HYTN INNOVATIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED MARCH 31, 2026

This Management Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes for the three and six months ended March 31, 2026 (the "financial statements"), and the related notes contained therein which have been prepared in accordance with IFRS Accounting Standards ("IFRS").

In this MD&A, reference is made to adjusted EBITDA which does not have any standardized meaning under IFRS and is not a measure of financial performance under IFRS, and therefore, may not be comparable to similar measures presented by other companies. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations. The Company calculates adjusted EBITDA as follows:

> Net income (loss), plus (minus) the add-backs or reversals of the following: unrealized foreign exchange (gains) losses, interest (income) expense, tax (recovery) expense, depreciation expense, amortization, stock-based payments, change in decommissioning provision, impairment, one-time transaction costs and certain one-time non-operating expenses, as determined by management.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A has been prepared as of May 29, 2026.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including, but not limited to, statements related to the Company's ability to maintain key licenses and regulatory approvals, that key regulations applicable to the Company's business will remain the same or otherwise not be changed in a manner adverse to the Company's business as presently conducted, that the Company's business partners will continue to abide by the terms of existing arrangements and agreements, that orders and deliveries under supply agreements will continue or manifest as expected, that the Company will be able to meet contractual delivery requirements, and in relation to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about applicable laws and regulations, the behaviour of contractual counterparties, the Company's production abilities and the global economic environment, the market price and demand for products and our ability to manage our operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: that the Company may be unable to maintain key licenses and regulatory approvals; that key regulations applicable to the Company's business may be varied in a manner adverse to the Company's business as presently conducted; that the Company's business partners will not continue to abide by the terms of existing arrangements and agreements; that orders and deliveries under supply agreements will not continue or manifest as expected; that the Company will not be able to meet contractual delivery requirements; a downturn in general economic conditions, the uncertainty of government regulation and politic, potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the *Risk Factor*s section of the MD&A.

DESCRIPTION OF BUSINESS

HYTN Innovations Inc. (the “Company” or “HYTN Innovations”) was incorporated under the laws of British Columbia on October 22, 1990. The Company’s registered office is 303-890 Clement Avenue, Kelowna, British Columbia. The Company formulates, manufactures, markets, and sells premium products that contain psychoactive and psychotropic compounds. The Company’s mission is to be the leading provider of these products in all federally regulated markets worldwide. To achieve this, the Company focuses on identifying emerging opportunities in order to rapidly bring its innovative products to market through its advanced development platform. Recently, the Company has achieved multiple international GMP certifications including its CDL from Health Canada, resulting in the Company becoming a pharmaceutical certified manufacturer.

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 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”).

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 the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

HIGHLIGHTS

During the six months ended March 31, 2026, the Company continued to focus on servicing it’s international and domestic operations as highlighted further below.

On March 20, 2026, the Company announced the appointment of Mr. Fabian Monaco to its Board of Directors.

On April 17, 2026, the Company announced the commercial launch of Hermetic Autogenous Remediation (“HARd”) as a service offering for qualified dried cannabis flower programs. HARd is the Company’s proprietary remediation process for dried cannabis flower, developed and validated within the Company’s GMP quality system, designed to reduce microbial burden while preserving the structural, organoleptic, and chemical characteristics of dried cannabis flower.

On April 23, 2026, the Company announced the proposed spin-out of 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 proposed spin-out is intended to separate from the Company, a peptide-focused drug development business centered on the pre-clinical development of a subcutaneous injectable BPC-157 drug candidate for refractory ligament disorder.

On April 30, 2026, the Company announced the successful sale and export of GMP manufactured live resin vape cartridges, now released for sale in Australia's regulated medical cannabis market.

On May 7, 2026, the Company announced that its Health Canada Drug Establishment License has been amended following a comprehensive Good Manufacturing Practises ("GMP") inspection of its Kelowna facility. Under the amended license issued by Health Canada, the Company is now authorized to fabricate, package, and label non-sterile Active Pharmaceutical Ingredients ("API") in both solid and non-solid forms and adds Pharmaceutical Oil as an authorized finished dosage form.

OVERALL PERFORMANCE

For the six months ended March 31, 2026, the Company generated revenues of $1,797,513 (2025 - $675,966). For the six months ended March 31, 2026, gross profits increased to $868,603 (2025 – $473,330) representing a 84% increase in gross profit as a percentage of sales from the comparable prior period. The increase in revenues reflect newly developed revenue channels derived from GMP partnerships (the "Partnerships").

These increases in revenues and gross profits reflect the beginning of revenues derived from Partnerships yielding increased margins and growth potential. Partnerships have increased largely due to orders being processed for the European, United Kingdom, and Australian markets.

Operating expenses for the six months ended March 31, 2026 were $1,637,903 (2025 – $1,286,035). The increase was primarily attributable to an increase in selling costs associated with the Company's partnerships with certain counterparties, combined with an increase in share-based awards in the current fiscal period, and overall increased operational activities.

At March 31, 2026, the Company had net liabilities of $937,844 (September 30, 2025 - $1,120,065).

The assets consisted of the following:

As at	March 31, 2026	September 30, 2025	September 30, 2024
	$	$	$
Cash and restricted cash	524,125	345,102	261,580
Accounts receivable	171,196	198,872	111,233
Inventory	701,011	1,307,603	162,431
Prepaid expenses	86,136	7,302	15,587
Property, plant and equipment	1,512,244	1,613,815	1,675,603
Intangible asset	37,551	43,328	54,882
Deposits	103,972	103,972	101,866
TOTAL ASSETS	**3,136,235**	**3,619,994**	**2,383,182**

Assets decreased as of March 31, 2026 compared to the previous year ended September 30, 2025 largely due to a decrease in inventory held, reflective of the increase in sales related to the Partnerships.

The liabilities consisted of the following:

As at	March 31, 2026	September 30, 2025	September 30, 2024
	$	$	$
Accounts payable and accrued liabilities	1,939,660	2,676,852	1,015,970
Loans payable	235,262	415,252	-
Lease liability	867,255	885,655	793,563
Contingent consideration payable	12,000	42,300	50,850
Provision for returns	-	-	20,774
Decommissioning provision	737,000	720,000	675,000
Deferred revenue	282,902	-	-
TOTAL LIABILITIES	**4,074,079**	**4,740,059**	**2,556,157**

As of March 31, 2026, the Company's total liabilities have decreased by $665,980 or 14% from September 30, 2025. The decrease is mainly the result of a decrease in accounts payable and accrued liabilities combined with the repayment of $405,000 of the loan from a significant shareholder. The Company has maintained positive working relationships with vendors and its key stakeholders.

The decommissioning provision is associated with the Company's inherited historical petroleum and natural gas sites. The Company is currently in initial discussions with the Alberta Energy Regulator to have these sites transferred to the Orphan Well Association, an organization who assists with the closure activities of inactive sites, such as ours. If successful with the tender, the decommissioning liability would be reduced significantly, if not completely and the Company would forfeit all of its security deposits currently held with the Alberta Energy Regulator to assist with decommissioning liabilities. There is no guarantee at this time we will be successful and as such, the value of the decommissioning provision remains materially unchanged.

DISCUSSION OF OPERATIONS

HYTN is in the process of transitioning from its focus on Canadian cannabis products to an international GMP pharmaceutical manufacturer and distributer. Quarter-over-quarter performance has improved, particularly revenues and gross profits primarily from the beginning of the GMP partnerships. Operating expenses increased primarily relative to the increase in operations and the inclusion of costs associated with obtaining and maintaining GMP certifications, obtaining Canadian Drug License from Health Canada, business development activities in support of international market entry, and the overall increase in operations, investor awareness activities, and product-specific marketing.

International Operations

During the six-months ended March 31, 2026, HYTN advanced regulatory and commercial initiatives internationally which include Europe, the United Kingdom, and Australia to name a few.

- **Europe**: The Company previously has signed German supply agreements representing more than two metric tonnes of cannabis products. These revenues are reflected in the Company's $1,797,513 of revenues reported for the six months ended March 31, 2026.
- **United Kingdom**: The Company has now begun initial shipments with a small portion of this included in revenues for the period ended March 31, 2026. The Company is actively working with its partner to expand product registrations and scale volumes in accordance with UK's regulatory requirements.
- **Cannabis Drugs License (CDL)**: With the issuance of its Cannabis Drug Licence ("CDL") by Health Canada, the Company will be able to begin selling pharmaceutical-grade cannabis products. Regulatory engagement continues to support potential clinical and therapeutic applications in international markets.

Domestic Operations

During the first six months of fiscal 2026, HYTN has continued with the national launch of Summit and A1 beverage SKUs under its collaboration with A1 Cannabis. These products, previously part of Tilray's portfolio, transitioned under HYTN's licences and approvals.

Outlook

Management notes that deliveries under the German supply agreements began during the first quarter of fiscal 2026, resulting in increased revenues for this stream. Contributions from the United Kingdom and Australia have begun to take place as of March 2026, following receipt of final regulatory approvals and securing related supply agreements.

For the Periods Ended	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Six Months Ended March 31, 2026	Six Months Ended March 31, 2025
			$	$
Revenues	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**
Advertising and marketing	246,845	232,314	248,267	243,383
Consulting expense	45,000	67,500	90,000	141,006
Depreciation	53,490	47,232	79,621	90,244
Amortization	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	159,158	181,810	345,415	325,145
Selling costs	77,709	32,493	416,343	89,527
Stock-based compensation	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)**
Other income and expenses	(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)**

Three Months Ended March 31, 2026 and 2025

The Company generated an operating loss of $529,788 for the three months ended March 31, 2026 (2025 - $356,079).

- Revenues for the three months ended March 31, 2026 were lower than the prior year comparable period primarily as a result of the Company having $282,902 in sales classified as deferred revenue, due to the timing of shipment of certain goods. When deferred revenues are considered, total sales improved compared to the prior year comparable period primarily due to improved flower sales resulting from the Company's GMP partnerships. Cost of sales increased due to the increase in sales, with some costs associated with deferred revenues recognized as at March 31, 2026 resulting in a lower gross profit.

- Advertising and marketing costs for the three months ended March 31, 2026 were relatively consistent with the prior year comparable period as the Company continues to market its product offerings, corporate activities focusing on fulfilment of partnership sales, and investor and corporate awareness.

- Consulting expense for the three months ended March 31, 2026 were lower than the prior comparable period primarily due to the Company's focus on creating efficiencies year over year as it increases sales.

- Depreciation expense for the three months ended March 31, 2026 increased compared to the prior year primarily due to a decrease in depreciation allocation to cost of sales.

- Office and miscellaneous expenses for the three months ended March 31, 2026 was lower than the prior year comparable period primarily due to the Company's focus to create internal efficiencies and cost controls.

- Professional fees for the three months ended March 31, 2026 were lower than the prior year comparable period primarily due to timing of receipt of year-end audit fees and their related accrual reversals.

- Salaries and payroll for the three months ended March 31, 2026 was lower than the comparable period due to efficiencies created by full time staff and reduced use of part time labour production.

- Selling costs for the three months ended March 31, 2026 was higher than the prior year comparable period due to additional costs incurred resulting from the Company's GMP partnerships.

- Stock-based compensation for the three months ended March 31, 2026 was consistent with the prior year comparable period. Stock-based compensation in the current period relates to options issued during Q1, which fully vested during the current quarter.

- Transfer agent and filing fees for the three months ended March 31, 2026 were relatively consistent with the prior year comparable period.

- Travel expenses for the three months ended March 31, 2026 was lower than prior year comparable period in 2025. The decrease is primarily due to reduced staff travel requirements during the quarter.

Six Months Ended March 31, 2026 and 2025

The Company generated an operating loss of $769,300 for the six months ended March 31, 2026 (2025 - $812,705).

- Revenues for the six months ended March 31, 2026 were higher than the prior year comparable period primarily as a result of the Company having improved flower sales resulting from the Company's GMP partnerships. Cost of sales increased due to the increase in sales, with some costs associated with deferred revenues recognized as at March 31, 2026 resulting in a lower gross profit.

- Advertising and marketing costs for the six months ended March 31, 2026 were relatively consistent with the prior year comparable period as the Company continues to market its product offerings, corporate activities focusing on fulfilment of partnership sales, and investor and corporate awareness.

- Consulting expense for the six months ended March 31, 2026 were lower than the prior comparable period primarily due to the Company's focus on creating efficiencies year over year as it increases sales.

- Depreciation expense for the six months ended March 31, 2026 decreased compared to the prior year primarily due to an increase in depreciation allocation to cost of sales.

- Office and miscellaneous expenses for the six months ended March 31, 2026 was lower than the prior year comparable period primarily due to the Company's focus to create internal efficiencies and cost controls.

- Professional fees for the six months ended March 31, 2026 were higher than the prior year comparable period primarily due to an increase in legal fees as a result of increased corporate activity.

- Salaries and payroll for the six months ended March 31, 2026 was higher than the comparable period due to the increased production and sales activity of the Company.

- Selling costs for the six months ended March 31, 2026 was higher than the prior year comparable period due to additional costs incurred resulting from the Company's GMP partnerships.

- Stock-based compensation for the six months ended March 31, 2026 was higher than the prior year comparable period. The increase is primarily due to the issuance and vesting of share-based awards being granted in the current year comparable period.

- Transfer agent and filing fees for the six months ended March 31, 2026 were relatively consistent with the prior year comparable period.

- Travel expenses for the six months ended March 31, 2026 was higher than prior year comparable period in 2025. The increase is primarily due to additional travel requirements for increased corporate activity.

Net Loss and Comprehensive Loss

Net loss and comprehensive loss for the six months ended March 31, 2026 was $862,983 (2025 - $862,230). The consistency is primarily attributable to increased selling costs associated with the Partnerships and higher costs of stock-based compensation related to the change in the Company's underlying share price. These increase in costs were offset by increased sales resulting from the Partnerships, combined with a reduction in the proportion of cost of sales due to efficiencies realized related to the partnerships.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed interim quarters:

	Second Quarter Ended March 31, 2026 $	First Quarter Ended December 31, 2025 $	Fourth Quarter Ended September 30, 2025 $	Third Quarter Ended June 30, 2025 $
Revenues	336,732	1,460,781	510,838	487,048
Net loss and comprehensive loss	(574,564)	(288,419)	(385,186)	(269,614)
Loss per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)
	Second Quarter Ended March 31, 2025 $	**First Quarter Ended December 31, 2024 $**	**Fourth Quarter Ended September 30, 2024 $**	**Third Quarter Ended June 30, 2024 $**
Revenues	479,954	196,012	118,156	390,333
Net loss and comprehensive loss	(351,649)	(510,581)	(5,613,564)	(324,478)
Loss per share, basic and diluted	(0.00)	(0.01)	(0.06)	(0.00)

For the quarter ended March 31, 2026, net loss and comprehensive loss increased primarily due to a decrease in revenues related to certain sales being classified as deferred revenue due to timing of shipments. Net loss and comprehensive loss was further increased due to an increase in advertising and marketing expenses during the quarter, as the Company extended its marketing and investor awareness activities.

On a quarter-by-quarter basis, losses fluctuated due to a number of factors including timing of operating activities due to the nature of a start up company. Revenues decreased during the quarter ended September 30, 2024 and March 31, 2026 primarily due to seasonal fluctuation of its seasonal beverage sales from the preceding quarter and deferred sales. The Company notes that this is reflected in the increase in revenues for the quarters ended December 31, 2025, September 30, 2025, June 30, 2025, March 31, 2025, and December 31, 2024. During the quarters ended December 31, 2025, September 30, 2025, June 30, 2025 and March 31, 2025, the Company saw consistent partnership sales of its GMP cannabis products.

An analysis of the quarterly result shows that the Company has incurred mostly salaries and payroll, professional fees, consulting fees, transaction costs, acquisition expense, advertising and marketing, and office and miscellaneous cost that primarily relate to activities of those of a start-up entity.

The Company generates revenue from the sale of goods and from service arrangements, both of which are recognized at a point-in-time. As all performance obligations were not fulfilled at period-end, the Company has $282,902 of deferred revenue on the consolidated statements of financial position. During the six months ended March 31, 2026, all of the sales were to wholesalers.

For the Periods Ended March 31,	Three Months Ended 2026	2025	Six Months Ended 2026	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) customers accounting for more than 10% of revenue from continuing operations and in aggregate accounted for approximately 71% (2025 - 72%) of sales.

LIQUIDITY & CAPITAL RESOURCES

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At March 31, 2026, the Company had cash of $523,538 and $587 in restricted cash. The cash increased from September 30, 2025 mainly as a result of proceeds received from warrant exercises in the second quarter, offset by repayment of a portion of the Company's loans payable.

Operating Activities

The Company used net cash of $314,749 (2025 – $539,374) in operating activities including costs associated with human capital, professional fees, advertising and marketing, and costs associated with driving sales during the six months ended March 31, 2026.

Investing Activities

The Company used net cash of $30,471 (2025 – $3,659) in investing activities during the six months ended March 31, 2026 primarily for the payment of contingent considerations due to Lux Sit, combined with the purchase of property, plant, and equipment.

Financing Activities

The Company received net cash of $524,243 (2025 – received $556,616) in financing activities during the six months ended March 31, 2026. Cash received was primarily from the exercise of warrants, offset by the repayment of a portion of its loans payable as well as its lease liabilities during the current quarter.

At March 31, 2026, the Company had a working capital deficit of $1,124,766 (September 30, 2025 - $1,423,568) which included cash of $523,538 (September 30, 2025 - $344,515) available to meet short-term business requirements and long-term liabilities of $1,466,845 (September 30, 2025 - $1,457,612). The Company's account payable and accrued liabilities primarily have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's long-term liabilities relate to its lease liabilities and decommissioning provisions.

At present, the Company has maintained a history of operating losses. Without additional future financing, the Company may not be able to fund its ongoing operations. In addition to its sales proceeds, the Company intends to finance its future requirements through a combination of debt and/or equity issuances. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

CHANGES IN ACCOUNTING POLICIES

Accounting standards adopted in the current period

The Company did not adopt any accounting standards during the six months ended March 31, 2026.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 15 of the Company's condensed consolidated interim financial statements for the three and six months ended March 31, 2026.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's expenses is disclosed in the "Overall Performance" section above.

Adjusted EBITDA

The Company calculates adjusted EBITDA as net income (loss), plus (minus) the add-backs or reversals of the following: unrealized foreign exchange (gains) losses, interest (income) expense, tax (recovery) expense, amortization, depreciation expense, stock-based compensation, allocation of non-cash items to cost of sales, impairment, one-time transaction costs and certain one-time non-operating expenses, determined by management for the three and six months ended March 31, 2026 and 2025:

	Three Months Ended		**Six Months Ended**	
For the Three and Six Months Ended March 31,	**2026**	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Net loss and comprehensive loss	**(574,564)**	**(351,649)**	**(862,983)**	**(862,230)**
Depreciation	53,490	47,232	79,621	90,244
Amortization	2,888	2,888	5,777	5,777
Stock-based compensation	39,923	38,211	211,704	137,439
Change in decommissioning provision	(4,000)	(29,000)	9,000	8,000
Interest / accretion expense	38,776	24,277	71,983	43,775
Loss / (Gain) on consideration payable revaluation	10,000	293	12,700	(2,250)
Adjusted EBITDA	**(433,487)**	**(267,748)**	**(472,198)**	**(579,245)**

DISCLOSURE OF OUTSTANDING SHARE DATA

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 and as of the date of this MD&A are 95,892,107 (September 30, 2025 – 93,708,107).

As at March 31, 2026 and the date of the MD&A, no common shares are in escrow.

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.

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.

The options outstanding as of the date of this MD&A are 825,000.

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, 2025. 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.

The RSUs outstanding as of the date of this MD&A are 4,457,500.

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.
Warrants outstanding as of the date of this MD&A are nil.

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 will 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 will vest and become exercisable upon the Company achieving aggregate gross revenue of $8,000,000 over any period of 12 consecutive months.

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

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, Elliot McKerr, pursuant to officer services provided	Options, RSUs	400,000	43,401	100,000 – Salaries & Payroll
The COO and Director, Jason Broome, pursuant to officer services provided	Options, RSUs	400,000	43,401	125,000 – Salaries & Payroll
The CFO, Paul More, pursuant to officer services provided	Options, RSUs	300,000	32,934	45,000 – Consulting
A Director, Eli Dusenbury, of the Company pursuant to director services provided	RSUs	50,000	6,000	15,000 – Consulting
A company owned by a significant shareholder, Aman Parmar, of the Company pursuant to consulting services provided	RSUs	200,000	24,000	47,500 – Consulting
Total		**1,350,000**	**149,736**	**332,500**

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, Elliot McKerr, pursuant to officer services provided	-	-	9,162	100,000 – Salaries & Payroll
The COO and Director, Jason Broome, pursuant to officer services provided	-	-	9,162	125,000 – Salaries & Payroll
The CFO, Paul More, pursuant to officer services provided	-	-	9.162	45,000 – Consulting
A Director, Eli Dusenbury, of the Company pursuant to director services provided	-	-	4,581	15,000 – Consulting
A company owned by a significant shareholder, Aman Parmar, of the Company pursuant to consulting services provided	-	-	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. As at March 31, 2026, $195,000 in loans payable plus $40,262 of accrued interest was owing to a company owned by a significant shareholder of the Company.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has limited operating history

The Company has limited operating history and may not succeed. The Company is subject to all risks inherent in a developing a business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of losses

The Company has incurred losses in the period from inception to March 31, 2026. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Reliance on management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

The Company will be an entrant engaging in a new industry

The infused cannabis, psychoactive and psychotropic compounds industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop, and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Reliance on key inputs

The Company's business is dependent on a number of key inputs including raw materials and supplies relating to its manufacturing operations including electricity, water, and other utilities. Any significant interruption or negative change in the availability or pricing of the supply chain for these key inputs could materially impact the Company's operations, financial condition, and operating results.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant number of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brand was subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company.

Product liability

The Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Shelf life of inventory

The Company holds finished goods and raw materials in inventory with a shelf life. The Company has a typical inventory turnover that varies and as a result, inventory may reach its expiration date and no longer be available for sale. As a result, inventory may have to be written down and could have a material adverse effect on the Company's business, financial condition, and results of operations.

Unfavourable publicity or consumer perception

Management of the Company believes the infused cannabis, psychoactive and psychotropic compounds industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Company's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the infused cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for its shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant amount of resources.

Licenses and permits

The operations of the Company require it to obtain licenses, and in some cases, renewals of existing licenses and the issuance of permits by certain national authorities in Canada and abroad. The Company believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations, and also believes that it is complying in all material respects with the terms of such licenses and permits. In addition, the Company will apply for, as the need arises, all necessary licenses and permits to carry on the activities it expects to conduct in the future. However, the ability of the Company to obtain, sustain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Any loss of interest in any such required license or permit, or the failure of any governmental authority to issue or renew such licenses or permits upon acceptable terms, would have a material adverse impact upon the Company.

Legalization of recreational cannabis

Bill C-45 received Royal Assent and became law in Canada. Pursuant to Bill C-45, the importation, exportation, production, testing, packaging, labeling, sending, delivery, transportation, sale, possession or disposal of cannabis or any class of cannabis will remain subject to extensive regulatory oversight. Such extensive controls and regulations may significantly affect the financial condition of market participants and prevent the realization of such market participants of any benefits from an expanded market for recreational cannabis products.

Reliance on licenses

The Company's operations depend on it being granted the appropriate licenses for its ability to store cannabis and other psychoactive and psychotropic products derived therefrom and the licenses are subject to ongoing compliance, reporting requirements and renewal. Government licenses are currently, and in the future may be, required in connection with the Company's operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, the Company may be prevented from operating and/or expanding its business, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Promoting and maintaining brands

The Company believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Company's products to be of high quality, or if the Company introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Company will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Company may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Company incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

Research and development

Before the Company can obtain regulatory approval for the commercial sale of new products, it will be required to complete extensive trial testing to demonstrate safety and efficacy. Depending on the exact nature of trial testing, such trials can be expensive and are difficult to design and implement. The testing process is also time consuming and can often be subject to unexpected delays. The timing and completion of trial testing may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of units and or test subjects for use in trial testing; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of trial testing due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective trial testing sites and subjects; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after testing, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during trial testing; reliance on research organizations to conduct trial testing, which may not conduct such trials with good laboratory practices; or other regulatory delays.

Difficulty in developing products

If the Company cannot successfully develop, manufacture and distribute new products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop new market-ready commercial products at acceptable costs, which could adversely affect the Company's ability to effectively continue to compete in the market. A failure by the Company to achieve a low-cost structure through economies of scale would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

Regulatory risks

The cannabis, psychoactive and psychotropic industry is a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

This industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or its operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants, and which cannot be reliably predicted.

Production facility risks

Our activities are focused on a single production and manufacturing facility, based in Kelowna, British Columbia. Adverse changes or developments affecting the facility, including but not limited to a breach of security, an outbreak of a communicable illness (such as COVID-19) or a force majeure event, could have a material and adverse effect on our business, financial condition, prospects and results of operations. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory agencies, could also have an impact on our ability to continue operating under our licenses or the prospect of renewing our licenses or could result in a revocation of our licenses. All facilities continue to operate with routine maintenance. We bear many, if not all, of the costs of maintenance and upkeep at our facilities, including replacement of components over time. Our operations and financial performance may be adversely affected if we and our facilities are unable to keep up with maintenance requirements. Certain contemplated capital expenditures in Canada will require Health Canada approval. There is no guarantee that Health Canada will approve the contemplated expansion and/or renovation, which could adversely affect our business, financial condition and results of operations.

Management of Growth

The Company may be subject to growth-related risks arising from expansion of its operations and further acquisitions. Such growth-related risks include capacity constraints and increased pressure on the Company’s internal systems and controls. The ability of the Company to manage growth effectively will require continued implementation and improvement of its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with growth may have a material adverse effect on its business, financial condition, results of operations, and general prospects.

Restrictions on Sales Activities

The industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Company’s ability to conduct sales and marketing activities and could have a material adverse effect on the Company’s respective businesses, operating results and financial conditions.