, preferred shared units and deferred share units, to employees, officers, directors and consultants of the Company. The Plan is a 10% rolling plan, pursuant to which share awards may be granted by the Company not exceeding 10% of the issued and outstanding common shares at the time of grant. The maximum term for options is 10 years from the date of grant.

A summary of the Company’s options is as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance, September 30, 2024 and 2025	**975,000**	**0.35**
Granted	825,000	0.12
Expired	(975,000)	(0.35)
Balance, March 31, 2026	**825,000**	**0.12**

At March 31, 2026, the following options were outstanding:

Number of Options	Exercisable	Exercise Price	Expiry Date
825,000	825,000	$0.12	November 6, 2027
825,000	**825,000**		

At March 31, 2026, the weighted-average remaining life of the outstanding options was 1.60 years (September 30, 2025 – 0.39 years).

During the six months ended March 31, 2026, the Company recognized $73,704 in stock-based compensation expense relating to the granting and vesting of options (2025 - $nil). As the Company intends to settle the options through equity settlement, a corresponding amount was credited to stock-based payment reserve.

In Canadian Dollars, unless noted (unaudited)

c) Restricted Share Units

At March 31, 2026, the following restricted share units ("RSU's") were outstanding:

	RSUs
Balance, September 30, 2024	**5,185,000**
Granted – October 8, 2024	200,000
Settled	(2,027,500)
Balance, September 30, 2025	**3,357,500**
Granted – November 6, 2025	1,150,000
Balance, March 31, 2026	**4,507,500**

During the six months ended March 31, 2026, the Company granted 1,150,000 RSUs which vested entirely on March 6, 2026. The fair value of the RSUs was determined based on the Company's share price on the date of grant being $0.12. Upon vesting, each RSU will be redeemable for one common share of the Company.

During the year ended September 30, 2025, the Company granted 200,000 RSUs which vest quarterly in equal tranches. The fair value of the RSUs was determined based on the Company's share price on the date of grant being $0.29. Upon vesting, each RSU will be redeemable for one common share of the Company.

During the six months ended March 31, 2026, the Company recognized $138,000 in stock-based compensation expense related to the granting and vesting of RSUs (2025 – $137,439). As the Company intends to settle the RSUs through equity settlement, a corresponding amount was credited to stock-based payment reserve.

d) Share Purchase Warrants

A summary of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, September 30, 2024	**14,530,670**	**0.25**
Exercised	(1,730,000)	(0.25)
Balance, September 30, 2025	**12,800,670**	**0.25**
Exercised	(2,034,000)	(0.25)
Expired	(10,766,670)	(0.25)
Balance, March 31, 2026	**-**	**-**

At March 31, 2026, the Company had received $300,000 in proceeds related to warrant exercises for shares yet to be issued. Additionally, the Company had no share purchase warrants outstanding.

e) Performance Warrants

During the year ended September 30, 2022, the Company issued an aggregate of 10,000,000 Performance Warrants to certain members of the management team, with each Performance Warrant exercisable upon vesting to acquire one Common Share at a price of $0.05 per share for a period of five years from the date of issuance.

The Performance Warrants have the following vesting terms:

1) 5,000,000 Performance Warrants shall vest and become exercisable upon the Company achieving aggregate gross revenue of $5,000,000 over any period of 12 consecutive months; and

2) 5,000,000 Performance Warrants shall vest and become exercisable upon the Company achieving aggregate gross revenue of $8,000,000 over any period of 12 consecutive months.

In Canadian Dollars, unless noted (unaudited)

No fair value has been recognized as a result of a probability of nil associated with the progress towards the related performance-based milestones.

12. REVENUES

The Company generates revenue from the sale of goods and from service arrangements, both of which are recognized at a point-in-time. At period end, the Company had $282,902 of deferred revenue on the condensed consolidated interim statements of financial position.

For the Three and Six Months Ended March 31,	Three Months Ended 2026	Three Months Ended 2025	Six Months Ended 2026	Six Months Ended 2025
			$	$
Cannabis – beverage sales	244,882	174,098	520,994	264,436
Cannabis – GMP processing sales	91,850	-	1,276,519	-
Cannabis – edible sales	-	57,563	-	110,397
Miscellaneous income	-	248,293	-	301,133
	336,732	**479,954**	**1,797,513**	**675,966**

During the six months ended March 31, 2026, the Company had three (2025 - three) customer accounting for more than 10% of revenue from continuing operations and in aggregate accounted for approximately 71% (2025 - 72%) of sales.

13. RELATED PARTY TRANSACTIONS

Key management personnel are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The aggregate value of transactions relating to key management personnel during the six months ended March 31, 2026 were as follows:

Equity incentives granted and fees paid to the following for the services rendered	Equity Incentive Granted	Equity Incentive Grant Amount	Equity Incentive Vested Fair Value	Fees
		#	$	$
The CEO and Director pursuant to officer services provided	Options, RSUs	400,000	43,401	100,000 – Salaries & Payroll
The COO and Director pursuant to officer services provided	Options, RSUs	400,000	43,401	125,000 – Salaries & Payroll
The CFO pursuant to officer services provided	Options, RSUs	300,000	32,934	45,000 – Consulting
A Director of the Company pursuant to director services provided	RSUs	50,000	6,000	15,000 – Consulting
A company controlled by a significant shareholder	RSUs	200,000	24,000	47,500 – Consulting
Total		**1,350,000**	**149,736**	**332,500**

In Canadian Dollars, unless noted (unaudited)

The aggregate value of transactions relating to key management personnel during the six months ended March 31, 2025 were as follows:

Equity incentives granted and fees paid to the following for the services rendered	Equity Incentive Granted	Equity Incentive Grant Amount	Equity Incentive Vested Fair Value	Fees
		#	$	$
The CEO and Director pursuant to officer services provided	-	-	9,162	100,000 – Salaries & Payroll
The COO and Director pursuant to officer services provided	-	-	9,162	125,000 – Salaries & Payroll
The CFO pursuant to officer services provided	-	-	9.162	45,000 – Consulting
A Director of the Company pursuant to director services provided	-	-	4,581	15,000 – Consulting
A company controlled by a significant shareholder	-	-	9,162	50,000 – Consulting
Total		**-**	**41,228**	**335,000**

As at March 31, 2026, $989,167 (September 30, 2025 – $841,948) was owing to key management personnel and to a company controlled by a significant shareholder for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, unsecured, and have no specific terms of repayment.

14. MANAGEMENT OF CAPITAL

The Company considers its shareholders' equity (deficiency) as capital. The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions, and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of public or private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There is no change to how capital is managed from the prior year.

15. RISK MANAGEMENT

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

i. Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company's cash, restricted cash and majority of the deposits are held in large Canadian financial institutions and its accounts receivable relates to third-party sales and GST receivable, which have no history of default; hence credit risk is low.

ii. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations. At March 31, 2026, the Company's working capital deficiency is $1,124,766 (September 30, 2025 - $1,423,568) and it does not have any long-term financial liabilities other than lease liabilities and decommissioning obligations. The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

iii. Market Risk
Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

iv. Currency Risk
The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk. The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

b) Fair Values

The carrying values of cash, restricted cash, accounts receivable, deposits, loans payable, accounts payable and accrued liabilities, and lease liabilities approximate their fair values.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company's cash and restricted cash is measured at FVTPL and is level 1.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial instruments, other than cash and restricted cash, are measured at amortized cost.

16. SUPPLEMENTAL CASH FLOW INFORMATION

For the Six Months Ended March 31,	2026	2025
	$	$
Non-cash financing and investing activities		
Fair value of shares issued for contingent consideration	25,000	-
Fair value of shares issued on RSU conversions	-	574,788

17. COMMITMENTS

The Company has employment contracts with the CEO and COO of the Company that include termination and change of control clauses. In the case of termination and change of control, the CEO and COO are entitled to lump sum payments equal to 2 years of their annual remuneration, which would equate to $900,000 based on their salaries in effect as at March 31, 2026.

18. SUBSEQUENT EVENTS

On May 7, 2026, the Company issued 50,000 common shares in recognition of RSU exercises.

On April 23, 2026, the Company received approval from its Board of Directors to spin-out an internally developed peptide drug development business into a dedicated new company ("SpinCo"). As part of the proposed spin-out, SpinCo is expected to complete a concurrent financing to fund the next phase of its development and to pursue a public listing on the Canadian Securities Exchange, subject to regulatory approvals and market conditions. The business proposed to be transferred to SpinCo includes the assets, Good Manufacturing Practices ("GMP") operating systems, regulatory framework and related know-how comprising HYTN's peptide drug development business, together with the documentation, clinical-support processes and infrastructure required to advance the program.