CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2025 and 2024

(EXPRESSED IN CANADIAN DOLLARS)

INDEX

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and shareholders of Femto Technologies Inc.
Vancouver, Canada.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Femto Technologies Inc. (the "Company") as of December 31, 2025, the related consolidated statements of income (loss) and comprehensive income (loss), changes in the shareholders' equity and cash flows for the year then ended, and the related notes (collectively, the "Consolidated Financial Statements"). In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year ended December 31, 2025 in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and Interpretations (IASB).

Basis for Opinion

These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the Consolidated Financial Statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the Consolidated Financial Statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since November 2025.

Tel Aviv, Israel
April 30, 2026

/s/ Ziv Haft

Certified Public Accountants (Isr.)
BDO Member Firm

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Femto Technologies Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Femto Technologies Inc. (the “Company”), as of December 31, 2024, the related consolidated statements of loss and comprehensive loss, changes in shareholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2024 and 2023, and related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024 and 2023, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Reliant CPA PC
Reliant CPA PC

Served as Auditor since 2023
Newport Beach, CA
March 31, 2025

FEMTO TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Notes		December 31, 2025		December 31, 2024
Assets					
Cash and cash equivalents		$	15,231,108	$	4,617,034
Trade receivables*			105,911		113,422
Other receivables*	5		528,991		202,292
Inventory	4		163,414		-
Prepaid expenses			40,082		41,093
Total Current Assets			16,069,506		4,973,841
Intangible assets	6		19,800,767		25,262,767
Property and equipment	7		2,805		4,459
Total Assets		$	35,873,078	$	30,241,067
Liabilities					
Trade payables and accrued liabilities	8	$	317,537	$	401,938
Related Parties	9		113,892		233,691
Deferred revenue	17		145,404		140,088
Enhanced voting preference shares	12		35,979		35,608
Derivative for settlement agreement	14		191,884		-
Long term loan – current portion	11		-		40,769
Total Current Liabilities			804,696		852,094
Derivative warrants liabilities	10		5,802		24,517,927
Derivative for settlement agreement	14		-		378,817
Liabilities for employee benefits	13		62,212		100,430
Total Liabilities		$	872,710	$	25,849,268
Shareholders' Equity					
Share capital	15	$	94,159,660	$	76,391,417
Share-based payment reserve			1,096,335		1,043,586
Translation differences reserve			(350,710)		(164,312)
Capital reserve for re-measurement of defined benefit plan	13		75,215		23,534
Accumulated Deficit			(59,980,132)		(72,902,426)
Total Shareholders' equity		$	35,000,368	$	4,391,799
Total Liabilities and Shareholders' Equity		$	35,873,078	$	30,241,067

Nature of operations and going concern (Note 1)

*** reclassified to conform to the current period presentation**

These financial statements were approved for issue by the Board of Directors on April 30, 2026 and signed on its behalf by:

"Yftah Ben Yaackov"	*"Gabi Kabazo"*
Director	Director

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

FEMTO TECHNOLOGIES INC.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Years Ended on December 31, 2025, 2024 and 2023
(Expressed in Canadian Dollars)

For the year ended December 31	**Notes**	**2025**	**2024**	**2023**
Revenue	17	$ 846,531	$ 998,839	$ 1,076,861
Cost of revenue	7, 18	(748,148)	(848,137)	(678,305)
Gross profit		98,383	150,702	398,556
Consulting and marketing		1,415,591	1,094,957	1,387,628
Research and Development		3,064,510	2,582,601	836,833
Depreciation and Amortization	6, 7	1,583	4,187	93,354
General and administrative expenses		2,650,592	1,992,163	1,254,088
Settlement agreement expenses	14	-	854,984	-
Share-based compensation		2,286,389	3,709,278	343,253
Impairments*	6	5,462,000	8,200,336	13,142,481
Professional fees		1,772,106	966,718	1,739,430
		(16,652,771)	(19,405,224)	(18,797,067)
Loss before other income (expense)		(16,554,388)	(19,254,522)	(18,398,511)
Finance income*		678,352	185,429	17,495
Finance expenses*		(30,153)	(14,996)	(17,181)
Foreign exchange gain (loss)		(909,796)	431,240	(76,469)
Gain (loss) from warrants revaluation	10	30,414,880	(28,866,166)	7,704
Gain (loss) from settlement agreement revaluation		(643,519)	(69,955)	-
Other income (expense)		29,509,764	(28,334,448)	(68,451)
Income (loss) before tax		12,955,376	(47,588,970)	(18,466,962)
Tax expense	20	(33,082)	(1,287)	(28,159)
Income (loss) for the year		$ 12,922,294	$ (47,590,257)	$ (18,495,121)
Other comprehensive income (loss)				
Exchange differences on translation		(186,398)	(157,066)	(22,992)
Remeasurement of a defined benefit plan, net		51,681	9,770	485
Other comprehensive income (loss) for the year		(134,717)	(147,296)	(22,507)
Total comprehensive income (loss)		$ 12,787,577	$ (47,737,553)	$ (18,517,628)
Income (loss) per share – basic**		$ 21.12	$ (101.31)	$ (1,550.40)
Weighted average number of shares outstanding – basic **		611,810	469,733	12,003
Income (loss) per share –diluted**		19.85	-	-
Weighted average number of shares outstanding –diluted**		651,135	-	-

* **Reclassified to conform to the current period presentation**

** Adjusted to reflect one (1) for five hundred (500) reverse stock split in April 2025 (see Note 1)

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

FEMTO TECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity
For the Years Ended on December 31, 2025, 2024 and 2023
(Expressed in Canadian Dollars)

	Number of shares*	Share capital	Shares to be issued	Share purchase warrants reserve	Translation differences reserve	Share-based payment reserve	Capital reserve for re-measurement of defined benefit plan	Accumulated Deficit	Total Shareholders' Equity
Balance at January 1, 2023	23	$ 54,806,522	$ 41,875	$ 639,879	$ 15,746	$ 570,446	$ 13,279	$ (6,817,048)	$ 49,270,699
Shares issued for cash, net	3	3,729,901	-	-	-	-	-	-	3,729,901
Shares issued for services	**	190,740	(41,875)	-	-	-	-	-	148,865
Share-based payments	-	-	-	-	-	140,821	-	-	140,821
Shares to be issued for services	-	-	53,567	-	-	-	-	-	53,567
Warrants expired	-	639,879	-	(639,879)	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	-	(18,495,121)	(18,495,121)
Other comprehensive loss for the year	-	-	-	-	(22,992)	-	485	-	(22,507)
Balance at December 31, 2023	26	$ 59,367,042	$ 53,567	$ -	$ (7,246)	$ 711,267	$ 13,764	$ (25,312,169)	$ 34,826,225
Share-based payments	-	-	-	-	-	332,319	-	-	332,319
Shares issued for services	303	3,430,526	(53,567)	-	-	-	-	-	3,376,959
Shares, pre-funded warrants and warrants issued for cash, net	103	7,966,357	-	-	-	-	-	-	7,966,357
Shares issued for cashless exercise of warrants	826	12,442,032	-	-	-	-	-	-	12,442,032
Allocation to derivative warrants liabilities	-	(7,360,662)	-	-	-	-	-	-	(7,360,662)
Shares issued pursuant to a Settlement agreement	53	546,122	-	-	-	-	-	-	546,122
Loss for the year	-	-	-	-	-	-	-	(47,590,257)	(47,590,257)
Other comprehensive loss for the year	-	-	-	-	(157,066)	-	9,770	-	(147,296)
Balance at December 31, 2024	1,311	$ 76,391,417	$ -	$ -	$ (164,312)	$ 1,043,586	$ 23,534	$ (72,902,426)	$ 4,391,799
Share-based payments	15	183,572	-	-	-	52,749	-	-	236,321
Shares issued pursuant to a Settlement agreement	114,800	830,452	-	-	-	-	-	-	830,452
Shares issued for services	107,449	2,050,068	-	-	-	-	-	-	2,050,067
Shares, pre-funded warrants and warrants issued for cash, net	4,167	20,852,213	-	-	-	-	-	-	20,852,213
Shares issued for cashless exercise of warrants	653,116	14,531,913	-	-	-	-	-	-	14,531,913
Allocation to derivative warrants liabilities	-	(20,552,190)	-	-	-	-	-	-	(20,552,190)
Share repurchase	(19,747)	(127,785)	-	-	-	-	-	-	(127,785)
Income for the year								12,922,294	12,922,294
Other comprehensive loss for the year	-	-	-	-	(186,398)	-	51,681	-	(134,717)
Balance at December 31, 2025	861,111	$ 94,159,660	$ -	$ -	$ (350,710)	$ 1,096,335	$ 75,215	$ (59,980,132)	$ 35,000,368

* Adjusted to reflect one (1) for five hundred (500) reverse stock split in April 2025 (see Note 1)
** less than 1

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

FEMTO TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
For the Years Ended on December 31, 2025, 2024 and 2023
(Expressed in Canadian Dollars)

For the year ended December 31		2025		2024		2023
Operating activities:						
Income (loss) for the year	$	12,922,294	$	(47,590,257)	$	(18,495,121)
Adjustments to reconcile net loss to net cash used in operating activities:						
Depreciation		3,236		5,370		94,852
Interest expense		5,075		4,848		3,333
Change in benefits to employees		13,463		18,667		6,003
Shares issued pursuant to a settlement agreement		-		546,122		-
Loss from revaluation of settlement agreement		643,519		69,955		-
Derivative for settlement agreement		-		308,862		-
Loss (gain) from revaluation of warrants		(30,414,880)		28,866,166		(7,704)
Impairments		5,462,000		8,200,336		13,142,481
Share-based compensation		2,286,389		3,709,278		343,253
Finance expenses (income)		229,341		(485,453)		176,409
Changes in operating assets and liabilities:						
Other receivables and trade receivables		(319,188)		(126,280)		38,370
Trade payables and accrued liabilities		(84,401)		143,423		67,060
Related parties		(119,799)		(216,357)		450,048
Inventory		(163,414)		-		-
Prepaid expenses		1,011		(15,721)		800,191
Deferred revenue		5,316		8,294		(87,274)
Net cash used in operating activities		(9,530,038)		(6,552,747)		(3,468,099)
Investing activities:						
Purchase of property and equipment		(1,330)		-		(7,703)
Investment in intangible assets		-		-		(366,325)
Net cash used in investing activities		(1,330)		-		(374,028)
Financing activities:						
Share repurchase		(127,785)		-		-
Receipt of loans		102,748		-		-
Proceeds from issuance of enhanced voting preference shares		-		35,608		-
Proceeds from public offering, net		20,552,190		7,741,342		4,695,751
Proceeds from exercise of warrants		182,501		-		-
Repayment of long term loan		(144,350)		(47,818)		(45,350)
Net cash provided by financing activities		20,565,304		7,729,132		4,650,401
Net Increase (decrease) in cash and cash equivalents		11,033,936		1,176,385		808,274
Effect of foreign exchange rate changes on cash and cash equivalents		(419,862)		326,715		(87,211)
Cash and cash equivalents at beginning of year		4,617,034		3,113,934		2,392,871
Cash and cash equivalents at end of year	$	15,231,108	$	4,617,034	$	3,113,934
Supplemental disclosure of cash flow information						
Cash paid during the year for interest	$	5,075	$	4,848	$	5,972
Supplemental disclosure of material noncash activities:						
Issuance of shares upon exercise of warrants	$	14,649,435	$	5,306,385	$	-
Shares issued pursuant to a settlement agreement		830,452		-		-

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Operations

Femto Technologies Inc. (Formerly known as BYND Cannasoft Enterprises Inc.) (the "Company" or "Femto") is a Canadian company which was amalgamated under the Business Corporations Act (British Columbia) on March 29, 2021. The Company's registered address is 2264 East 11th Avenue, Vancouver, BC, V5N 1Z6, Canada.

The Company currently operates in Israel and through its subsidiary markets and sells a proprietary client relationship management software known as "Benefit CRM". In addition, the Company has developed the Sensera device (formerly the EZ-G Device), a unique, patent pending device that, combined with proprietary software (provisional application), regulates the flow of lubricants and oils into the soft tissues of the female sexual organs.

The company has completed the development of the Sensera device. In order to go to market in early 2026, the company was required to carry out prototype tests and began production of the Sensera device. Sales of the Sensera product and the capsules with the lubricants started in 2026 through an online store.

On March 29, 2021, the Company completed the business combination transactions with BYND – Beyond Solutions Ltd. ("BYND"). As a result of the business combination transactions, BYND became a wholly owned subsidiary of the Company. This transaction was accounted for as a reverse asset acquisition of the Company by BYND ("RTO")

On March 29, 2021, BYND completed the share exchange agreement with B.Y.B.Y. As a result of the share exchange agreement, BYND holds 74% ownership interest in B.Y.B.Y. One of the former shareholders holds the remaining 26% ownership interest in B.Y.B.Y. in trust for BYND, for the purpose to comply with Israeli Cannabis Laws regarding the ownership of medical cannabis license rights This transaction was accounted for as asset acquisition according to *IFRS 2 Share-based Payment.*

On September 22, 2022, the Company and the former shareholder of Zigi Carmel Initiatives and Investments Ltd. ("ZC") entered into a share exchange agreement, whereby the Company would acquire 100% ownership interest in ZC from the former shareholder in exchange for 7,920,000 subordinate voting shares (5 subordinate voting shares post reverse splits) of the Company. The share exchange agreement was executed and fully completed on September 22, 2022.

Effective July 22, 2024, the Company changed its name to Femto Technologies Inc.

On June 23, 2025, the Company's subordinate voting shares were delisted from the Nasdaq Capital Market and now trade on the OTCQB.

Reverse stock split

On March 15, 2024, the Company announced a one (1) for one hundred ninety (190) reverse stock split of its outstanding subordinate voting shares that became effective on March 22, 2024.

On August 16, 2024, the Company announced a one (1) for seventeen (17) reverse stock split of its outstanding subordinate voting shares that became effective on August 26, 2024.

On April 17, 2025, the Company announced a one (1) for five hundreds (500) reverse stock split of its outstanding subordinate voting shares that became effective on April 22, 2025.

All shares, stock options, share purchase warrants, RSU's and per share information in these consolidated financial statements have been restated to reflect the reverse stock splits on a retroactive basis.

The Lion's Roar Operation

On February 28, 2026, after the reporting date, "The Lion's Roar Operation" (the "Operation") commenced, a joint military operation by the United States and Israel involving attacks in Iran.

In response, Iran launched ballistic missiles and unmanned aerial vehicles (UAVs) toward Israel and certain states in the Persian Gulf region. These events have resulted in civilian casualties and property damage in Israel. Additionally, Hezbollah, a terrorist organization in Lebanon, joined the attacks against Israel and Israel has started military operations in Lebanon.

Following the commencement of the Operation, Israel's Home Front Command announced a "special home front situation" and updated safety guidelines that include, among other measures, restrictions on passenger flights, limitations on gatherings, broad reserve recruitment, and temporary closure of certain businesses, which has contributed to a partial reduction in economic activity.

Since this is an event beyond the Company's control and characterized by uncertainty, in particular as to when the Operation will end, as of the approval date of these consolidated financial statements, the Company is unable to predict the intensity of the impact of the Operation on the Company's financial condition and the results of BYND operations.

As of the date of approval of these consolidated financial statements, a ceasefire has been announced. While this development may contribute to a gradual easing of certain restrictions and a recovery in economic activity, significant uncertainty remains regarding the stability of the ceasefire and the potential for renewed escalation. Accordingly, the ultimate impact of the operation and related developments on the Company's financial condition and results of operations remains uncertain, and the Company continues to monitor the situation closely.

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

Going Concern

During the year ended December 31, 2025, the Company incurred a net income of $12,922,294, generated negative cash flow from operating activities of $9,530,038 and an accumulated deficit of $59,980,132 as at December 31, 2025.

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the "**Purchase Agreement**") with institutional investors for the purchase and sale of subordinate voting shares and warrants at a price of US$4.17 per subordinate voting unit for total consideration of approximately US$17.0 million ($20,552,190 net).

The Company plans to invest in marketing and sales efforts for the Sensera device, reduce expenses of research and development and maintain other expenditures at the same level compared to the year ended December 31, 2024.

The Company has $15,231,108 in cash on hand and $15,624,810 in working capital and believes that it will be sufficient to meet its planned expenditures and to meet obligations for the foreseeable future.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. They were authorized for issue by the Company's board of directors on April 30, 2026.

b. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of its wholly owned subsidiaries, BYND, Zigi Carmel and B.Y.B.Y.. B.Y.B.Y is owned directly through BYND and 24% of the shares of B.Y.B.Y. are held by a related party in trust for the Company for the purpose to comply with Israeli Cannabis Laws regarding the ownership of medical cannabis license rights.

The Consolidated Financial Statements include the statements of subsidiary companies that are controlled by the Company. Control exists when a company has the power to influence the investee, has exposure, or rights to variable returns from its involvement with the investee, as well as the ability to use its power to affect the amounts of its return from the investee. When testing for control, potential voting rights are taken into account only if they are substantive. The financial statements are consolidated from the date on which control is gained until the date on which control ceases.

Material intra-group balances and transactions were eliminated in full in the Consolidated Financial Statements.

When control in a consolidated company is lost, the Company recognizes in profit or loss an amount equal to the difference between the aggregate amount of the consideration received and the fair value of any remaining investment in the former consolidated company, and the carrying amounts of the assets, liabilities and non-controlling interests of the former consolidated company.

The dates of the financial statements of the consolidated companies are identical to those of the Company's financial statements. The accounting policies in the financial statements of the consolidated companies have been applied uniformly and consistently with those applied in the Company's financial statements.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

c. New Accounting Standards

Standards, interpretations and amendments to standards and interpretations in the reporting period not yet effective and not yet applied:

● In April 2024, the International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in the Financial Statements, which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard will replace IAS 1, Presentation of Financial Statements. Although much of the substance of IAS 1, Presentation of Financial Statements, will carry over into the new standard, the new standard incrementally will:

With a view to improving comparability amongst entities, require presentation in the statement of operations of a subtotal for operating profit and a subtotal for profit before financing and income taxes (both subtotals as defined in the new standard);

Require disclosure and reconciliation, within a single financial statement note, of management-defined performance measures that are used in public communications to share management's views of various aspects of an entity's performance, and which are derived from the statements of income and other comprehensive income;

Enhance the requirements for aggregation and disaggregation of financial statement amounts; and

Require limited changes to the statement of cash flows, including elimination of options for the classification of interest and dividend cash flows.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. We are currently assessing the impacts of the new standard; while there will be shifts of where a number of our management-defined performance measures are disclosed and reconciled (primarily a shift from management's discussion and analysis to the financial statements) and where certain cash flows will be categorized in our statements of cash flows (primarily a shift of interest paid from operating activities to financing activities), we do not expect that the totality of our financial disclosure will be materially affected by the application of the new standard.

● In May 2024, the International Accounting Standards Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The narrow-scope amendments are to address diversity in accounting practice in respect of the classification of financial assets with environmental, social and corporate governance and similar features; and to clarify the date on which a financial asset or financial liability is derecognized when using electronic payment systems. The new standard is effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. We are currently assessing the impacts of the new standard but do not expect to be materially affected by the application of the amendments.

The following amendments are effective for the period beginning January 1, 2025:

a. Lack of Exchangeability (Amendments to IAS 21); These amendments set out the requirements for determining the exchange rate to be used for recording a foreign currency transaction into the functional currency and translating a foreign operation into a different currency. These amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. These amendments had no material effect on the Consolidated Financial Statements of the Company.
b. IFRIC Agenda Decision on IFRS 8 Operating Segments; Requires disclosure of specified revenues and expenses for each reportable segment when those amounts are included in the measure of segment profit or loss reviewed by the Chief Operating Decision Maker or regularly provided to them. This agenda decision had no material effect on the Consolidated Financial Statements of the Company.

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2025, that the Company has decided not to adopt early. The Company does not believe that the standards, interpretations and amendments will have a material impact on the financial statements once adopted.

d. Functional and presentation currency

The financial statements are presented in Canadian dollars. The functional currency of the Company is Canadian dollars and the functional currency of BYND, Zigi Carmel and B.Y.B.Y. is the New Israeli Shekel ("NIS").

e. Basis of Measurement

The financial statements were prepared based on the historical costs, except for financial instruments classified as fair value through profit and loss ("FVTPL") and assets or liabilities for employee benefits, which are stated at their fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

f. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS Accounting Standards requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

f. Significant estimates and assumptions (continued)

Revenue Recognition

The Company uses significant judgment to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses. Input method recognizes revenue based on an entity's efforts or inputs toward satisfying a performance obligation relative to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated hours to completion which affects revenue recognized for software development.

Impairment of Non-Financials Assets

The Company performs impairment tests on its long-lived assets, including property and equipment when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU's recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount. The following impairment amounts were recognized in the consolidated financial statements for the years ended December 31, 2025, 2024 and 2023 for the intangible assets.

Year ended December 31, 2025 - $5,462,000
Year ended December 31, 2024 - $8,200,336
Year ended December 31, 2023 - $13,142,481

Other Significant judgments

The preparation of financial statements in accordance with IFRS Accounting Standards requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the assessment of revenue recognition using the five-step approach under IFRS 15 and the collectability of trade receivables; and
- the determination of the functional currency of the company.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a. Foreign Currency Transactions

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Nonmonetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Translation to presentation currency

The functional currency of the Company is the NIS, which is different from its presentation currency Canadian dollar. The financial results and position of the Company are translated from NIS to Canadian dollars as follows:

- assets and liabilities for each statement of financial position presented are translated at the exchange rate on the date of the statement of financial position;
- income and expenses for each statement of comprehensive loss are translated at the average exchange rate in effect during the reporting period;

Exchange differences arising on translation to presentation currency are recognized in other comprehensive income (loss) and recorded in the Company's foreign currency translation reserve in equity.

b. Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets / liabilities	Classification under IFRS 9
Cash	FVTPL
Trade and other receivables	Amortized cost
Trade payables and accrued liabilities	Amortized cost
Derivative liability	FVTPL
Long term loan	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms are recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

c. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of repairs and maintenance costs is expensed as incurred.

Depreciation is calculated using the straight-line method to depreciate their cost to their residual value over their estimated useful lives. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations. The estimated useful lives are:

Description	Years
Computers and equipment	3
Vehicles	3
Furniture and equipment	6

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if needed at least once a year.

d. Employee benefits

Short term benefits

Short term benefits to employees include salaries, medical and recreation benefits and contributions to the National Insurance Institute and are recognized as expenses upon the rendering of the services.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-employment benefits

The group's post-employment benefits include severance pay obligation. The plans are usually funded by deposits transferred into pension funds and managers' insurance plans and are classified as defined benefit plans.

According to the Severance Pay Law employees are entitled to receive severance pay when they are dismissed or when they retire. The liability for termination of employer-employee relations presented in the report of the financial position is the present value of the defined benefit obligation at the report of the financial position date, less the fair value of plan assets on the end of the reporting period out of which the obligation shall be directly paid, adjusted to any net limitation of the asset for defined benefit to asset ceiling. The defined benefit liability is calculated by actuarial methods using the projected unit credit method.

The current service cost and net interest on the net liability in respect of defined benefits are recognized in profit or loss. Re-measurements of the net liability in respect of defined benefits which are recognized in other comprehensive profit, include actuarial profits and losses and return on the assets of the plan (excluding amounts which were included in net interest). Re-measurements of the net liability in respect of defined benefits which were recognized in other comprehensive profit are not re-classified to profit or loss in a subsequent period.

e. Revenue recognition

The Company's revenue is primarily derived from service rendered for software development, cloud hosting, customer training and customer service support, and software sales from the licensing and sales of its customer relationship management ("CRM") software. The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

In applying IFRS 15, the Company uses significant judgments to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The Company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses and reflects the Company's performance in passing control in the products and services promised to the customer. Input method recognizes revenue based on an entity's efforts or inputs toward satisfying a performance obligation relative, primarily by development work hours expended, to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated work hours to completion which affects revenue recognized for software development.

The Company recognizes revenue when control over the promised product or services is transferred to the customer. Revenue is measured at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company accounts for contracts with customers when it has approval and commitment for both parties, each party's right have been identified, payment terms are defined, the contract has commercial substance and collection is probable. For contracts that involve multiple performance obligations, the Company allocates the transaction price to each performance obligation in the contract based on the relative standalone selling prices and recognize revenue when, or as, performance obligations in the contacts are satisfied.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Revenue recognition (continued)

Software development

The Company provides software customization and development service to its customers. Revenue is generally recognized over time by measuring the progress towards complete satisfaction of the performance obligation in a manner reflecting the Company's performance in passing control in the products and services promised to the customer.

Software license

The Company provides the right to access its CRM software through licensing and sales of its CRM software. Revenues from software license are recognized at the point of time when the right to access the software is provided and the control of the license is transferred to the customer.

Software support

The Company provides ongoing software support to its customers who purchase and use its CRM software. Revenue from software support services is recognized over time as the support service is rendered.

Cloud hosting

The Company hosts the customer's software and applications on its cloud platform. Revenue from cloud hosting is recognized over time when the hosting service is provided.

Other services

The Company provides cloud backup, customer training and other consulting services which are distinct from other services and products offered. Revenue from other services is recognized as services are provided.

Revenue is presented net of taxes collected from customers and remitted to government authorities. The difference between contractual payments received and revenue recognized is recorded as deferred revenue when receipts exceed revenue.

f. Cost of revenue

Cost of revenue and services include the expenses incurred to develop software and provide technical support to customers, which include payroll for all employees, compensation to subcontractors that are directly involved in the development and providing technical support, cost of purchasing any third party components that are integrated with the Company's software and then delivered to the customers, and other indirect costs such as depreciation of computer and equipment that are used in providing goods and service to customers. Third party component may include third party software, platform or hardware.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

h. Deferred taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets have not been recognized in respect of certain deductible temporary differences and tax losses, as it is not probable that sufficient future taxable profits will be available against which they can be utilized.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Estimating the fair value of share-based payment transactions

The Company utilizes a Black-Scholes model, or where appropriate, a Monte-Carlo Simulation to estimate the fair value of its share-based payments. In applying these models, management must estimate the expected future volatility of the Company's estimated share price and makes such assumptions based on a proxy of publicly listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

j. Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

k. Basic and diluted income (loss) per share

The Company presents basic income (loss) per share data for its subordinate voting shares, calculated by dividing the income (loss) attributable to subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period. The diluted income (loss) per share is determined by adjusting the income (loss) attributable to subordinate voting shareholders and the weighted average number of subordinate voting shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of subordinate voting shares. During the years ended December 31, 2024 and 2023, because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

l. Operating Segment:

An operating segment is a component of the Company that meets the following three criteria:

1. Engaged in business activities from which it may earn revenues and incur costs; and

2. Operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about allocated resources to the segment and assess its performance; and

3. For which separate financial information is available.

Segment revenue and segment costs include items that are attributable to the relevant segments and items that can be allocated to segments. Items that cannot be allocated to segments include the Company's financial income and expenses and income tax.

The Company's chief operating decision maker is the chief executive officer.

See note 21 regarding geographical and segmental information.

M. Inventory:

Inventory is measured at the lower of cost or net realizable value. Inventory costs include expenditures on the purchase of inventory and bringing it to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling costs. The company periodically examines the condition and age of its inventory and makes provisions for damaged or slow-moving inventory accordingly. The cost of inventory is determined on a weighted moving average basis.

NOTE 4 – INVENTORY

	December 31, 2025	December 31, 2024
Raw material	$ 21,817	$ -
Packaging	3,543	-
Finished goods	138,054	-
	$ 163,414	$ -

NOTE 5 – OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Income tax advances	$ 26,764	$ 66,444
Interest receivable (*)	500,927	134,823
Due from shareholders	1,300	1,025
	$ 528,991	$ 202,292

(*) The interest receivable balance relates to deposits with immediate liquidity, and the related interest income is measured using the effective interest method.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 6 – INTANGIBLE ASSETS

The Company's intangible asset relate to 2 patents pending for a therapeutic device (the "Sensera" device).

In addition, the Company had intangible assets relate to the proprietary Cannabis CRM software it was developing that it fully impaired and growing license for medical cannabis in Israel that has expired.

The Patents include the fair value attributed to the Patents upon the acquisition of ZC of $42,768,000 as well as transaction and other costs in the amount of $193,382, for a total of $42,961,382.

The Company considered indicators of impairment at December 31, 2025 and 2024. The Company recorded impairment loss during the year ended December 31, 2025 and 2024 for the patents pending since the recoverable amount is lower than the carrying amount. The recoverable amount of the CGU was determined using fair value less costs to sell based on a third-party valuation. The valuation used a market approach with Level 2 inputs, including recent comparable transactions and observable market data. Costs of disposal were estimated at 2% of fair value.

The Company recorded impairment loss during the year ended December 31, 2023 for the license, the software and the patents pending. The impairment for the software and the license was done mainly because of recent medical cannabis legislation changes in Israel that have materially affected the value of these assets. The impairment for the Patents pending was done because of updated forecasts for the revenue the Company anticipates to generate from these patents pending.

	Software	Patents Pending	Total
Cost			
Balance, December 31, 2023	$ 81,238	$ 33,463,103	$ 33,544,341
Additions	-	-	-
Impairments	-	(8,200,336)	(8,200,336)
Balance, December 31, 2024	81,238	25,262,767	25,344,005
Additions	-	-	-
Impairments	-	(5,462,000)	(5,462,000)
Balance December 31, 2025	$ 81,238	19,800,767	$ 19,882,005
Accumulated amortization	**Software**	**Patents Pending**	**Total**
Balance, December 31, 2023	$ 81,238	-	$ 81,238
Amortization	-	-	-
Balance, December 31, 2024	81,238	-	81,238
Amortization	-	-	-
Balance December 31, 2025	$ 81,238	-	$ 81,238
Net book value			
At December 31, 2024	**$ -**	**$ 25,262,767**	**$ 25,262,767**
At December 31, 2025	**$ -**	**$ 19,800,767**	**$ 19,800,767**

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	Computers & Equipment	Vehicles	Furniture & Equipment	Total
Costs				
Balance, January 1, 2024	34,164	171,633	32,614	238,411
Additions	-	-	-	-
Impairments	-	-	-	-
Translation differences	2,448	13,788	2,621	18,857
Balance, December 31, 2024	36,612	185,421	35,235	257,268
Additions	1,330	-	-	1,330
Impairments	-	-	-	-
Translation differences	3,021	16,563	3,147	22,731
Balance, December 31, 2025	$ 40,963	$ 201,984	$ 38,382	$ 281,329
Accumulated depreciation				
Balance as of January 1, 2024	28,321	170,073	30,492	228,886
Depreciation	3,204	1,582	584	5,370
Translation differences	2,299	13,766	2,488	18,553
Balance, December 31, 2024	33,824	185,421	33,564	252,809
Depreciation	2,633	-	603	3,236
Translation differences	2,882	16,563	3,034	22,479
Balance, December 31, 2025	$ 39,339	$ 201,984	$ 37,201	$ 278,524
Net book value				
At December 31, 2024	**$ 2,788**	**$ -**	**$ 1,671**	**$ 4,459**
At December 31, 2025	**$ 1,624**	**$ -**	**$ 1,181**	**$ 2,805**

During the year ended December 31, 2025, depreciation of $1,654 (2024 - $1,184) related to computers and equipment is included in cost of revenue.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 8 – TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
Trade payables	$ 226,315	$ 322,235
VAT, income and dividend taxes payable	8,450	29,625
Salaries payable and accrued vacation liability	82,772	50,078
	$ 317,537	$ 401,938

NOTE 9 – RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the years ended December 31, 2025, 2024 and 2023 is set out below:

	December 31, 2025	December 31, 2024	December 31, 2023
Salary (cost of sales and services)	$ 107,382	$ 284,694	$ 258,281
Salary (general and administrative expenses)	2,036,079	1,727,498	970,487
Share based payments	1,956,010	3,031,491	343,253
Salary (Intangible asset – software)	-	-	137,374
Salary (research and development)	125,554	123,289	83,699
Salary (Professional fees)	212,074	163,968	81,616
	$ 4,437,099	$ 5,330,940	$ 1,874,710

As of December 31, 2025 and 2024, $1,300 and $1,025, respectively, was owed from shareholders of the Company. Amounts owed were recorded in other receivables are non-interest bearing and unsecured.

As at December 31, 2025 and 2024, $113,892 and $233,691, respectively, was owed to directors of the Company. Amounts due are owed for consulting and director fees and were recorded in accounts payable are non-interest bearing and unsecured.

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES

a. On December 21, 2023, the Company issued 2,884,616 warrants (183,414 warrants at an exercise price of US $8.1782 post reverse splits) in connection with its December 2023 Registered direct public offering ("December 2023 Warrants"). The warrant includes a cashless exercise provision and repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period.

On March 27, 2024, following the March 2024 Public offering, which included the offering of subordinate voting shares at a price lower than the exercise price of the December 2023 Warrants, the exercise price of the December 2023 Warrants was reduced to US $1.3643, and each December 2023 Warrant became convertible into 72.42 subordinate voting shares of the Company.

On August 27, 2024, following the 1:17 reverse stock split, the exercise price of the December 2023 Warrants was updated to $8.1782, and each December 2023 warrant became convertible into 31.7 subordinate voting shares of the Company.

b. On March 14, 2024, the Company issued 134,166,665 Series A Warrants (41,538 A warrants post reverse splits) and 268,333,330 Series B Warrants (83,075 B warrants post reverse splits) in connection with its March 2024 public offering ("March 2024 A Warrants and B Warrants"). The B warrants include a cashless exercise provision, the A warrants included an alternative cashless provision that allows the holder to exercise the warrant to a share for no consideration, the warrants also include provisions for repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period. As of March 14, 2024, the value of the A warrant was $0.023 and the B warrant was $0.0209, therefore the value of net proceedings of $7,360,662 was allocated to the derivative liability.

On March 27, 2024, following the 1:190 reverse stock split, the exercise price of the March 2024 A Warrants and B Warrants was reduced to $1.3643, and each B warrant became convertible into 14.21 subordinate voting shares of the Company.

On August 27, 2024, following the 1:17 reverse stock split, the exercise price of the March 2024 A Warrants and B Warrants was reduced to $8.1782, and each B warrant became convertible into 31.7 subordinate voting shares of the Company.

c. On February 26, 2025, the Company entered into an exchange agreement with certain holders of tranches of warrants previously issued by the Company in March 2024 and December 2023. Under the Exchange Agreement, such holders agreed to exchange with the Company some of the outstanding Old Warrants for 2,495,933 new warrants to purchase subordinate voting shares, substantially similar to the Feb 2025 Series B Warrants issued in the Private Placement. If the exercise price of the Exchange Warrants are adjusted to the floor of US$0.76, up to 123,253,146 subordinate voting shares would be issuance upon the exercise of the Exchange Warrants. As a result of the Exchange Agreement, Old Warrants that were exchanged were cancelled as of that date.

d. On February 28, 2025, the Company issued 4,076,736 Series A Warrants and 4,076,736 Series B Warrants in connection with its February 2025 private placement ("February 2025 A Warrants and B Warrants"). If the exercise price of the Warrants are adjusted to the floor of US$0.76, up to 201,315,663 subordinate voting shares would be issuance upon the exercise of the Series B Warrants and up to 27,960,512 subordinate voting shares would be issuance upon the exercise of the Series A Warrants. The warrants include a cashless exercise provision and repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period.

e. During the year ended December 31, 2025, the Company recorded a gain on the revaluation of the total derivative liabilities of $30,414,880 (December 31, 2024 – loss of $28,866,166), in the consolidated statements of Operations and Comprehensive Loss.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES (continued)

f. The Company engaged an outside valuation company to calculate the fair value of the derivative warrants, the March 2024 A Warrants and the February 2025 B Warrants were valued at the share price for the day of valuation due to the alternative cashless provision while Valuation for the March 2024 B Warrants, the February 2025 A Warrants and the December 2023 Warrants was based on the Monte Carlo simulation model with the following assumptions:

	December 31, 2024		December 31, 2025	
Share Price	US$	7.95	US$	0.34
Exercise Price	US$	8.1782	US$	380
Expected life		1.7- 4.2 years		3.20-4.27 years
Risk-free interest rate		4.34%		3.66%
Dividend yield		0.00%		0.00%
Expected volatility		95%		95%
Early exercise threshold	US$	12.2673	US$	570

The following table presents the Monte Carlo assumptions for the dates on which B warrants were exercised:

	April 1, 2024		April 9, 2024		May 17, 2024		May 21, 2024		August 29, 2024		September 3, 2024	
Share Price	US$	1.43	US$	1.06	US$	1.1107	US$	1.25	US$	8.3	US$	8.5
Exercise Price	US$	1.3643	US$	1.3643	US$	1.3643	US$	1.3643	US$	8.1782	US$	8.1782
Expected life		4.9534 years		4.9315 years		4.8274 years		4.8164 years		4.5425 years		4.5288 years
Risk-free interest rate		4.35%		4.38%		4.46%		4.45%		3.69%		3.66%
Dividend yield		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
Expected volatility		100.9%		102.26%		107.28%		107.25%		100.03%		99.86%
Early exercise threshold	US$	2.0465	US$	2.0465	US$	2.0465	US$	2.0465	US$	12.2673	US$	12.2673

	January 3, 2025		January 6, 2025		February 25, 2025	
Share Price	US$	7.94	US$	7.41	US$	5.28
Exercise Price	US$	8.1782	US$	8.1782	US$	8.1782
Expected life		4.19 years		4.19 years		4.05 years
Risk-free interest rate		4.37%		4.37%		4.10%
Dividend yield		0.00%		0.00%		0.00%
Expected volatility		95%		95%		95%
Early exercise threshold	US$	12.2673	US$	12.2673	US$	12.2673

The following table presents the changes in the warrant liability during the period:

Balance as of December 31, 2023	$	958,146
Issuance of March 2024 warrants		7,360,662
Reclassification to equity on exercise of warrants		(12,667,047)
Changes in fair value and modification of warrants*		28,866,166
Balance as of December 31, 2024	$	24,517,927
Issuance of February 2025 warrants		20,552,190
Reclassification to equity on exercise of warrants		(14,649,434)
Changes in fair value and modification of warrants*		(30,414,881)
Balance as of December 31, 2025	$	5,802

* The warrants were modified after each reverse split due to reverse split provision which has impacted the number of warrants, their exercise price and value which is included in the changes in fair value and modification of warrants.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES (continued)

A summary of the warrants outstanding for the year ended December 31, 2025 are summarized as follows:

	Number of December 2023 Warrants	Number of Series March 2024 A Warrants	Number of Series March 2024 B Warrants	Number of Series February 2025 A Warrants	Number of Series February 2025 B Warrants	Number of Pre Funded 2025 Warrants	Number of 2025 Exchange Warrants
Outstanding at January 1, 2023	-	-	-				
Issued during the period	2,884,616	-	-				
Exercised during the period	-	-	-				
Cancelled during the period	-	-	-				
Outstanding at December 31, 2023	2,884,616	-	-				
Issued during the period		134,166,665	268,333,330				
Adjustment following the March 2024 reverse split	(1,785,151)	(127,101,046)	(248,271,760)				
Exercised during the period		(7,020,384)	(172,766)				
Adjustment following the August 2024 reverse split	(916,051)	(37,689)	(16,570,923)				
Exercised during the period	-		(5,299)				
Expired during the period	-	-	-				
Outstanding at December 31, 2024	184,314	7,546	3,312,582	-	-	-	-
Exchange warrants	(183,414)		(3,286,179)				123,142,329
Issued during the period	-	-	-	27,960,512	201,315,663	2,011,616	-
Exercised during the period	-	(2,462)	(15,575)		(171,760,603)	(2,011,616)	(123,142,329)
Adjustment following the April 2025 reverse split	-	(4,975)	(10,595)	(27,904,592)	(29,494,780)	-	-
Exercised during the period	-	-			(59,289)		
Abandonment of warrants				(4,934)			
Outstanding at December 31, 2025	-	109	233	50,986	991	0	0
Exercise price at December 31, 2025	US$ -	US$ -	US$ 380	380	-	-	-
Remaining life in years	-	0.7	3.2	4.27	1.77		

NOTE 11– LONG TERM LOAN

During the year ended December 31, 2020, the Company secured a term loan with a principal amount of $182,542 (NIS 500,000) from an Israeli bank. The loan bears interest at a variable rate of Prime + 1.5% per annum and matured on September 18, 2025. The loan was subject to 48 monthly payments commencing October 18, 2021. $9,127 (NIS 25,000) was deposited in the bank as security for the loan.

During the year ended December 31, 2025, the Company secured three term loans with principal amounts of $40,528 (NIS 100,000), $40,528 (NIS 100,000) and $26,411 (NIS 64,000) from an Israeli bank. The loans bear interest at a variable rate of prime + 2.56% per annum and mature on May 20,2027, April 20,2028 and August 20, 2030. The loans are subject to 24 and 36 monthly payments commencing June 20, 2025, May 20, 2025 and September 21, 2025. These 3 loans were repaid early on November 17, 2025.

The activities of the long term loan during the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Balance, opening	$ 40,769	$ 85,107
Addition	102,748	-
Repayments	(144,350)	(47,818)
Interest expense, accrued	5,075	4,848
Translation difference	(4,242)	(1,368)
Balance, ending	-	40,769
Less:		
Long term loan – current portion	-	40,769
Long term loan – non-current portion	$ -	$ -

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 12 – ENHANCED VOTING PREFERENCE SHARES

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) (the "Preference Shares") to its Chief Executive Officer. The Preference Shares carry 50 votes per share but are without dividend rights. The Preference Shares expire automatically and revert back to the Company upon the earlier to occur of (i) the third anniversary of the date of issuance of the Preference Shares, or (ii) the Chief Executive Officer ceasing to hold office.

The creation and issuance of the Preference Shares had been approved by the Company's shareholders at a duly called meeting on August 1, 2024.

These shares are accounted as a liability since the Company has a contractual obligation to repurchase the shares from its Chief Executive Officer and cannot be accounted as an equity instrument. The total value of the Enhanced Voting Preference Shares is US$26,250 (CDN$35,979) and US$24,747 (CDN$35,608) as of December 31, 2025, and 2024, respectively.

Reverse Stock Split

On October 18, 2024, the Company effected a 1-for-17 reverse stock split of its outstanding enhanced voting preference shares.

NOTE 13 – EMPLOYEE BENEFITS

The severance pay liability constitutes a defined benefit plan and was calculated using actuarial assumptions. In measuring the present value of the defined benefit obligation and the current service costs the projected unit credit method was used.

a. Plan asset (liability)

Information on the Company's defined benefit pension plan and other defined benefit plans, in aggregate, is summarized as follows:

	December 31, 2025	December 31, 2024
Defined benefit plan liability	$ (62,212)	$ (100,430)
Less:		
fair value of plan asset or asset ceiling	-	-
	$ (62,212)	$ (100,430)

b. Changes in the present value of the defined benefit plan liability

The following are the continuities of the fair value of plan asset or plan liability and the present value of the defined benefit plan obligations:

	December 31, 2025	December 31, 2024
Balance, opening	$ (100,430)	$ (91,533)
Recognized in profit and loss for the year:		
Interest cost	(2,805)	(5,614)
Current service cost	(4,397)	(5,605)
Actuarial gain (loss) for change of assumptions	56,949	9,770
Translation differences	(11,529)	(7,448)
Balance, ending	$ (62,212)	$ (100,430)

The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 13 – EMPLOYEE BENEFITS (continued)

c. Major assumptions in determining the defined benefit plan liability

The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan cost for the years were as follows (expressed as weighted averages):

	December 31, 2025	December 31, 2024
Capitalization rate	2.70%	3.00%
Salary growth rate	0%	0%
Retirement rate	5%	5%

d. Sensitivity analysis

The following table outlines the key assumptions for the years ended December 31, 2025 and 2024 and the sensitivity of a 1% change in each of these assumptions on the defined benefit plan obligations and the net defined benefit plan cost.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	December 31, 2025	December 31, 2024
Capitalization rate:		
Impact of: 1% increase	$ (6,898)	$ (4,913)
1% decrease	8,063	5,782
Salary growth rate:		
Impact of: 1% increase	$ 8,217	$ 5,906
1% decrease	-	-

NOTE 14 – DERIVATIVE FOR SETTLEMENT AGREEMENT

On May 27, 2024, pursuant to a Settlement Agreement dated May 27, 2024 (the "Settlement Agreement"), the Company issued 450,000 subordinate voting shares (26,471 subordinate voting shares post reverse split on August 2024) (valued at US$400,500 or $546,122) in settlement of a dispute with the co-owner (the "co-owner") of a farm following the Company's decision to suspend the construction of a cannabis farm on that property. Under the Settlement Agreement, the shares that grant full voting rights to the co-owner are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company's board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company's subordinate voting shares is lower than US$15.13 per share on the date of release.

The 450,000 subordinate voting shares are classified in equity since the co-owner holds full voting rights with these shares and these shares will remain in the co-owner's ownership in any event. Since the Company also has a contractual obligation to issue an additional variable number of shares on the date of release, these additional to be issued shares are presented as a derivative liability.

On February 7, 2025, the Company issued the co-owner 58,000 subordinate voting shares (116 subordinate voting shares post reverse split) valued at $275,322.

On April 25, 2025, the Company issued the co-owner 56,800 subordinate voting shares valued at $555,130.

On December 31, 2025, the Company and the co-owner agreed that an amount of US$ 140,000 will be the final settlement to be paid in cash and that no more shares will be issued to the co-owner. The amount of US$ 140,000 was paid to the co-owner after year end.

Details of the fair value of the derivative liability and the assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2024	May 27, 2024
Weighted average fair value of derivative	US $ 0.59	US$ 0.50
Risk-free interest rate	2.93%	4.12%
Estimated life (in years)	2.42	3
Expected volatility	107.47%	110.01%
Expected dividend yield	0%	0%

The following table presents the changes in the derivative liability during the period:

Balance as of December 31, 2023	$
Issuance of derivative	308,862
Changes in fair value of derivative	69,955
Balance as of December 31, 2024	$ 378,817
Changes in fair value of derivative	643,519
Value of subordinate voting shares issued to co-owner	(830,452)
Balance as of December 31, 2025	$ 191,884

NOTE 15 – EQUITY

Authorized

Unlimited number of subordinate voting shares without par value.

Issued

As of December 31, 2025, 861,111 subordinate voting shares were issued and outstanding.

During the year ended December 31, 2025

On January 3, 2025, the Company issued 2,767 subordinate voting shares (6 subordinate voting shares post reverse split) following the exercise of B warrants.

On January 6, 2025, the Company issued 8,808 subordinate voting shares (18 subordinate voting shares post reverse split) following the exercise of B warrants.

On February 7, 2025, the Company issued 188,000 subordinate voting shares (376 subordinate voting shares post reverse split) to directors and consultants of the Company following the vesting of RSU's.

On February 25, 2025, the Company issued 4,000 subordinate voting shares (8 subordinate voting shares post reverse split) following the exercise of B warrants and 2,462 subordinate voting shares (5 subordinate voting shares post reverse split) following the exercise of A warrants.

On February 28, 2025, the Company announced the closing of a Private Placement with gross proceeds to the Company of approximately of $24,544,583 before deducting Agent placement commission and other expenses paid by the Company in the amount of $3,992,393, totaling in a net amount of $20,552,190. Pursuant to the Private Placement, The Company issued 2,065,120 subordinate voting shares (4,130 subordinate voting shares post reverse split), 2,011,616 Pre- Funded Warrants, 4,076,736 series A warrants and 4,076,736 series B warrants. See note 10 for a discussion of the terms of the series A and B warrants.

On April 17, 2025, the Company announced a one (1) for five hundreds (500) reverse stock split of its outstanding subordinate voting shares that became effective on April 22, 2025.

On April 21, 2025, the Company issued 7,710 subordinate voting shares (15 subordinate voting shares post reverse split) to directors following the vesting of RSU's.

On April 22, 2025, the Company issued 70,073 subordinate voting shares to its C.E.O.

On April 25, 2025, the Company issued 131,800 subordinate voting shares to directors and consultants following the vesting of RSU's.

On July 15, 2025, the Company issued 20,000 subordinate voting shares to a consultant following the vesting of RSU's.

During the year ended December 31, 2025, the Company issued 653,116 subordinate voting shares following the exercise of Pre-Funded Warrants and Series B Warrants that were exercised in alternative cashless method.

During the year ended December 31, 2025, the Company repurchased 19,747 subordinate voting shares for $127,785 and returned them to treasury.

During the year ended December 31, 2024

On January 4, 2024, the Company issued 17,915 subordinate voting shares (0.012 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a total fair value of $53,568.

On March 14, 2024 the Company announced the closing of an underwritten public offering with gross proceeds to the Company of approximately of $9,458,400 before deducting underwriting discounts and other expenses paid by the Company in the amount of $2,097,738, totaling in a net amount of $7,360,662. Pursuant to the offering, and the overallotment allocation, The Company issued 116,680,710 subordinate voting shares (1,228 subordinate voting shares post reverse splits on March 2024 and August 2024), 134,166,665 series A warrants and 268,333,330 series B warrants. See note 10 for a discussion of the terms of the series A and B warrants.

On March 15, 2024, the Company announced a one (1) for one hundred ninety (190) reverse stock split of its outstanding subordinate voting shares that became effective on March 22, 2024.

On April 5, 2024, the Company issued 95 subordinate voting shares (0.02 subordinate voting shares post reverse split) to two directors following the vesting of RSU's with a total fair value of $53,568.

On April 8, 2024, the Company granted 1,180,000 RSUs (139 RSUs post reverse split) to directors and consultants of the Company, the RSUs vested immediately, and 1,180,000 subordinate voting shares (139 subordinate voting shares post reverse split) were issued on April 8, 2024 with a fair value of $1,645,287.

On April 9, 2024, the Company granted 100,000 RSUs (12 RSUs post reverse split) to a consultant of the Company, the RSUs vested immediately, and 100,000 subordinate voting shares (12 subordinate voting shares post reverse split) were issued with a fair value of $143,927.

On May 27, 2024, pursuant to a Settlement Agreement Dated May 27, 2024 (the "Settlement Agreement"), the Company issued 450,000 subordinate voting shares (53 subordinate voting shares post reverse split) (valued at US$400,500 or $546,122) in settlement of a dispute with the co-owner of a farm following the Company's decision to suspend the construction of a cannabis farm on that property. Under the Settlement Agreement, the shares are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company's board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company's subordinate voting shares is lower than US$15.13 per share on the date of release.

On June 14, 2024, the Company issued 1,238,525 subordinate voting shares (146 subordinate voting shares post reverse split) to three directors following the vesting of RSU's with a fair value of $1,205,315.

On June 19, 2024, the Company issued 23,543 subordinate voting shares (3 subordinate voting shares post reverse split) to directors and consultants of the Company following the vesting of RSU's with a fair value of $22,657.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY (continued)

On July 16, 2024, the Company issued 28,000 subordinate voting shares (3 subordinate voting shares post reverse split) to a consultant following the vesting of RSU's with a fair value of $24,841.

On August 16, 2024, the Company announced a one (1) for seventeen (17) reverse stock split of its outstanding subordinate voting shares that became effective on August 26, 2024.

As of December 31, 2024, the Company issued 614,109 subordinate voting shares (72 subordinate voting shares post reverse split) following the closing of the underwritten public offering on March 14, 2024 as well as 7,020,384 subordinate voting shares (826 subordinate voting shares post reverse split) following the cashless exercise of A warrants , 172,766 subordinate voting shares (20 subordinate voting shares post reverse split) following the exercise of B warrants at an exercise price of US$1.3643 per subordinate voting share and 5,299 subordinate voting shares (11 subordinate voting shares post reverse split) following the exercise of B warrants at an exercise price of US$8.1782 per subordinate voting share.

During the year ended December 31, 2023

On January 3, 2023, the Company issued 6,727 subordinate voting shares (0.004 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of $6.20, for a compensation amount of $41,875.

On April 4, 2023, the Company issued 6,727 subordinate voting shares (0.004 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of $6.20, for a compensation amount of $41,730.

On April 27, 2023, the Company granted 43,847 RSU's (0.027 RSU's post reverse splits) to two directors, 25% of the RSUs will vest each 3 months with the last tranche vesting on April 27, 2024.

On July 4, 2023, the Company issued 10,961 subordinate voting shares (0.0067 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of $3.82, for a compensation amount of $41,871.

On July 19, 2023 the Company issued 1,733,334 subordinate voting shares (1 subordinate voting share post reverse splits) at a price of US$1.50 per share following the closing of an underwritten public offering with gross proceeds to the Company of $3,424,201, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of $405,636, totaling in a net amount of $3,018,565.

On August 8, 2023, the Company granted 27,819 RSU's (0.017 RSU's post reverse splits) to two directors, 50% of the RSUs will vest after 6 months, 25% after 9 months and 25% after a year.

On October 10, 2023, the Company granted 10,935 RSU's (0.0068 RSU's post reverse splits) to a consultant, the RSUs will vest over 4 months and a day.

On October 23, 2023, the Company issued 24,869 subordinate voting shares (0.015 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of $2.62, for a compensation amount of $65,264.

On December 21, 2023 the Company issued 2,884,616 subordinate voting shares (2 subordinate voting shares post reverse splits) at a price of US$0.52 per share following the closing of a registered direct public offering with gross proceeds to the Company of $1,996,650, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of $319,464, totaling in a net amount of $1,677,186. The offering was for sale of 2,884,616 units (30 units post reverse split), each consisting of one subordinate voting share and one common warrant to purchase one subordinate voting share per warrant at an exercise price of US$0.52 (Note 10).

On December 31, 2023, the Company granted 93,069 RSU's (0.058 RSU's post reverse split) to a director and a consultant, the RSUs will vest over 4 months and a day.

Warrants

A summary of the warrants outstanding for the year ended December 31, 2025 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2022	400,000	$ 1.30
Granted during the period	-	$ -
Exercised during the period	-	$ -
Expired during the period	(400,000)	$ 1.30
Outstanding at December 31, 2023	-	$ -
Granted during the period	-	$ -
Cancelled during the period	-	$ -
Outstanding at December 31, 2024 and 2025	-	$ -

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY (continued)

Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of subordinate voting shares that may be subject to option at any one time may not exceed 30% of the issued subordinate voting shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options. Options granted may not exceed a term of ten years.

A summary of the stock options outstanding for the year ended December 31, 2025 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2023	0.38	$ 2,277,150
Granted during the period	0.06	$ 3,422,200
Exercised during the period	-	$ -
Cancelled during the period	-	$ -
Outstanding at December 31, 2023	0.44	$ 2,431,400
Granted during the period	0.40	$ 1,154,100
Cancelled during the period	(0.84)	$ 1,823,000
Outstanding at December 31, 2024 and 2025	-	$ -
Exercisable at December 31, 2024 and 2025	-	$ -

On January 10, 2024, the Company cancelled 565,000 stock options (0.35 stock options post reverse splits) that were previously granted to 4 directors of the Company.

On January 16, 2024, the Company granted 650,000 stock options (0.40 stock options post reverse splits) to a consultant of the Company, the stock options vest as follows: 150,000 on the date of the grant (0.09 post reverse splits) and 100,000 every month thereafter (0.06 post reverse splits) every month thereafter.

Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	January 16, 2024
Weighted average fair value of options granted	$ 0.57
Risk-free interest rate	3.4%
Estimated life (in years)	5
Expected volatility	108.75%
Expected dividend yield	0%

NOTE 16 – FINANCIAL INSTRUMENTS

a. Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Management estimates that cash, other receivables and other current liabilities approximately constitute their fair value in view of the fact that these are short-term instruments.

b. Financial risk management

The Company is exposed to various financial risks through its financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The following analysis enables users to evaluate the nature and extent of the risks.

<u>Credit risk</u>

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and cash equivalents and accounts receivable which include trade and other accounts receivable (Note 5). The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to trade receivables as large amounts of its trade receivables are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support trade receivable.

Accounts receivable primarily consist of trade receivables and sales tax receivable. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivables are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in trade receivables.

Expected credit loss (“ECL”) analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

During the year ended December 31, 2025 and 2024, there was $nil allowance for doubtful accounts on trade receivables recognized in the Statement of Income (Loss) and Comprehensive Income (Loss).

The Company's aging of trade receivables (Note 5) were as follows:

	December 31, 2025	December 31, 2024
0 – 30 days	$ 101,615	$ 46,559
31 – 60 days	-	41,808
61 + days	4,296	25,055
	$ 105,911	$ 113,422

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Financial liabilities include principal and interest payments.

The Company's liquidity risk is that it is not able to settle liabilities when due or that it can do so only at an abnormally high cost. Accordingly, one of management's primary goals is to maintain an optimum level of liquidity by actively managing assets, liabilities and cash flows generated by operations. The Company's future strategies can be financed through a combination of cash flows generated by operations, borrowing under existing credit facilities, and the issuance of equity. Management prepares regular budgets and cash flow forecasts to help predict future changes in liquidity.

The Corporation has financial liabilities with the following maturities as at December 31, 2025:

	Contractual cash flows					
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	Total
Trade payables (Note 8)	$ 226,315	$ -	$ -	$ -	$ -	$ 226,315
Long term loan and unpaid interest (Note 11)	-	-	-	-	-	-
	$ 226,315	$ -	$ -	$ -	$ -	$ 226,315

The Corporation has financial liabilities with the following maturities as at December 31, 2024:

	Contractual cash flows					
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	Total
Trade payables (Note 8)	$ 322,235	$ -	$ -	$ -	$ -	$ 322,235
Long term loan and unpaid interest (Note 11)	40,769	-	-	-	-	40,769
	$ 363,004	$ -	$ -	$ -	$ -	$ 363,004

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows from financial instruments will change as a result of changes in market prices. Market risk includes risks such as currency risk and share price risk. The financial instruments of the Company which are affected by market risk consist mainly of foreign currency cash and deposits, Company's US dollar denominated convertible debenture and investments in marketable securities.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As the Company is listed on Nasdaq and has raised money in USD it holds a portion of its cash balances in USD to approximate between three to twenty four months estimated operating needs. The remainder of the Company's cash is held in Canadian dollars, the Company's reporting currency, which is also the currency of the Company's largest cash outlays over the next twenty-four months.

As of December 31, 2025 and 2024, the Company has a surplus of financial assets over financial liabilities denominated in USD, consisting of cash, in the sum of $15,171,887 and $4,421,006, respectively.

Currency sensitivity analysis

The table below demonstrates the sensitivity test to a reasonable possible change in the exchange rate of the US dollar, with all other variables unchanged. The impact on the Company's pre-tax profit and loss arises from changes in the fair value of the assets and financial liabilities is as follows:

	Change in the USD exchange rate	Impact on pre-tax profit
December 31, 2025	5% increase	$ (758,594)
	5% decrease	758,594
December 31, 2024	5% increase	(221,050)
	5% decrease	$ 221,050

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

c. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sale of its products and services, as well as to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of components of shareholders' equity, promissory note due to related parties and the term loan provided by the bank.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares, incur debt or return capital to shareholders. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the years ended December 31, 2025 and 2024.

NOTE 17 – REVENUE AND DEFERRED REVENUE

The Company has derived its revenue from the sources as summarized in the following:

	December 31, 2025	December 31, 2024	December 31, 2023
Software development	$ 565,927	$ 727,073	$ 758,307
Software license	170,051	165,410	200,593
Software supports	55,386	45,513	47,102
Cloud hosting	46,477	48,550	59,926
Others	8,690	12,293	10,933
	$ 846,531	$ 998,839	$ 1,076,861

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

	December 31, 2025	December 31, 2024	December 31, 2023
Revenue recognized over time	$ 676,480	$ 833,429	$ 876,268
Revenue recognized at a point of time	170,051	165,410	200,593
	$ 846,531	$ 998,839	$ 1,076,861

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 17 – REVENUE AND DEFERRED REVENUE (continued)

Deferred revenue represents contract liabilities for customer payments received related to services yet to be provided subsequent to the reporting date. Significant changes in deferred revenue during the years ended December 31 are as follows:

	December 31, 2025	December 31, 2024
Deferred revenue, beginning	$ 140,088	$ 131,794
Customer payments received attributable to contract liabilities for unearned revenue	182,653	141,126
Revenue recognized from fulfilling contract liabilities	(177,337)	(132,832)
Deferred revenue, ending	$ 145,404	$ 140,088

The Company derives significant revenues from one customer. During the year ended December 31, 2025, 2024 and 2023, revenues from this customer were 80%, 67% and 82% respectively, of total revenue. The trade receivable outstanding as at December 31, 2025, and 2024 are due from this customer.

NOTE 18 – COST OF REVENUE

Cost of revenue incurred during the years ended December 31 are comprised of the following:

	December 31, 2025	December 31, 2024	December 31, 2023
Salaries and benefits	$ 638,518	$ 641,547	$ 636,497
Subcontractors expense (recovery)	72,895	168,067	366
Software and other	35,081	37,339	39,944
Depreciation	1,654	1,184	1,498
	$ 748,148	$ 848,137	$ 678,305

NOTE 19 – COMMITMENTS AND CONTINGECIES

As of December 31, 2025, the Company is not aware of any material commitments or contingent liabilities that require disclosure under IAS 37.

NOTE 20 – INCOME TAXES

The relevant companies' tax applicable to the Company commencing from 2021 (Year of Amalgamation) and thereafter is 27%.

The relevant companies' tax applicable to BYND commencing from 2018 and thereafter is 23%. Current taxes for the reported periods are calculated according to the said tax rate.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 20 – INCOME TAXES (continued)

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Income (loss) before tax	$ 12,955,376	$ (47,588,970)	$ (18,466,962)
Income tax rate	27% and 23%	27% and 23%	27% and 23%
Expected income expense (recovery)	3,498,154	(12,851,939)	(4,889,258)
Permanent differences	(7,127,858)	8,738,305	971
Prior years reassessment of tax expense	-	-	-
Change in unrecognized deferred assets	(32,220)	1,907	(20,073)
Change in valuation allowance	3,631,414	4,085,102	4,600,864
Other	63,592	27,912	335,655
Total income tax expense	$ 33,082	$ 1,287	$ 28,159
Current income tax	$ 33,082	$ 1,287	$ 28,159
Deferred income tax	-		-
Total income tax expense	$ 33,082	$ 1,287	$ 28,159

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	December 31, 2025	December 31, 2024
Deferred tax assets		
Non-capital loss carry forwards – Canada	12,962,175	9,330,761
Non-capital loss carry forwards – Israel	-	-
	$ 12,962,175	$ 9,330,761
Valuation allowance	(12,962,175)	(9,330,761)
	$ -	$ -

The Company has Canadian non-capital losses of $46,793,030 which is available to offset future years' taxable income in Canada.

BYND has $nil (2024 - $nil) in non-capital losses carried forward for tax purposes, which can be carried forward indefinitely to be offset against future business income and business capital gains.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

NOTE 21 – OPERATING SEGMENTS:

Effective January 1, 2025, the Company has two operating segments or business units: the Sensera products business unit and the "Benefit CRM" Services business unit. In identifying these operating segments, management generally follows the Company service lines representing its main products and services.

The Company's chief operating decision maker reviews the Company's internal reports for performance evaluation and resource allocations. The Company's management determined the operating segments based on these reports. The chief operating decision maker examines the performance of the operating segments based on the measurement of operating profit. No information was presented on the assets and liabilities of the segments because these items are not analyzed by the main operational decision maker in segmentation.

The Company's chief operating decision maker is the chief executive officer.

Segment description

1. **The Sensera Products Business Unit** – sales of Sensera device, a unique, patent pending device that, combined with proprietary software, regulates the flow of lubricants and oils into the soft tissues of the female sexual organs, and product and the capsules with the lubricants.

   The company has completed the development of the Sensera device. In order to go to market in early 2026, the company was required to carry out prototype tests and began production and marketing of the Sensera device. Sales of the Sensera product and the capsules with the lubricants started in 2026 through an online store.

2. **The "Benefit CRM" Services Business Unit** - service rendered for software development, cloud hosting, customer training and customer service support, and software sales from the licensing and sales of its customer relationship management ("CRM") software.

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 21 – OPERATING SEGMENTS: (continued)

Segment information

	For the year ended December 31, 2025		
	Sensera Products	"Benefit CRM" Services	Total
Revenues	-	846,531	**846,531**
Cost of revenues	-	748,148	**748,148**
Segment (income) loss	(12,960,437)	38,143	**(12,922,294)**
Finance (income) expenses, net			**(29,509,764)**
Tax expenses			**33,082**
Net Income and comprehensive income			**(12,787,577)**

Entity wide disclosures

The Company generated all of its revenues in Israel during the year ended December 31, 2025.

Additional information about revenue

The Company derives significant revenues from one customer. During the year ended December 31, 2025, revenues from this customer were 80% of the total revenue. The trade receivables outstanding as at December 31, 2025, are due from this customer.

Non-current assets as of December 31, 2025:

	As of December 31, 2025		
	Sensera Products	"Benefit CRM" Services	Total
Property, plant and equipment	-	2,805	**2,805**
Intangible asset	19,800,767	-	**19,800,767**

NOTE 22 – SUBSEQUENT EVENTS

a) On March 27, 2026, the Company entered into a share purchase agreement (the "Share Purchase Agreement") with Gilad R.G. Planning and Implementation of Technologies and Software 2025 Ltd. ("Gilad") and its shareholder (the "Vendor"), to acquire an equity interest in Gilad (the "Acquisition") in order to strengthen the field of software services provided by Femto through its subsidiary, BYND – Beyond Solutions Ltd., and in order to remain relevant in light of the significant changes that the software field is undergoing due to the prevalence of artificial intelligence engines.

Pursuant to the Acquisition, Femto acquired:

1. from Gilad, 43 previously unissued common shares of Gilad (the "Gilad Shares") for a total purchase price of US$1,000,000 which will be used to complete development and sales in accordance with a budget to be approved by the parties (the "Treasury Shares Purchase Price"), to be paid in four equal quarterly instalments of US$250,000; and

2. from the Vendor, 14 Gilad Shares in consideration for:

   a. the payment to the Vendor of the sum of US$250,000; and

   b. the issuance to the Vendor of 169,811 subordinate voting shares in the capital of Femto (the "Subordinate Voting Shares") at deemed price of US$0.589 per Subordinate Voting Share (the "Payment Shares"), being the volume weighted daily average market price of the Subordinate Voting Shares for the 30 trading days preceding the date of the Share Purchase Agreement.

Upon closing of the Acquisition (the "Closing"), Femto held 40% of the issued and outstanding Gilad Shares.

b) On April 9, 2026, the Company issued 6,852 subordinate voting shares to directors of the Company following the vesting of RSU's.