Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

KANE BIOTECH INC.

Three and nine months ended September 30, 2026 and 2025
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrator, the Company discloses its auditors have not reviewed the unaudited condensed interim financial statements for the three and nine months ended September 30, 2026 and 2025.

KANE BIOTECH INC.

Condensed Interim Statement of Financial Position

	Note	September 30, 2026	December 31, 2025
Assets			
Cash and cash equivalents		**$ 595,033**	$ 901,698
Trade and other receivables	**5(c)**	**32,253**	36,495
Inventory	**7**	**458,120**	504,562
Prepaid expenses		**285,205**	246,498
Current assets		**1,370,611**	1,689,253
Property and equipment	**8**	**78,031**	476,488
Intangible assets	**9**	**570,270**	568,300
Non-current assets		**648,301**	1,044,788
Total assets		**$ 2,018,912**	$ 2,734,041
Liabilities and Shareholders' Deficit			
Accounts payable and accrued liabilities		**$ 1,276,333**	$ 1,076,177
Other liabilities	**13**	**348,172**	100,101
Government loan	**10(a)**	**1,330,344**	1,246,549
Lease liability	**10(c)**	**-**	79,045
Current liabilities		**2,954,849**	2,501,872
Convertible loan	**10(b)**	**685,512**	617,159
Lease liability	**10(c)**	**-**	361,555
Total non-current liabilities		**685,512**	978,714
Total liabilities		**3,640,361**	3,480,586
Shareholders' Deficit			
Share capital	**11(a)**	**28,837,237**	27,965,674
Contributed surplus		**8,623,563**	8,409,641
Warrants	**11(d)**	**307,000**	14,505
Deficit		**(39,389,249)**	(37,136,365)
Total Shareholders' Deficit		**(1,621,449)**	(746,545)
Going concern	**2(b)**		
Commitments and contingencies	**12**		
Subsequent event	**15**		
Total liabilities and shareholders' deficit		**$ 2,018,912**	$ 2,734,041

KANE BIOTECH INC.

Condensed Interim Statement of Loss and Comprehensive Loss

	Note	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Revenue	**5**	**$ 46,226**	8,499	**$ 97,587**	$ 449,009
Cost of sales	**7**	**27,030**	13,627	**80,846**	457,216
Gross profit (loss)		**19,196**	(5,128)	**16,741**	(8,207)
Expenses					
General and administration	**5,6,8**	**581,460**	396,074	**1,713,902**	1,478,263
Research	**6,8,9**	**87,381**	159,638	**410,268**	510,884
Expenses		**668,841**	555,712	**2,124,170**	1,989,147
Loss from operations		**(649,645)**	(560,840)	**(2,107,429)**	(1,997,354)
Other income (expenses):					
Finance income		**2,820**	7,953	**9,278**	15,992
Finance expenses		**(53,548)**	(69,198)	**(158,420)**	(232,618)
Fair value adjustment		**-**	-	**-**	20,997
Foreign exchange gain (loss)	**10(d)**	**649**	(2,666)	**(3,931)**	1,194
Gain on lease termination	**8**	**-**	17,406	**20,395**	17,406
Net other expenses		**(50,079)**	(46,505)	**(132,678)**	(177,029)
Loss and comprehensive loss before income tax		**(699,724)**	(607,345)	**(2,240,107)**	(2,174,383)
Deferred tax expense	**10(b)**	**(4,697)**	-	**(12,777)**	-
Net loss and comprehensive loss		**$ (704,421)**	$ (607,345)	**$ (2,252,884)**	$ (2,174,383)
Basic and diluted loss per share for the period		**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)

The notes on pages 5 to 15 are an integral part of these condensed interim financial statements.

KANE BIOTECH INC.

Condensed Interim Statement of Changes in Shareholders' Deficit

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance as of January 1, 2025		$ 24,402,338	$ 8,317,784	$ 65,767	$ (34,415,126)	$(1,629,237)
Loss and comprehensive loss for the year		-	-	-	(2,721,239)	(2,721,239)
Total equity transactions:						
Net fair value of the equity component of the convertible loan	10(b)	-	292,013	-	-	292,013
Issuance of common shares	11(a)	3,330,379	-	-	-	3,330,379
Share-based payments	11(b),(c)	-	246,068	-	-	246,068
Exercised stock options	11(a),(b)	62,991	(12,991)	-	-	50,000
Restricted share units reversed	11(c)	-	(329,034)	-	-	(329,034)
Restricted share units redeemed	11(a),(c)	169,966	(169,966)	-	-	-
Warrants expired	11(d)	-	65,767	(65,767)	-	-
Warrants granted	11(d)	-	-	14,505	-	14,505
Total equity transactions		3,563,336	91,857	(51,262)	-	3,603,931
Balance as of December 31, 2025		$ 27,965,674	$ 8,409,641	$ 14,505	$ (37,136,365)	$ (746,545)
Net loss and comprehensive loss for the period		-	-	-	(2,252,884)	(2,252,884)
Total equity transactions:						
Issuance of common shares	11(a)	819,242	-	-	-	819,242
Share-based payments	11(b),(c)	-	260,148	-	-	260,148
Exercised stock options	11(a),(b)	29,121	(4,121)	-	-	25,000
Restricted share units reversed	11(c)	-	(46,187)		-	(46,187)
Restricted share units redeemed	11(a),(c)	23,200	(23,200)	-	-	-
Warrants expired	11(d)	-	14,505	(14,505)	-	
Warrants granted	11(d)	-	-	307,000	-	307,000
Reversal of deferred tax recovery	10(b)	-	12,777	-	-	12,777
Total equity transactions		871,563	213,922	292,495	-	1,377,980
Balance as of September 30, 2026		$ 28,837,237	$ 8,623,563	$ 307,000	$ (39,389,249)	$(1,621,449)

KANE BIOTECH INC.

Condensed Interim Statement of Cash Flows

	Note	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Cash provided by (used in):			
Operating activities:			
Loss and comprehensive loss		**$ (2,252,884)**	$ (2,174,383)
Adjustments for:			
Depreciation of property and equipment		**21,363**	106,711
Amortization of intangible assets		**23,731**	23,686
Loss (gain) on disposal of equiptment	**8**	**1,756**	(27,008)
Loss on derecognition of intangible assets	**9**	**25,612**	30,699
Gain on lease termination including termination fee paid	**8**	**(59,362)**	(41,827)
Interest on loans and finance lease	**10**	**154,351**	208,512
Warrant expense		**-**	(1,803)
Share-based compensation (recovery)	**11(b),(c)**	**213,961**	(70,204)
Non-cash marketing expenses	**11(a),(b)**	**25,000**	25,000
Deferred tax expense	**10(b)**	**12,777**	-
Expected credit loss expense	**5(c)**	**22,400**	-
Change in the following:			
Trade and other receivables	**5(c)**	**(18,158)**	(43,070)
Inventory		**46,442**	37,037
Prepaid expenses		**(38,707)**	(56,492)
Accounts payable and accrued liabilities	**11(a)**	**200,156**	(591,663)
Other liabilities		**248,071**	-
Cash used in operating activities		**(1,373,491)**	(2,574,805)
Financing activities:			
Issuance of common shares	**11(a)**	**1,126,242**	2,537,240
Interest on finance lease	**10(c)**	**(2,203)**	(34,204)
Financing fee for convertible loan	**10(b)**	**-**	(27,512)
Proceeds from convertible loan	**10(b)**	**-**	1,000,000
Repayment of government loan	**10(a)**	**-**	(210,000)
Repayment of lease liability	**10(c)**	**(5,900)**	(79,225)
Cash provided by financing activities		**1,118,139**	3,186,299
Investing activities:			
Purchase of property and equipment		**-**	(4,895)
Additions to intangible assets	**9**	**(51,313)**	(86,350)
Proceeds from sale of office equipment	**8**	**-**	60,000
Cash used in investing activities		**(51,313)**	(31,245)
Increase (decrease) in cash		**(306,665)**	580,249
Cash and cash equivalents, beginning of period		**901,698**	358,813
Cash and cash equivalents, end of period		**$ 595,033**	$ 939,062

The notes on pages 5 to 15 are an integral part of these condensed interim financial statements.

1. Reporting entity

The Company is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. The Company is domiciled and incorporated in Canada. Its registered office is 263-196 Innovation Drive, Winnipeg, Manitoba, Canada, R3T 6C5. The Company has no subsidiaries, and there were no changes in the composition of the Company during the three and nine months ended September 30, 2026, including no business combinations, obtaining or losing control of subsidiaries, long-term investments, restructurings or discontinued operations.

2. Basis of preparation of condensed interim financial statements:

a) Statement of compliance

These unaudited condensed interim financial statements of the Company for the three and nine months ended September 30, 2026 and 2025 have been prepared in accordance with IAS 34, "*Interim Financial Reporting*" and they should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2025 ("last annual financial statements"), which were prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These condensed interim financial statements have been authorized for issue by the Board of Directors on November 25, 2026.

b) Going concern

These condensed interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is material uncertainty about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses and net cash outflows from operations since inception and has not yet achieved profitability from the commercialization of its products which casts significant doubt on the Company's ability to continue as a going concern. For the nine months ended September 30, 2026, the Company had a loss and comprehensive loss of $2,252,884 (September 30, 2025 – $2,174,383) and negative cash flow from operating activities of $1,373,491 (September 30, 2025 - $2,574,805), and as of that date had working capital deficit of $1,584,238 (December 31, 2025 - $812,619) and a deficit of $39,389,249 (December 31, 2025 - $37,136,365).

The Company's ability to continue operations is primarily dependent upon cash inflows from product revenues, non-dilutive government funding and securing additional capital through debt or equity financings. While the Company is striving to achieve this, there is no assurance that such sources of funds will be available or obtained on favourable terms. If the Company cannot generate product and services revenue, obtain grant funding, or if it cannot secure additional financing on acceptable terms, the Company will have to consider additional strategic alternatives. These may include, among other strategies, exploring the monetization of certain tangible and intangible assets as well as seeking to license assets, potential asset divestitures, winding up, dissolution or liquidation of the Company.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

These financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, revenue and expenses, and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. Use of judgements and estimates:

In preparing these condensed interim financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

There were no material changes in the nature or amounts of estimates reported in prior financial years or in prior interim periods of the current financial year that have a material effect in the current interim period.

Determination of fair values

Several of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values that have been determined for measurement and/or disclosure purposes based on certain models are indicated below. When applicable, further information about the assumptions made in determining fair values was disclosed in the notes specific to that asset or liability in the last annual financial statements except those new and significant ones, which are disclosed in these condensed interim financial statements.

(a) Share-based payment transactions:

The fair value of stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not considered in determining fair value.

The fair value of restricted share units is determined by the Company's closing share price on the TSX Venture Exchange on the date of issuance.

(b) Financial assets and liabilities:

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of current monetary assets and liabilities approximate their fair values due to their relatively short periods to maturity.

Financial assets and liabilities that are recognized on the condensed interim statement of financial position at fair value follow a hierarchy that is based on the significance of the inputs used in making the measurements. The government loan and the convertible loan represent a level 2 input that represents inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

4. Change in accounting policy:

In these condensed interim financial statements, the Company applied the same accounting policies as those applied in its financial statements as at and for the year ended December 31, 2025 except for the amendments described below:

Annual Improvements to IFRS® Accounting Standards – Volume 11 (Amendments)

Amendments to IFRS 9, *Financial Instruments*, issued in July 2024, clarify that when a lessee determines that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognize any difference between the carrying amount and the consideration paid in profit and loss. Amendments to IFRS 9 also require that a trade receivable which does not contain a significant financing component should be measured at initial recognition at an amount determined by applying IFRS 15, *Revenue from Contracts with Customers*, which might differ from the transaction price. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company adopted the Amendments with no material impact on its condensed interim financial statements.

4. Change in accounting policy (Continued):

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

Amendments to IFRS 9 and IFRS 7, *Financial Instruments: Disclosures*, issued in May 2024, provide clarification that a financial liability is derecognized on the settlement date, provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met; clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features, clarify that, for a financial asset to have non-recourse features, the entity's ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets, clarify the characteristics of the contractually linked instruments that distinguish them from other transactions, and add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company adopted these amendments.

Management assessed the Company's financial instruments, including loans payable, lease liabilities, trade and other receivables and payables, and concluded that the adoption of these amendments did not result in any change to instruments, nor did it give rise to additional material disclosures.

Management also determined that the Company does not hold financial assets with ESG-linked or other contingent contractual cash flow features, non-recourse assets, contractually linked instruments, or equity instruments designated at fair value through other comprehensive income. Accordingly, the adoption of these amendments did not result in any change to the classification, measurement, presentation, or disclosure of the Company's instruments

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on or after January 1, 2027 and earlier application is permitted. The most significant of these is IFRS 18, Presentation and Disclosure in Financial Statements, issued in April 2024, which will replace IAS 1 and introduces defined categories and subtotals in the statement of profit or loss, disclosure of management-defined performance measures, and enhanced requirements for aggregating and disaggregating information. The Company is assessing the impact of IFRS 18 on its financial statements. The Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed interim financial statements.

5. Revenue:

The Company's operations and main sources of revenue are described in the Company's December 31, 2025 financial statements. For the three and nine months ended September 30, 2026, the Company's revenue is derived primarily from distributor contracts and direct sales to end users of its revyve® and DermaKB® product lines.

The Company's operations are not subject to significant seasonal or cyclical variation, and revenue for the three and nine months ended September 30, 2026 was not materially affected by seasonality.

Revenue is disaggregated by major product and service line as following table:

		Three months ended September 30,		Nine months ended September 30,	
Product and service line	Note	2026	2025	2026	2025
Contract manufacturing services	a)	**$ -**	$ -	**$ -**	$ 420,729
Animal health product testing services	b)	**-**	5,643	**-**	16,541
DermaKB®	c)	**-**	976	**39,759**	4,438
revyve®		**46,226**	1,880	**57,828**	7,301
Total		**$ 46,226**	$ 8,499	**$ 97,587**	$ 449,009

a) During the year ended December 31, 2024, the Company entered into a contract manufacturing agreement with Dechra Veterinary Products LLC ("Dechra") under which the Company manufactured animal health products for Dechra during the transition period between the sale of STEM to Dechra and December 31, 2024. This agreement was extendable for a period of two months based on mutual agreement of Dechra and the Company. All manufacturing under this agreement was completed in February 2025.

b) During the year ended December 31, 2025, the Company terminated its animal health product testing services agreement with a third party. The Company has now transitioned to and is focusing on human health related operations.

5. Revenue (continued):

c) During the three months ended March 31, 2026, the Company sold its remaining DermaKB® product inventory to an independent third party for total consideration of $44,800, including applicable taxes, part of which was receivable in instalments after the sale.

As of September 30, 2026, the remaining balance of $22,400 remained uncollected and was fully provided for through an allowance for doubtful accounts. The related expense is included in general and administration.

6. Government and other assistance:

For the three months ended September 30, 2026, the Company recorded $72,188 in government assistance (September 30, 2025 - $49,660), including $57,403 refund of scientific research and experimental development ("SR&ED") (September 30, 2025 - $3,396), $14,785 funding from the Medical Technology Enterprise Consortium ("MTEC") (September 30, 2025 - $nil), and $nil funding from the National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP) (September 30, 2025 - $46,264).

For the nine months ended September 30, 2026, the Company recorded $80,188 in government assistance (September 30, 2025 - $201,102), including $65,403 refund of SR&ED (September 30, 2025 - $5,796), $14,785 funding from MTEC (September 30, 2025 - $36,905), $nil funding from NRC-IRAP (September 30, 2025 - $178,201), and $nil from CanExport funding (September 30, 2025 – ($19,800), reversal of 2024 funding).

Government assistance was recorded as reductions in general and administration and research expenses in the condensed interim statement of loss and comprehensive loss.

7. Inventories:

For the three months ended September 30, 2026, the Company recognized inventory write-downs of $3,914 (September 30, 2025 – $794, recovery) related to discontinued and expired products. The write-downs (recovery) are included in cost of sales.

For the nine months ended September 30, 2026, the Company recognized a recovery of previously recorded inventory write-downs of $92,942 (September 30, 2025 - $13,541, write-downs), related to discontinued and expired products. This recovery (write-downs) is recorded as a reduction (addition) in cost of sales.

The recovery of $92,942 comprises a recovery of $97,199 related to the Company's DermaKB scalp care product line and a write-down of $4,257 related to revyve wound gel products. Inventory associated with the DermaKB product line was fully written down in the year ended December 31, 2024. During the three months ended March 31, 2026, the Company sold this inventory for proceeds of $39,759, compared to its original carrying value of $137,601.

8. Property and equipment:

The Company did not derecognize any property and equipment during the three months ended September 30, 2026 (September 30, 2025 - $31,381).

During the nine months ended September 30, 2026, the Company terminated the lease of its laboratory premises in the first quarter. As a result, the Company derecognized net right-of-use assets of $375,338 and recorded a gain of $20,395, after deducting the termination fees of $38,967.

During the nine months ended September 30, 2025, the Company terminated the lease of its office premises in the third quarter. As a result, the Company derecognized net right-of-use assets of $293,535 and recorded a gain of $17,406, after deducting the termination fees of $24,421. The gain offset general and administration expenses in the condensed interim consolidated financial statements as of September 30, 2025 and 2024 and it was reclassified to other income presented separately in the condensed interim financial statements as of September 30, 2026 and 2025. The reclassification had no effect on the loss and comprehensive loss.

The net right-of-use assets of $293,535 was included in derecognition of property and equipment for the nine months ended September 30, 2025 in the condensed interim consolidated statement of cash flows as of September 30, 2025 and 2024 and it was reclassified to gain on lease termination including termination fee paid for the nine months ended September 30, 2026 in the condensed interim statement of cash flows as of September 30, 2026 and 2025. The reclassification had no effect on the cash flows.

8. Property and equipment (continued):

During the nine months ended September 30, 2026, the Company wrote off $1,756 of computer and scientific equipment in the first quarter, which is included in research expenses. During the nine months ended September 30, 2025, the Company sold equipment for consideration of $60,000 and derecognized $32,992 in equipment and recorded net gain of $27,008 on derecognition of equipment, which was included in general and administration expenses and research expenses.

9. Intangible assets:

During the three months ended September 30, 2026, the Company capitalized $6,179 of patent expenditures (September 30, 2025 - $4,864) and $nil of trademark expenditures (September 30, 2025 - $748).

During the nine months ended September 30, 2026, the Company capitalized $49,076 of patent expenditures (September 30, 2025 - $83,804) and $2,237 of trademark expenditures (September 30, 2025 - $2,546).

The Company has considered indicators of impairment as of September 30, 2026 and has determined that it was not feasible to pursue certain patents and patents pending and accordingly has derecognized net patents with a carrying value of $25,612 during the nine months ended September 30, 2026 (September 30, 2025 - $30,699).

As of September 30, 2026, the Company has recorded aggregate impairment (derecognition) losses of $1,750,428 (September 30, 2025 - $1,724,816) primarily resulting from patents and patent applications that were abandoned. Amortization and derecognition expenses are included in research expenses.

10. Loans payable and lease liability:

The terms of the Company's loans payable and lease liability and related 2026 transactions are summarized below:

	Note	Government loan	Convertible loan	Lease liability
Nominal interest rate		N/A	3%	6%
Year of maturiry		2028	2031	2031
Balane as of January 1, 2026		$ 1,246,549	$ 617,159	$ 440,600
Accretion expenses	(a),(b), (c)	83,795	68,353	2,203
Payments	(c)	-	-	(8,103)
Derecognition	(c)	-	-	(434,700)
Balance as of September 30, 2026		**$ 1,330,344**	**$ 685,512**	**$ -**

(a) Government loan

On June 16, 2025, the Company received a notice of default from Prairies Economic Development Canada ("PrairiesCan") under its funding agreement. The notice of default indicated that the Company had not complied with the repayment terms of the agreement, which require repayment of the contributions in 59 consecutive monthly installments of $42,000 commencing April 1, 2023, followed by a final installment of $13,267 due on March 1, 2028.

Under the terms of the funding agreement, overdue amounts bear interest at the average bank rate plus 3.00% (5.63% for 2026) calculated and compounded from the payment due date until the date payment is received by PrairiesCan. The Company made all required repayments from April 1, 2023 to May 1, 2025. As of September 30, 2026, sixteen installments totalling $672,000 remain unpaid. As a result of this default, the outstanding balance of the PrairiesCan funding has been classified as current liability on condensed interim statement of financial position.

As of September 30, 2026, the Company accrued interest of $26,986 (December 31, 2025 - $7,317) related to unpaid instalments and the outstanding balance of repayable contributions and accrued interest is $1,426,253 (December 31, 2025 - $1,406,584). As of September 30, 2026, the carrying value of repayable contributions and accrued interest included in the government loan balance on the condensed interim statement of financial position is $1,330,344 (December 31, 2025 - $1,246,549).

For the three months ended September 30, 2026, the Company recorded accretion expense of $27,599 (September 30, 2025 - $38,508) and made no repayments to PrairiesCan (September 30, 2025 – $nil).

For the nine months ended September 30, 2026, the Company recorded accretion expense of $83,795 (September 30, 2025 - $124,345) and made no repayments to PrairiesCan (September 30, 2025 - $210,000).

10. Loans payable and lease liability (continued):

The repayment schedule of the remaining contributions and interest is as follows:

2027	$	1,339,799
2028		97,267
	$	1,437,066

(b) Convertible loan

The convertible loan is classified as a compound financial instrument consisting of liability and equity components. At initial recognition, the liability component was measured at its fair value of $572,470 using a discount rate of 14% and recorded as a convertible loan. The residual equity component of$292,013, net of a deferred tax adjustment of $108,005, was recorded in contributed surplus. These amounts were allocated from net proceeds of $972,488. The liability component is subsequently measured at amortized cost using the effective interest method.

During the three months ended September 30, 2026, the Company recorded deferred tax expense of $4,697 related to the convertible loan, primarily reflecting the reversal of a temporary difference previously recognized in equity in the year ended December 31, 2025.

During the nine months ended September 30, 2026, the Company recorded deferred tax expense of $12,777 related to the convertible loan, primarily reflecting the reversal of a temporary difference previously recognized in equity in the year ended December 31, 2025.

As of September 30, 2026, the outstanding balance of the convertible loan is $1,038,212 (December 31, 2025 - $1,015,534), including unpaid interest of $38,212 (December 31, 2025 - $15,534). As of September 30, 2026, the carrying value of the outstanding balance of the convertible loan including unpaid interest is $685,512 (December 31, 2025 - $617,159).

During the three months ended September 30, 2026, the Company recorded accretion expense of $25,182 (September 30, 2025 - $21,293) related to the convertible loan.

During the nine months ended September 30, 2026, the Company recorded accretion expense of $68,353 (September 30, 2025 - $22,451) related to the convertible loan.

(c) Lease liability

During the three months ended March 31, 2026, the Company terminated the lease on its laboratory premises at which time the book value of the related right-of-use asset and lease liability balance were $375,338 and $434,700 respectively. The lease terms included an early termination fee of $38,967. The Company recorded a gain of $20,395 on the termination of the laboratory premises lease.

As of September 30, 2026, the carrying amount of the lease liability was $nil (December 31, 2025 - $440,600).

During the three months ended September 30, 2026, the Company made no lease liability payments (September 30, 2025 - $30,095) including interest of $nil (September 30, 2025 - $8,742).

During the nine months ended September 30, 2026, $8,103 (September 30, 2025 - $113,429) was paid on the lease liability including interest of $2,203 (September 30, 2025 - $ 34,204).

(d) Foreign exchange gain (loss)

Foreign exchange loss of $2,666 was included in finance expenses for the three months ended September 30, 2025 and foreign exchange gain of $1,194 was included in finance income for the nine months ended September 30, 2025 in the condensed interim statement of loss and comprehensive loss as of September 30, 2025 and 2024. They were reclassified to foreign exchange gain (loss) in the condensed interim statement of loss and comprehensive loss as of September 30, 2026 and 2025. The reclassification had no effect on the loss and comprehensive loss.

11. Share Capital:

(a) Shares issued and outstanding

During the nine months ended September 30, 2026, 250,000 stock options were exercised at an exercise price of $0.10 per share for aggregate gross proceeds of $25,000, which were settled against accounts payable. Upon exercise, the associated fair value of $4,121 was reclassified from contributed surplus to share capital.

During the nine months ended September 30, 2025, 250,000 stock options were also exercised at an exercise price of $0.10 per share for aggregate gross proceeds of $25,000, which was adjusted in accounts payable and accrued liabilities for nine months ended September 30, 2025 in the condensed interim statement of cash flows as of September 30, 2025 and 2024 and it was reclassified to non-cash marketing expense presented separately in the condensed interim statement of cash flows as of September 30, 2026 and 2025. The reclassification had no effect on the cash flows.

During the nine months ended September 30,2026, the Company completed a private placement of 23,200,000 units at a price of $0.05 per unit for aggregate gross proceeds of $1,160,000, which closed in the second quarter. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.06 per share for a period of 18 months from the date of issuance.

In connection with the offering, 192,000 finder's warrants were issued to eligible finders in respect of 3,200,000 units placed. Each finder's warrant is exercisable at a price of $0.06 per share. Total issuance costs attributable to the financing were $340,758, including $307,000 representing the fair value of 23,392,000 warrants issued to subscribers and eligible finders.

Shares issued and outstanding are as follows:

	Number of Common Voting Shares		Amount
Balance at January 1, 2025	137,786,567	$	24,402,338
Issuance of common shares	42,985,000		3,430,379
Cancelled shares	(1,000,000)		(100,000)
Restricted share units redeemed	1,324,998		169,966
Stock options exercised	500,000		62,991
Balance as of December 31, 2025	181,596,565	$	27,965,674
Issuance of common shares	23,200,000	$	819,242
Restricted share units redeemed	160,000		23,200
Stock options exercised	250,000		29,121
Balance as of September 30, 2026	205,206,565	$	28,837,237

(b) Stock option plan

The Company maintains an equity-settled Stock Option Plan ("Plan") for employees, directors, officers, and consultants which is administered by the Board of Directors. At the General and Special Meeting of Shareholders held on June 24, 2026, shareholders approved an amendment to the Plan providing for a rolling stock option reserve equal to 10% of the Company's issued and outstanding shares as of the date of grant.

As of September 30, 2026, a maximum of 20,505,657 common shares (December 31, 2025 – 16,586,657) were reserved for issuance under the Plan. Of this amount, 9,910,657 options remained available for future grant as of September 30, 2026 (December 31, 2025 – 16,086,657).

During the nine months ended September 30, 2026, the Company issued 10,595,000 stock options, comprising 9,750,000 options issued in the second quarter to certain officers, directors and consultants and 845,000 options issued in the third quarter to certain employees. Each option is exercisable into one common share of the Company at a price of $0.05 per share and expires five years from the date of grant. The options vest over six months, with one half vesting immediately and one twelfth vesting in each of the following six months.

11. Share Capital (continued):

The continuity of stock options outstanding as of September 30, 2.026 and December 31, 2025 is as follows:

	Nine months ended September 30, 2026		Twelve months ended December 31, 2025	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	**500,000**	**$ 0.10**	-	$ -
Granted	**10,595,000**	**$ 0.05**	1,000,000	$ 0.10
Exercised	**(250,000)**	**$ 0.10**	(500,000)	$ 0.10
Expired	**(250,000)**	**$ 0.10**	-	$ -
Balance, end of period	**10,595,000**	**$ 0.05**	500,000	$ 0.10

Options outstanding as of September 30, 2026 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$0.05	10,595,000	4.67	$0.05	8,688,341

For the three months ended September 30, 2026, the Company recorded stock option compensation expense of $66,594 (September 30, 2025 - $5,667).

For the nine months ended September 30, 2026, the Company recorded stock option compensation expense of $227,435 (September 30, 2025 - $16,103).

Stock option compensation expense is based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model with the following weighted average assumptions:

	2026	2025
Expected option life	**5 years**	1 year
Risk free interest rate	**3%**	3%
Expected volatility	**74%**	57%
Grant-date share price	**$ 0.04**	$ 0.10
Option exercise price	**$ 0.05**	$ 0.10

(c) Restricted share unit plan

The Company maintains an equity-settled Restricted Share Unit Plan (“RSU Plan”) for employees, directors, officers, and consultants, which is administered by the Board of Directors. At the General and Special Meeting of Shareholders held on June 24, 2026, shareholders approved an amendment to the RSU plan providing for a fixed number of RSUs reserved for issuance equal to10% of the issued and outstanding shares of the Company as at the date of approval.

As of September 30, 2026, a maximum of 18,185,656 restricted share units (December 31, 2025 – 16,586,657) were reserved for issuance under the Plan. Of this amount, 5,031,090 RSUs remained available for future grants as of September 30, 2026 (December 31, 2025 – 2,242,219).

During the nine months ended September 30, 2026, the Company issued 383,459 RSUs to a consultant of the Company in the second quarter. The expiry date of these RSUs is June 2, 2036. All RSUs vest on June 3, 2027.

11. Share Capital (continued):

Restricted share units outstanding as of September 30, 2026 and December 31, 2025 consist of the following:

	Nine months ended September 30, 2026	Twelve months ended December 31, 2025
Balance, beginning of period	**13,114,440**	21,474,510
Additions	**383,459**	-
Expired	**-**	(3,488,406)
Forfeited	**(333,333)**	(3,546,666)
Redeemed	**(160,000)**	(1,324,998)
Balance, end of period	**13,004,566**	13,114,440
Restricted share units exercisable, end of period	**12,621,107**	12,364,439

For the three months ended September 30, 2026, the Company recognized share-based compensation expense related to RSUs of $5,544 (September 30, 2025 – $18,296).

For the nine months ended September 30, 2026, the Company recognized a recovery of share-based compensation expense related to RSUs of $13,474 (September 30, 2025 - $86,307), with a corresponding decrease to contributed surplus. The net recovery consisted of RSU compensation expense of $32,713 (September 30, 2025 - $214,526) offset by a recovery of previously recognized compensation expense of $46,187 (September 30, 2025 - $300,833) relating to RSUs forfeited during the period.

RSU compensation expense is measured based on the fair value of the RSUs on the grant date, determined using the closing price of the Company's common shares on the TSX Venture Exchange.

(d) Warrants

During the nine months ended September 30, 2026, the Company issued 23,392,000 warrants associated with its $1,160,000 private placement which closed on May 25, 2026. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.06 and has an expiry date of November 25, 2027.

Warrants outstanding as of September 30, 2026 and December 31, 2025 are as follows:

	Nine months ended September 30, 2026			Twelve months ended December 31, 2025		
	Warrants	**Amount**	**Weighted average exercise price**	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	**566,100**	**$ 14,505**	**$ 0.10**	3,125,000	$ 65,767	$ 0.10
Granted	**23,392,000**	**307,000**	**0.06**	566,100	14,505	0.15
Expired	**(566,100)**	**(14,505)**	**0.10**	(3,125,000)	(65,767)	0.10
Balance, end of period	**23,392,000**	**$ 307,000**	**$ 0.06**	566,100	$ 14,505	$ 0.15
Weighted average remaining contractual life		**1.15 years**			0.58 year	

The relative fair value of warrants issued in 2026 was determined at the date of issue using the Black-Scholes Model with the following weighted average assumptions:

Expected option life	**1.5 year**
Risk free interest rate	**3%**
Expected volatility	**93%**
Grant-date share price	**$ 0.04**
Warrant exercise price	**$ 0.06**

11. Share Capital (continued):

(e) Dividends

No dividends were declared or paid during the three and nine months ended September 30, 2026 and 2025.

12. Commitments and contingencies:

As of September 30, 2026 and in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed.

Contractual obligation payments due by fiscal year ending December 31:

	USD	CND
2026	$ 13,378	$ -
2027	$ 23,378	$ -
2028	$ 10,000	$ -
2029	$ 10,000	$ -
2030 and after	$ 10,000	$ -
	$ 66,756	**$ -**

As of September 30, 2026, the Company had no contingent liabilities or contingent assets.

13. Related parties:

For the three months ended September 30, 2026, key management personnel compensation expense was $153,563 (September 30, 2025 - $137,973).

For the nine months ended September 30, 2026, key management personnel compensation expense was $535,944 (September 30, 2025 - $411,545).

As of September 30, 2026, accounts payable and accrued liabilities include the balance owing to related parties $19,979 (December 31, 2025 - $4,979).

On September 29, 2026, the Company received a $250,000 cash advance from Philip Renaud, the Chair of the Company's Board of Directors and an approved control person of the Company. The advance is unsecured, non-interest-bearing and repayable on demand, and was recorded in other liabilities as of September 30, 2026. No bonus was paid or is payable in connection with the advance.

14. Segmented information:

In the comparative period, the Company had two operating segments: human health and animal health. The human health segment included the revyve and DermaKB product lines, research and development activities, and corporate operations. The animal health segment related primarily to the manufacturing services agreement with Dechra following the sale of STEM Animal Health Inc. and animal health product testing services.

During the nine months ended September 30, 2026, the Company operated as a single reportable segment, human health. The Company's chief operating decision maker for this period is the interim Chief Executive Officer, who reviews the Company's results as a whole to allocate resources and assess performance.

In the comparative period, segment performance was regularly reviewed by the Company's Interim Chief Executive Officer, who functioned as the chief operating decision maker and allocated resources based on adjusted operating results.

In the comparative period, the Company's human health and animal health segments were managed independently due to their differing operations, market strategies, and resource requirements. No inter-segment transactions occurred during the comparative period.

14. Segmented information (continued):

For the comparative period, the revenue and profit generated by each of the Company's operating segments and segmented assets and liabilities are summarized as follows:

	Three months ended September 30, 2026			Three months ended September 30, 2025		
	Animal health	**Human health**	**Total**	Animal health	Human health	Total
External revenue	**$ -**	**$ 46,226**	**$ 46,226**	$ 5,643	$ 2,856	$ 8,499
Total profit (loss)	**-**	**(704,421)**	**(704,421)**	3,962	(611,307)	(607,345)
Profit from discontinued segment	**-**	**-**	**-**	3,962	-	3,962
Loss - operating segment	**$ -**	**$ (704,421)**	**$ (704,421)**	$ -	$ (611,307)	$ (611,307)

	Nine months ended September 30, 2026			Nine months ended September 30, 2025		
	Animal health	**Human health**	**Total**	Animal health	Human health	Total
External revenue	**$ -**	**$ 97,587**	**$ 97,587**	$ 437,270	$ 11,739	$ 449,009
Total profit (loss)	**-**	**(2,252,884)**	**(2,252,884)**	26,985	(2,201,368)	(2,174,383)
Profit from discontinued segment	**-**	**-**	**-**	26,985	-	26,985
Loss - operating segment	**$ -**	**$ (2,252,884)**	**$ (2,252,884)**	$ -	$ (2,201,368)	$ (2,201,368)

	September 30, 2026			December 31, 2025		
	Animal health	**Human health**	**Total**	Animal health	Human health	Total
Segment assets	**$ 5,063**	**$ 2,013,849**	**$ 2,018,912**	$ 5,063	$ 2,728,978	$ 2,734,041
Segment liabilities	**(123,112)**	**(3,517,249)**	**(3,640,361)**	(125,041)	(3,355,545)	(3,480,586)

15. Subsequent event:

Promissory note

Subsequent to September 30, 2026, the Company's $250,000 advance from its Chair, described in Note 13, was converted into a promissory note. The promissory note is unsecured, non-interest-bearing and repayable on demand. The Company intends to repay the note from future capital raises or general revenue.