

Clear Blue Technologies International Inc.
Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY STATEMENT

The management of Clear Blue Technologies International Inc. (the "Company") is responsible for preparing the unaudited condensed interim consolidated financial statements, the notes to the unaudited condensed interim consolidated financial statements and other financial information contained in these unaudited condensed interim consolidated financial statements (the "condensed interim consolidated financial statements").

Management prepares the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are considered by management to present fairly the Company's financial position and results of operations.

The management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the condensed interim consolidated financial statements.

Miriam Tuerk
President and Director
June 22, 2026

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Clear Blue Technologies International Inc.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2026 and December 31, 2025
(Expressed in Canadian dollars)

	Note	March 31, 2026	December 31, 2025
Assets			
Current assets			
Cash		\$ 144,864	\$ 155,120
Accounts receivable and other receivables	5	336,082	592,531
Research and development tax credits and other receivables	7	1,006,983	806,469
Inventory	8	2,175,998	2,544,972
Prepaid expenses and deposits		183,868	147,826
Current portion of deferred costs	8	135,633	135,633
Investment	6	174,823	174,823
Total current assets		4,158,251	4,557,374
Non-current assets			
Long-term accounts receivable and other receivables	5	38,125	36,649
Deferred costs	8	87,735	115,654
Property and equipment	9	273,158	73,810
Intangible assets	10	179,452	—
Total assets		4,736,721	4,783,487
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	17	1,978,827	2,247,946
Customer deposits and advanced billing	11	138,803	912,937
Current portion of deferred revenue	11	502,507	542,577
Current portion of lease liability	9	37,217	—
Current portion of long-term debt	13	616,687	620,336
Due to related parties - current		29,737	10,638
Total current liabilities		3,303,778	4,334,434
Non-current liabilities			
Deferred revenue	11	354,693	501,578
Lease liability	9	153,032	—
Royalty funding	14	161,092	153,421
Long-term debt	13	5,636,093	5,845,283
Forward delivery obligations		249,331	249,331
Due to related parties – non-current	17	1,658,203	1,122,591
Total liabilities		11,516,222	12,206,638
Shareholders' Deficiency			
Share capital	15	32,414,263	31,672,212
Reserves	16	13,176,736	12,855,907
Accumulated deficit		(52,370,500)	(51,951,270)
Total shareholders' deficiency		(6,779,501)	(7,423,151)
Total liabilities and shareholders' deficiency		\$ 4,736,721	\$ 4,783,487

Nature of operations and going concern (Note 2)

Commitments (Note 21)

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

“Miriam Tuerk”

President and Director

“Mark Windrim”

Director

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

Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars)

	Note	March 31, 2026	March 31, 2025
Revenue		\$ 1,006,654	\$ 1,051,261
Cost of sales	8	484,693	499,660
Gross profit		521,961	551,601
Operating expenses			
Salaries, wages and benefits	17	314,847	356,915
Research and development	7	—	33,666
General and administrative		233,233	287,590
Share-based compensation	16,17	45,157	2,972
Travel		7,150	32,353
Business development and marketing		8,836	109,756
Rent		29,303	38,889
Professional fees		61,270	61,797
Depreciation of property and equipment	9	39,404	28,543
Total operating expenses		739,200	952,481
Loss before other (expenses) income		(217,239)	(400,880)
Interest income, net	6	1,843	—
Interest on short-term loan and other charges	12	(16,614)	(14,164)
Interest on lease liability	9	—	(1,373)
Interest and accretion on long-term debt	13	(149,431)	(218,131)
Interest on royalty funding	14	(19,066)	—
Foreign exchange loss		(93,723)	(17,096)
Loss on debt modification and settlement (net)		—	632,083
Government grant		75,000	—
Net loss before taxes		(419,230)	(19,561)
Net loss and comprehensive loss		\$ (419,230)	\$ (19,561)
Basic and Diluted		0.0042	0.0008

Loss per share — basic and diluted (Note 18)

Weighted average number of shares outstanding: 98,890,386 (2025 — 25,737,691)

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

Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars)

	Number of common shares	Share capital	Reserves	Accumulated deficit	Total shareholders' deficiency
Balance at December 31, 2025	89,041,919	31,672,212	12,855,907	(51,951,270)	(7,423,151)
Shares issued – private placement	11,594,000	776,163	—	—	776,163
Share issuance costs – cash commissions	—	(34,112)	—	—	(34,112)
Warrants issued – private placement	—	—	275,672	—	275,672
Share-based compensation – stock options	—	—	29,662	—	29,662
Share-based compensation – RSUs	—	—	15,495	—	15,495
Net loss and comprehensive loss	—	—	—	(419,230)	(419,230)
Balance at March 31, 2026	100,635,919	32,414,263	13,176,736	(52,370,500)	(6,779,501)
Balance at December 31, 2024	463,278,448	31,246,323	12,334,829	(48,064,948)	(4,483,796)
6:1 share consolidation	(386,065,418)	—	—	—	—
Share issuance for settlement of debt	1,388,889	125,000	—	—	125,000
Share issuance – private placement	8,370,000	226,523	—	—	226,523
Share issuance costs – cash commissions	—	(13,864)	(11,750)	—	(25,614)
Share issuance for salary settlement	2,070,000	103,500	—	—	103,500
Warrants issued – Q4 2025 private placement	—	—	191,977	—	191,977
Broker warrants – Q4 2025 private placement	—	(15,270)	(12,941)	—	(28,211)
Warrants issued for settlement of debt	—	—	74,317	—	74,317
Share-based compensation – stock options	—	—	160,080	—	160,080
Share-based compensation – RSUs	—	—	31,680	—	31,680
Warrants issued for salary settlement	—	—	87,715	—	87,715
Net loss and comprehensive loss	—	—	—	(3,886,322)	(3,886,322)
Balance at December 31, 2025	89,041,919	31,672,212	12,855,907	(51,951,270)	(7,423,151)

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

Clear Blue Technologies International Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2026 and 2025
(Expressed in Canadian dollars)

	March 31, 2026	March 31, 2025
Operating activities		
Net loss for the period	\$ (419,230)	\$ (19,561)
Depreciation of property and equipment	39,404	28,543
Share-based compensation	45,157	2,972
Foreign exchange loss	93,723	17,096
Interest income	(1,843)	—
Interest on short-term debt	16,614	14,164
Interest on long-term debt	149,431	218,131
Interest on royalty funding	19,066	—
Accretion of lease liability	—	1,373
Gain on debt modification and settlement (net)	—	(632,083)
	(57,678)	(369,365)
Changes in non-cash working capital:		
Accounts receivable and other receivables	(388,417)	440,900
Research and development tax credits receivable	(100,514)	(9,501)
Inventory	368,974	63,066
Prepaid expenses and deposits	(36,042)	(115,434)
Accounts payable and accrued liabilities	833,005	70,962
Customer deposits and advanced billing	(774,134)	186,298
Due to shareholders	72,299	—
Deferred cost	27,919	(61,573)
Deferred revenue	(186,955)	7,426
	(241,543)	212,779
Interest paid	(396,184)	(14,164)
Cash (used in) provided by operating activities	(637,727)	198,615
Financing activities		
Proceeds from private placement	776,163	—
Share issuance costs	(34,112)	(45,703)
Repayment of long-term loans	—	(1,000)
Repayment of lease liability	(117,059)	(28,288)
Cash provided by (used in) financing activities	937,578	(74,991)
Investing activities		
Additions to intangible assets	(279,452)	(335,350)
Receipt of other receivable	9,554	—
Additions to property and equipment	(40,209)	(136)
Proceeds from disposal of assets	—	928
Cash used in investing activities	(310,107)	(334,558)
Net decrease in cash during the period	(10,256)	(210,934)
Cash, beginning of the period	155,120	339,905
Cash, end of the period	\$ 144,864	\$ 128,971

Note: The condensed interim statement of cash flows is presented on a basis consistent with the annual financial statements.

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

Clear Blue Technologies International Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars)

1. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed interim consolidated financial statements have been prepared on a basis consistent with the accounting policies disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2025. They were authorized for issue by the Company's Audit Committee and Board of Directors of Directors on June 22, 2026.

2. Nature of Operations and Going Concern

Clear Blue Technologies International Inc. (the "Company" or "CBLU") was incorporated on November 11, 2014 under the laws of British Columbia, Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the ticker symbol "CBLU".

The Company is in the business of developing and selling "Smart Off-Grid" and "Hybrid Smart" power solutions and management services to power, control, monitor, manage, and proactively service solar and hybrid-powered systems such as street lights, security systems, satellite and telecommunications systems, emergency power, and Internet of Things ("IoT") devices.

The Company's head office is located at 30 Lesmill Road, Unit #7, Toronto, Ontario, Canada, M3B 2T6.

During the three months ended March 31, 2026, the Company incurred a net loss in the amount of \$419,230 (three months ended March 31, 2025 – \$19,561) and used cash of \$637,727 in operating activities (three months ended March 31, 2025 – cash provided of \$198,615). At March 31, 2026, the Company had working capital of \$854,473 (December 31, 2025 – \$222,940), including cash of \$144,864 (December 31, 2025 – \$155,120). Although the Company has positive working capital, its cash on hand is limited and its existing cash resources, together with cash expected to be generated from operations, may be insufficient to fund operations and to meet its financial obligations as they fall due over the next twelve months without additional financing.

These conditions, together with the Company's recurring losses from operations and accumulated deficit of \$52,370,500 (December 31, 2025 – \$51,951,270), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations, the continued availability of financing through equity, debt, research and development grants, and the realization of its sales pipeline. The outcome of these matters cannot be predicted at this time. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the going concern assumption were not found to be appropriate for these consolidated financial statements, adjustments might be necessary to the carrying amounts of assets and liabilities reported in the consolidated statement of financial position, and such adjustments could be material.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

a. Revenue recognition

Revenue is measured based on the consideration specified in the related contract with the customer. The Company recognizes revenue when it transfers control of the product to the customer and persuasive evidence of an arrangement exists and collection is reasonably assured. Amounts invoiced but not yet earned are recorded as deferred revenue.

The Company enters into contracts with multiple performance obligations, such as the sale of solar or hybrid streetlight systems, the sale of power pack solutions for IoT devices, and the provision of ongoing energy management services. For bundled contracts with multiple performance obligations, the Company accounts for the sale of individual products or services separately if they are distinct. The total arrangement consideration is allocated to each separate performance obligation plus the Company's Target Margin other than for ongoing energy management services revenue. For performance obligations related to ongoing energy management services, revenue is recognized rateably over the contract term. Payment terms vary by contract and customer. The Company generally requires an upfront deposit before order fulfillment begins, with the remaining balance due upon shipment, delivery, or within agreed credit terms, such as net 30 days. Amounts billed or collected in advance for services are recorded as Customer deposits and recognized as revenue as the related performance obligations are satisfied.

Under Energy as a Service Contracts ("EaaS"), the Company promises to deliver a certain amount of power consistently over the term of the contract. The two components (equipment and service) are highly integrated and are therefore bundled as a single performance obligation. The revenue for EaaS is recognized rateably over the contract term and the costs associated are deferred and recognized rateably in the same manner.

In certain situations, control transfers to the customer through a bill and hold arrangement when there is substantive reason for the arrangement, the equipment is separately identified as belonging to a customer, the Company is no longer able to use the equipment or direct it to another customer, and the equipment is currently ready for physical transfer to the customer.

b. Inventory

Inventory is comprised of raw materials and finished goods. Inventory is stated at the lower of cost and net realizable value. Cost is determined using the first-in first-out method.

c. Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized on a straight-line basis over estimated useful lives: Computer and equipment – 3 years; Furniture and fixtures – 5 years; Plant and machinery – 5 years; Leasehold improvements – lease term; Right-of-use assets – shorter of useful life and lease term.

d. Business combinations

The Company applies the acquisition method in accounting for business combinations by allocating the purchase price to the fair value of the assets acquired at the acquisition date, with any difference recognized as goodwill. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred.

e. Impairment of long-lived assets

The Company assesses, at each reporting date, whether there is an indication that a long-lived asset may be impaired. The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized.

f. Leases

At inception, the Company assesses whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and a lease liability at the commencement date. The lease liability is measured at the present value of the lease payments discounted using the rate implicit in the lease or, if not readily determinable, the Company's incremental borrowing rate.

g. Income taxes

Income tax expense is comprised of current and deferred tax. The Company uses the deferred tax method of accounting for income taxes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

h. Valuation of equity units issued

When the Company issues equity units that include both common shares and share purchase warrants, the proceeds are allocated between the common shares and warrants on a relative fair value basis. The fair value of warrants is determined using the Black-Scholes valuation model.

i. Share-based compensation

The Company applies the fair value method of accounting for share-based compensation. The fair value of stock options is estimated using the Black-Scholes option pricing model. Share-based compensation cost is recognized on a straight-line basis over the expected vesting period, with the corresponding credit recorded to reserves.

j. Financial instruments

Financial assets are classified at initial recognition and subsequently measured at amortized cost, FVOCI, or FVTPL based on the Company's business model and the contractual cash flow characteristics of the assets. Financial liabilities are classified as FVTPL or measured at amortized cost using the effective interest method.

The Company applies the simplified approach to measuring expected credit losses which uses lifetime ECLs for all of its financial assets. Compound financial instruments (convertible debentures) are split into liability and equity components at initial recognition using the residual method.

k. Foreign currency translation

The functional currency of the Company is Canadian dollars. Transactions in foreign currencies are initially recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

Foreign operations whose functional currency is not the Canadian dollar are translated into Canadian dollars in accordance with IAS 21.39: assets and liabilities are translated at the closing rate at the reporting date, and income and expenses are translated at the rates at the dates of the transactions (or, where appropriate, at average rates for the period as a reasonable approximation). The resulting exchange differences are recognized in a separate reserve account within equity.

l. Intangible assets arising from development

The Company capitalizes development costs for its Smart Off-Grid Technology when the IAS 38 criteria are met. Capitalized technology development costs are generally amortized using the straight-line method over a three-year period once the technology is ready for use. Intangible assets acquired in a business combination (Intellectual property – 5 years) are recorded at cost less accumulated amortization.

m. Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to the Company's CGUs that are expected to benefit from the related business combination.

n. Government grants

Government grants are not recognized until there is reasonable assurance that they will be received and the Company will comply with any attached conditions. The Company deducts grants related to depreciable assets in calculating the carrying amount of the asset.

o. Loss per share

The Company presents basic and diluted loss per share data. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share excludes the effects of options and warrants that would be anti-dilutive. All share and per share amounts in the current and comparative periods reflect the 6:1 share consolidation effected on April 11, 2025 (Note 15).

Changes in Accounting Standards

IAS 21 Amendments – Lack of Exchangeability. Effective for annual reporting periods beginning on or after January 1, 2025. The Company assessed the impact and determined no material impact on the consolidated financial statements.

Standards not yet effective have not been early adopted by the Company, these include: IFRS 9/IFRS 7 amendments on classification and measurement (effective January 1, 2026), IFRS 18 – Presentation and Disclosure in Financial Statements (effective January 1, 2027), IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective January 1, 2027), and Annual Improvements Volume 11 (effective January 1, 2026). The Company is assessing the impacts to the consolidated financial statements.

4. Material Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results could differ from these estimates.

Judgments

(i) Going concern. The assessment of the Company's ability to continue as a going concern involves significant judgment regarding future cash flows, the availability of financing, and the outcome of ongoing financing and operational initiatives. Management has concluded that a material uncertainty exists that may cast significant doubt upon the Company's ability to continue as a going concern (refer to Note 1).

Estimates

(ii) Impairment of non-financial assets. During the three months ended March 31, 2026, the Company's internally generated Smart Off-Grid Technology comprising additions of \$279,450 was classified as not yet available for use and was tested for impairment. Management concluded that no impairment loss was required for the three months ended March 31, 2026 (year ended December 31, 2025 – impairment loss of \$587,164). See Note 10 for the recoverable amount methodology and key assumptions.

(iii) Recoverability of inventory. Inventory is carried at the lower of cost and net realizable value ("NRV"). The determination of NRV requires management to estimate the expected selling price of inventory items less the estimated costs necessary to make the sale. In assessing NRV, management considers factors including historical sales trends, current market conditions, product obsolescence, and the recoverability of slow-moving or aged inventory items.

During the three months ended March 31, 2026, management assessed inventory for obsolescence and recognized a write-down of \$nil in obsolete inventory (year ended December 31, 2025 – write-down of \$445,884). Changes in market conditions or customer demand could result in further adjustments to the carrying value of inventory in future periods.

(iv) Royalty funding liability– classified as financial liability measured at amortized cost. The fair value of the liability was estimated by discounting the expected future royalty payments using a revenue compound annual growth rate of 6% and a discount rate of 20%

5. Accounts Receivable and Other Receivables

The Company's accounts receivable and other receivables balance is comprised of the following:

	Note	March 31, 2026	December 31, 2025
Accounts receivable, net		\$ 283,745	\$ 553,296
Harmonized sales taxes and Value added tax receivable		52,337	39,235
Total		\$ 336,082	\$ 592,531

During the three months ended March 31, 2026, the Company recorded bad debt expense (recovery) of \$nil (2025 – bad debt \$nil).

6. Investment

On December 5, 2023, a loan agreement was executed to allow a customer to settle a receivable amounting to US\$394,784. The loan receivable has an interest rate of 11% per annum and matures on November 1, 2025.

During the year, the Company entered into a settlement agreement dated December 22, 2025 with Nuran Wireless Inc., under which Nuran Wireless agreed to settle approximately 75% of a USD 197,653.79 receivable owing to the Company, being USD 147,000 (the "Debt Settlement Amount"), through the issuance of units of Nuran Wireless. Each unit consists of one post-consolidation common share and one-half of one common share purchase warrant, with each whole warrant exercisable at 150% of the issue price for a period of five years from closing.

As at March 31, 2026, the carrying value of the investment amounts to \$174,823 (December 31, 2025 – 174,823).

7. Research and Development Tax Credits and Government Grants Receivable

The Company's research and development tax credits and government grants receivable balance is comprised of the following:

	Note	March 31, 2026	December 31, 2025
Scientific Research and Experimental Development (SR&ED) tax credits		\$ 506,983	\$ 306,469
NRC IRAP Green Fund receivable		500,000	500,000
Total		\$ 1,006,983	\$ 806,469

During the three months ended March 31, 2026, the Company became entitled to refundable Scientific Research and Experimental Development tax credits (federal and Ontario combined) and has recognized cumulative refundable credits of \$506,983 (December 31, 2025 – \$306,469).

During the year ended December 31, 2023, the Company received an approval for a grant from the National Research Council of Canada ("NRC IRAP Green Fund", formerly known as Sustainable Development Technology Canada ("SDTC")) amounting to \$5,000,000 (refer to Note 10). The \$500,000 receivable accrued as at March 31, 2026 in respect of work completed in the prior year was collected subsequent to the three months ended March 31, 2026.

Included in research and development expense was an offset of \$100,000 (2025 – \$847,104) in government grants and credits.

8. Inventory

	Note	March 31, 2026	December 31, 2025
Raw materials		\$ 1,261,357	\$ 1,135,154
Finished goods		914,641	1,409,818
Total		\$ 2,175,998	\$ 2,544,972

Inventory included in cost of sales amounted to \$312,047 (2025 – \$349,018).

The Company recognizes deferred costs which all relate to the Company's EaaS revenue stream. The costs will be recognized as services are being rendered. During the three months ended March 31, 2026, the Company wrote down \$nil (2025 – \$445,884) in obsolete inventory.

9. Property and Equipment

	Computer and equipment	Furniture and fixtures	Leasehold improvements	Right-of-use assets	Total
Cost					
Balance as of December 31, 2024	203,909	18,714	66,006	294,991	583,620
Additions	39,520	—	—	—	39,520
Balance as of December 31, 2025	243,429	18,714	66,006	294,991	623,140
Additions	17,935	—	—	220,817	238,752
Balance as of March 31, 2026	261,364	18,714	66,006	515,808	861,892
Accumulated Depreciation					
Balance as of December 31, 2024	182,365	10,521	56,122	229,400	478,408
Depreciation	3,145	747	1,439	65,591	70,922
Balance as of December 31, 2025	185,510	11,268	57,561	294,991	549,330
Depreciation	11,802	—	—	27,602	39,404
Balance as of March 31, 2026	197,312	11,268	57,561	322,593	588,734
Net book value as at:					
December 31, 2024	21,544	8,193	9,884	65,591	105,212
December 31, 2025	57,919	7,446	8,445	—	73,810
March 31, 2026	64,052	7,446	8,445	193,215	273,158

Lease Liability

A reconciliation of the carrying amount of the lease liability to March 31, 2026 is as follows:

Balance as of December 31, 2024	64,132
Lease payments	(37,717)
Lease interest	2,146
Adjustment – Lesmill lease termination	(28,561)
Balance as of December 31, 2025	—
Addition – Lesmill new lease agreement	202,752
Lease payments	(14,650)
Lease interest	2,146
Balance as of March 31, 2026	190,248

On January 1, 2026, the Company entered into a new lease agreement for the Lesmill Road premises previously occupied under the terminated lease. The Company will recognise a right-of-use asset and a corresponding lease liability at the lease commencement date in accordance with IFRS 16, measured at the present value of the future lease payments discounted at the Company's incremental borrowing rate.

The current portion of the lease liability as at March 31, 2026 is \$37,217 and the long-term portion is \$153,032 (December 31, 2025 – current portion \$nil, long-term portion \$nil).

The Company did not have any short-term leases or leases of low-value assets included in the consolidated statement of loss and comprehensive loss for the years ended December 31, 2025 and 2024.

10. Intangible Assets

Below is a continuity of internally generated Smart Off-Grid Technology:

Cost	
Balance as of December 31, 2024	\$ 5,826,093
Additions	1,612,726
Government Grant	(847,104)
Balance as of December 31, 2025	\$ 6,591,715
Additions	279,450
Government Grant	(100,000)
Balance as of March 31, 2026	\$ 6,771,165
Accumulated Amortization	
Balance as of December 31, 2024	\$ 5,826,093
Recognition of accumulated impairment — CBTI Canada (catch-up)	178,456
Impairment during the year	587,164
Balance as of December 31, 2025	\$ 6,591,713
Amortization	—
Impairment during the year	—
Balance as of March 31, 2026	\$ 6,591,713
Net book value as at:	
December 31, 2025	\$ —
March 31, 2026	\$ 179,452

Intangibles not yet available for use:

December 31, 2025	\$ —
March 31, 2026	\$ 179,452

Impairment

No impairment loss was recognised during the three months ended March 31, 2026 (year ended December 31, 2025 – impairment loss of \$587,164, which reduced the carrying amount of intangible assets not yet available for use to \$nil at that date). As at March 31, 2026, the carrying amount of the CGU was \$179,452, representing development costs capitalized during the period that remain not yet available for use. The Company's internally generated intangible assets relate to the development of its connected energy management products and constitute a single cash-generating unit ("CGU").

Indicators of impairment identified by management at December 31, 2025 included historical variance between forecast and actual revenue, continuing going-concern indicators (a shareholders' deficiency of approximately \$7.42 million at year-end and a market capitalization below the carrying amount of net assets), and the absence of revenue directly attributable to the in-process development projects as at the reporting date.

The recoverable amount of the CGU was determined on a value-in-use basis using a discounted cash flow model over a five-year forecast period (fiscal years 2026 through 2030) and a terminal value computed using the Gordon growth method. Key assumptions adopted by management included a post-tax discount rate of 19.81%, a terminal growth rate of 2.5%, a long-run gross margin of 40%, and an income tax rate of 26.5%. The cash flow projections used to determine the recoverable amount reflect management's best estimate of the revenue the CGU is expected to generate over the forecast period, taking into account historical performance and the going-concern indicators referred to above. On that basis, the recoverable amount of the CGU at December 31, 2025 was \$nil, and the carrying amount of the CGU was fully impaired at that date.

Management performed sensitivity analysis on the key assumptions. Holding other assumptions constant, the cash flow projections would need to support compound annual revenue growth of approximately 39% over the forecast period for the recoverable amount of the CGU to equal its carrying amount immediately prior to impairment. Reasonably possible changes in the discount rate or terminal growth rate, considered individually or in combination, would not change the conclusion that the carrying amount of the CGU exceeds its recoverable amount.

Government Grants

During the three months ended March 31, 2026, the Company offset \$100,000 (year ended December 31, 2025 – \$847,104) of government grants against the carrying amount of the intangible asset, consisting of \$nil NRC IRAP Green Fund and \$100,000 OITC. During the three months ended March 31, 2026, the Company received \$nil under the amended NRC IRAP funding agreement (year ended December 31, 2025 – \$125,000). As at March 31, 2026, the net book value of intangible assets is \$179,452 (December 31, 2025 – \$nil), following an impairment of \$nil recognised during the period (year ended December 31, 2025 – \$587,164).

11. Customer Deposits and Advanced Billing and Deferred Revenue

Customer Deposits and Advanced Billing

Customer deposits and advanced billing of \$138,803 (December 31, 2025 – \$912,937), pertain to the sale of solar or hybrid streetlight systems and power pack solutions that were paid by customers and billed by the Company in advance.

Deferred Revenue and Government Grant

Deferred revenue is comprised of ongoing energy management services paid in advance by customers and government grants received:

	Note	March 31, 2026	December 31, 2025
Deferred revenue and government grant		\$ 857,200	\$ 1,044,155
Less: Current portion		502,507	542,577
Non-current portion		\$ 354,693	\$ 501,578

The deferred revenue is amortized to the consolidated statements of loss and comprehensive loss on a straight-line basis over the life of the related contract. The deferred government grant is amortized to the consolidated statements of loss and comprehensive loss based on completion of milestones over the life of the grant.

As at March 31, 2026, expected revenue to be recognized over the term of the contracts is as follows:

2026	\$502,507
2027 and thereafter	\$354,693
Total	\$857,200

12. Short-term Loans

The Company's short-term loans balance is comprised of the following:

	Note	March 31, 2026	December 31, 2025
Revolving credit facility		\$ —	\$ —
Total		\$ —	\$ —

In 2019, the Company obtained a \$1,000,000 revolving credit facility, amended to \$750,000 starting August 31, 2022. The credit facility bore interest at a rate equivalent to the bank's prime lending rate plus 3%, was due on demand, and was secured by the assets of the Company.

During the three months ended March 31, 2025, the Company replaced the revolving credit facility and entered into a series of agreements with RE Royalties Ltd. ("RE Royalties") to take over the facility with a structured package

comprising equity, royalty payments, and a term loan. This resulted in the replacement of the Company's \$750,000 banking facility as outlined below:

- Debt-to-Equity Conversion: \$250,000 was converted into 1,388,889 post-consolidation equity units, each consisting of one common share (issued at \$0.18) and one warrant (exercise price of \$0.30), expiring in 24 months (refer to Note 15);
- Royalty Agreement: \$250,000 of the outstanding revolving credit facility, plus \$66,114 of other payables, were converted into a 15-year royalty obligation of 0.75% on consolidated gross revenues, capped at \$750,000 (refer to Note 14); and
- Secured Term Loan: \$250,000 of the outstanding revolving facility, together with an additional disbursement of \$125,000, was combined into a new \$375,000 secured term loan bearing interest at 12% annually payable quarterly, with \$100,000 maturing on the earlier of (i) receipt by the Company of the Ontario Innovation Tax Credit ("OITC") grant or (ii) August 30, 2025, and the remaining balance of \$275,000 maturing on the earlier of (i) receipt by the Company of the NRC IRAP Green Fund grant and (ii) April 30, 2026 (refer to Note 13).

As a result of the above transaction, the \$750,000 revolving credit facility was fully extinguished, resulting in the recognition of a gain on extinguishment in profit or loss. The outstanding balance as at March 31, 2026 is \$nil (December 31, 2025 – \$nil). During the three months ended March 31, 2026, the Company incurred interest expense related to the revolving credit facility of \$nil (three months ended March 31, 2025 – \$5,414) up to the date of replacement.

13. Long-term Debt

	March 31, 2026	December 31, 2025
(i) Federal Economic Development Agency of Southern Ontario non-interest-bearing loan	63,093	65,093
(ii) Business Development Bank of Canada	2,796,646	3,003,836
(iii) Federal Economic Development Agency of Southern Ontario – Jobs and Growth Fund	2,526,260	2,526,260
(iv) SOFII loan	482,429	497,473
(v) RE Royalties term loan	376,299	364,904
(vi) Convertible debentures issued in November 2021	8,053	8,053
	6,252,780	6,465,619
Less: Current portion	616,687	620,336
Non-current portion	\$ 5,636,093	\$ 5,845,283

(i) Federal Economic Development Agency of Southern Ontario non-interest-bearing loan, repayable in monthly installments beginning January 1, 2019 and maturing on December 1, 2023 was amended, as a result of the COVID-19 pandemic, on June 8, 2020 to: (i) extend the maturity date to December 1, 2024; (ii) defer monthly instalments from April 1, 2020 to September 1, 2020; (iii) reduce monthly instalments to \$2,000 from October 1, 2020 to December 31, 2020; and (iv) adjust the monthly installments to \$3,000, \$5,000, \$8,000 and \$14,000 for the years 2021 through 2024, respectively, with a final month payment of \$15,000. The face value of the loan is \$400,000. It was initially recorded on the consolidated statement of financial position at its fair market value of \$251,608 and is being accreted (through interest expense) back to its face value over the term of the loan with an effective interest rate of 9.54% per annum.

On December 20, 2024, the Company amended the terms of the loan as follows:

- Extending the maturity date from December 31, 2025 to December 31, 2027;
- Revising monthly principal installments of \$1,000 from January 01, 2025 to December 31, 2026;
- Revising monthly principal installments of \$5,000 from January 01, 2027 to November 30, 2027;
- Final payment revised to \$112,000 on March 15, 2031.

During the three months ended March 31, 2026, certain scheduled principal payments under this facility were delayed beyond their contractual due dates. The Company remained in active communication with FedDev throughout the period, and a payment accommodation was confirmed. The facility continues to be classified in accordance with its contractual maturity.

(ii) Business Development of Canada ("BDC") loan of \$3,000,000 under a total facility of \$5,000,000. The loan facility was set to mature on January 15, 2025 and consists of interest-only monthly payments through June 15, 2023, monthly principal payments of \$86,207 and interest payments from July 15, 2023 up to and including January 15, 2025 (or earlier date if the loan facility is not fully drawn) and a balloon payment at the end of the term. The loan is secured against the assets of the Company and carries an annual interest rate of BDC Capital Floating Base Rate plus 2.95%. In addition to the cash interest, a non-compounding payment in kind ("PIK") interest of up to 9.5% per annum will accrue and be payable at the end of the term. The PIK interest rate will be reduced by 0.5% (to 9.0%) when the Company reaches a trailing 12 months of EBITDA greater than \$1,000,000, and a further 0.5% (to 8.5%) when the Company reaches a trailing 12 months of EBITDA greater than \$3,000,000. On August 15, 2021, the Company drew down an additional tranche of \$1,000,000 resulting in a cumulative drawdown of \$3,000,000 as at December 31, 2023 (2022 - \$3,000,000). On April 3, 2023, the Company cancelled the unavailed portion of \$2,000,000 from the total facility of \$5,000,000, resulting in a total facility of \$3,000,000 and reduction of the balloon payment to \$1,362,067, payable on January 15, 2025.

On July 29, 2024, the Company amended the loan agreement to defer six-monthly installments amounting to \$240,000, due from July 2024 to December 2024 to the end of the loan term on July 15, 2026.

On December 03, 2024, the Company amended the terms of BDC loan as follows:

- BDC Capital to accrue principal interest and monthly fee retroactively from June 16, 2024, to April 15, 2025.
- All accrued principal and interest and monthly fees to paid on April 15, 2025.

On March 25, 2025, the Company further amended the BDC loan agreement to defer principal repayments until July 15, 2025, with structured monthly payments and a new final balloon payment due July 15, 2028.

- \$50,000 due on July 7, 2025
- \$50,000 due on September 22, 2025
- \$50,000 due on November 24, 2025
- \$75,000 due on December 29, 2025
- \$155,029.03 balance will be amortized over the remaining 37 monthly payments of the loan as a \$4,189.97 monthly fee

As the present value of the cash flows under the new debt instrument differed by more than 10% from the present value of the remaining cash flows under the terms of the original debt instrument, it was determined that the debt was substantially modified which resulted in extinguishment accounting. Upon amendment, the fair value of the liability component of \$2,518,883 was determined using a market rate of 24%. As a result of the revaluation, the Company recorded a gain on modification of debt amounting to \$632,083 for the three months ended March 31, 2025, within gain on debt modification and settlement (net) on the statement of loss and comprehensive loss. For the three months ended March 31, 2026, the Company recognized interest expense of \$568,311 (three months ended March 31, 2025 – \$156,248).

As at March 31, 2026, the Company was in arrears on scheduled principal payments under the BDC facility. The Company paid all accrued interest in full and is in active discussions with BDC regarding a restructuring of the facility. BDC has acknowledged that it has not sought any remedies under the loan agreement in respect of the arrears, and management has assessed that no event of default has been declared or is being pursued. On the basis that BDC has not exercised any acceleration or other contractual remedies, the carrying amount of \$2,796,646 continues to be presented in accordance with the loan's contractual maturity, with the current portion (\$178,409) and non-current portion (\$2,377,955) reflected in current and non-current liabilities respectively.

The BDC facility is subject to financial covenants pursuant to the amending letter dated December 3, 2024 and accepted on December 19, 2024, which require the Company, on a consolidated basis, to maintain (a) a minimum Working Capital Ratio of 1.2:1.0, and (b) a minimum Quick Ratio of 1.0:1.0. The amending letter eliminated the previously applicable Fixed Charge Coverage Ratio covenant. The Company has a 30-day cure period from the date a financial ratio is not met before BDC may take action.

As at March 31, 2026, the Company's Working Capital Ratio was 1.86:1.0 and its Quick Ratio was 1.10:1.0; accordingly, the Company was in compliance with both financial covenants under the BDC facility. The Quick Ratio

reflects the exclusion of accrued management compensation that is not payable within 60 days, consistent with the definition of "accounts payable within 60 days" set forth in the financing documents.

(iii) Federal Economic Development Agency of Southern Ontario – Jobs and Growth Fund. The face value of the loan is \$4,000,000 and was initially recorded at fair market value of \$1,415,395, being accreted back to its face value over the term of the loan with an effective interest rate of 10% per annum. On December 20, 2024, the loan was amended extending the maturity to March 15, 2035 with revised monthly principal instalments. For the three months ended March 31, 2026, the Company recognized interest expense of \$181,199 (three months ended March 31, 2025 – \$44,043).

During the three months ended March 31, 2026, certain scheduled principal payments under this facility were delayed beyond their contractual due dates. The Company remained in active communication with FedDev throughout the period, and a payment accommodation was confirmed subsequent to March 31, 2026. The facility continues to be classified in accordance with its contractual maturity

On July 26, 2024, the Company amended the terms of the loan as follows:

- Revising monthly principal installments of \$15,000 from April 15, 2025, to March 15, 2026;
- Revising monthly principal installments of \$20,000 from April 15, 2026, to March 15, 2027;
- Revising monthly principal installments of \$40,000 from April 15, 2027, to March 15, 2028;
- Revising monthly principal installments of \$60,000 from April 15, 2028, to March 15, 2029;
- Revising monthly principal installments of \$90,000 from April 15, 2029, to March 15, 2030;
- Revising monthly principal installments of \$108,000 from April 15, 2030, to February 15, 2031; and
- Final payment revised to \$112,000 on March 15, 2031.

As the present value of the cash flows under the revised debt instrument differed by less than 10% from the present value of the remaining cash flows under the terms of the original debt instrument, it was determined that the debt was not substantially modified which resulted in modification accounting. Upon amendment, the fair value of liability component of \$ 2,840,989 was determined using a market rate of 8.75%. As a result of revaluation, the Company recorded a loss on modification of debt amounting to \$74,641 for the year ended December 31, 2024, on the statement of loss and comprehensive loss.

On December 20, 2024, the Company amended the terms of the loan as follows:

- Revising monthly principal installments of \$Nil from April 15, 2025, to March 15, 2026;
- Revising monthly principal installments of \$1,000 from April 15, 2026, to December 15, 2026;
- Revising monthly principal installments of \$5,000 from January 15, 2027, to December 15, 2027;
- Revising monthly principal installments of \$15,000 from January 15, 2028, to December 15, 2028;
- Revising monthly principal installments of \$30,000 from January 15, 2029, to December 15, 2029;
- Revising monthly principal installments of \$40,000 from January 15, 2030, to December 15, 2030;
- Revising monthly principal installments of \$50,000 from January 15, 2031, to December 15, 2032;
- Revising monthly principal installments of \$60,000 from January 15, 2033, to June 15, 2034;
- Revising monthly principal installments of \$70,000 from July 15, 2034, to February 15, 2035;
- Final payment revised to \$71,000 on March 15, 2035.

(iv) Southern Ontario Fund for Investment in Innovation ("SOFII"). The Company received a loan of \$500,000 from SOFII. On December 19, 2024, the terms of the loan were amended with interest at 12%, calculated and payable monthly beginning from January 1, 2025, with blended monthly instalments of \$9,650.67 from January 1, 2026 until November 30, 2031 and a final payment of \$9,346.43 on December 31, 2031. For the three months ended March 31, 2026, the Company recognized interest expense of \$88,883 (three months ended March 31, 2025 – \$16,200).

During the three months ended March 31, 2026, certain scheduled principal payments under the SOFII facility were delayed beyond their contractual due dates. The Company remained in active communication with SOFII throughout the period, and a payment accommodation was confirmed subsequent to March 31, 2026. The facility continues to be classified in accordance with its contractual maturity.

(v) RE Royalties term loan. During the three months ended March 31, 2025, as part of the replacement of the revolving credit facility (refer to Note 12), the Company and RE Royalties Ltd. entered into a secured term loan

agreement for \$375,000, consisting of \$250,000 carried forward from the outstanding revolving credit facility and a new cash advance of \$125,000. The secured term loan bears interest at 12% per annum, payable quarterly. Of the total principal, \$100,000 matures on the earlier of (i) receipt by the Company of the Ontario Innovation Tax Credit (“OITC”) grant or (ii) August 30, 2025, and the remaining \$275,000 matures on the earlier of (i) receipt by the Company of the NRC IRAP Green Fund grant and (ii) April 30, 2026. As at March 31, 2026, the outstanding balance is \$375,000 (December 31, 2025 – \$nil). For the three months ended March 31, 2026, the Company recognized interest expense of \$38,835 in respect of the term loan, classified within interest and accretion on long-term debt on the consolidated statement of loss and comprehensive loss; an additional \$38,407 of charges related to the associated royalty obligation is presented within interest on royalty funding (refer to Note 14) (three months ended March 31, 2025 – \$nil).

As at March 31, 2026, the \$100,000 OITC-linked tranche of the RE Royalties term loan was past due (having matured on August 30, 2025). The \$275,000 tranche was not past due at March 31, 2026; under its contractual terms, it matures on the earlier of receipt by the Company of the NRC IRAP Green Fund grant and April 30, 2026. Subsequent to March 31, 2026, the Company paid the \$100,000 OITC-linked tranche in full and is in discussions with RE Royalties regarding repayment of the remaining \$275,000 tranche on an agreed schedule.

The future principal and interest payments required under the terms of the Company’s long-term debt agreements are as follows:

2026	1,145,980
2027	955,242
2028	2,143,381
2029 and thereafter	4,109,689
Total	8,354,292

14. Royalty Funding Liability

On November 12, 2013, the Company entered into a sales agreement under which Flow Capital Corp., formerly known as Grenville Strategic Royalty Corp. (“Flow Capital”, formerly “Grenville”), advanced the Company \$375,000 in exchange for a royalty of 1.125% of the Company’s revenues (the “Grenville Royalty”). On December 18, 2024, the Company and Flow Capital entered into an amending agreement which (i) reduced the royalty rate from 1.125% to 0.5625% of the Company’s revenues, (ii) capped cumulative royalty payments under the sales agreement at \$375,000 inclusive of all amounts previously paid since inception, after which the royalty obligation will cease, and (iii) eliminated the Final Repurchase Right in exchange for a separate shares-for-debt settlement, which was completed on the same date through the issuance of 29,166,667 common shares (pre-consolidation) at a deemed price of \$0.03 per share and 29,166,667 warrants at an exercise price of \$0.05. As at March 31, 2026, cumulative royalty payments to Flow Capital since inception of the sales agreement totalled \$339,255, leaving a remaining capped exposure of \$35,745. Future royalty amounts are contingent on the Company’s revenues and are recognized as they become payable; only amounts payable at the reporting date are recorded, and are presented within accounts payable and accrued liabilities as a royalty payable.

On March 31, 2025, the Company entered into a royalty agreement with RE Royalties Ltd. (“RE Royalties”), pursuant to which RE Royalties acquired \$250,000 of the outstanding revolving credit facility, plus \$66,114 of other payables from the Company’s banking institution, and converted the cumulative advance of \$316,114 in exchange for a royalty on the Company’s gross revenues. Under the agreement (refer to Note 12), the Company will pay a 0.75% royalty on its consolidated gross revenues on a quarterly basis, commencing from the second quarter of 2025.

The royalty will be paid for a fixed term of 15 years, unless terminated earlier upon reaching a maximum cumulative royalty cap of \$750,000, at which point the obligation will cease. Payments are made each quarter-end, with interest accruing at 18% annually (compounded monthly) on overdue amounts.

The Company assessed this arrangement under the applicable accounting guidance and concluded that it represents a financial liability. Although the initial advance was paid to a lender on the Company’s behalf, the structure and obligations are consistent with a financing arrangement, resulting in a financial liability measured at amortized cost using the effective interest method.

On initial recognition, the royalty obligation was measured at its fair value of \$153,421. The fair value was estimated by discounting the expected future royalty payments, using a revenue compound annual growth rate of 6% and a

discount rate of 20%. The difference between the \$316,114 of debt settled and the fair value of the obligation, together with a related fair value adjustment to the term loan from RE Royalties (Note 13), resulted in a gain on settlement of debt of \$172,789, which has been recognized in the consolidated statements of loss and comprehensive loss within "Gain on debt modification and settlement (net)".

A continuity of the royalty funding obligation is as follows:

Balance as of December 31, 2024	—
Addition – RE Royalties obligation (March 31, 2025)	153,421
Accretion (effective interest method)	22,376
Royalty payments made	(22,376)
Balance as of December 31, 2025	153,421
Accretion (effective interest method)	22,376
Royalty payments made	(14,705)
Balance as of March 31, 2025	161,092

As at March 31, 2026, the Company has not made any partial or full repurchase elections under the new royalty agreement.

15. Share Capital

Authorized

Unlimited number of common shares without nominal or par value.

On January 30, 2026, the Company closed the final tranche of its previously announced non-brokered private placement (the "Offering"), issuing an additional 11,494,000 units at \$0.05 per unit for gross proceeds of \$574,700. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable for one common share at \$0.06 per share for a period of 36 months from the date of issuance. In connection with the final tranche, the Company paid cash finder's fees of \$14,210 and issued 284,200 finder's warrants, each exercisable for one common share at \$0.06 per share for 36 months. Together with the 10,440,000 units previously issued during November and December 2025 (refer to Note 16), the aggregate Offering comprised 21,934,000 units for aggregate gross proceeds of \$1,096,700, with aggregate cash finder's fees of \$36,540 and 730,800 finder's warrants.

Transactions during the year ended December 31, 2025

Share consolidation

Effective April 11, 2025 (the "Effective Date"), the number of outstanding common shares was reduced from 463,278,450 to 77,213,075 on the basis of one (1) post-consolidation common share for every six (6) pre-consolidation common shares. No fractional common shares were issued in connection with the consolidation. Additionally, the exercise or conversion price and the number of common shares issuable under any of the Company's outstanding convertible securities were proportionately adjusted as a result of the consolidation. All share and per-share amounts in the current and comparative periods have been retroactively adjusted to reflect the share consolidation, except where otherwise noted in these financial statements.

(i) On March 31, 2025, in connection with the replacement of the revolving credit facility (refer to Note 12), the Company entered into a debt-to-equity conversion with RE Royalties Ltd., whereby \$250,000 of the outstanding revolving credit facility was converted into 1,388,889 post-consolidation equity units. Each unit is comprised of one common share (issued at \$0.18 per share) and one share purchase warrant (exercisable at \$0.30 per share, expiring 24 months from issuance). The common shares and share purchase warrants were valued at \$125,000 and \$74,317 respectively, using the relative fair value method. The stand-alone value of the warrants was determined using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 years, risk-free rate of 2.58%, dividend yield of 0%, and volatility of 164.21%.

In connection with the above issuance, the Company incurred share issuance costs of \$83,093, allocated between shares (\$52,172) and warrants (\$30,921).

(ii) During November and December 2025, the Company completed a private placement through the issuance of 10,440,000 post-consolidation units at \$0.05 per unit for gross proceeds of \$522,000 (comprising \$418,500 cash and \$103,500 settlement of salary obligations). Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at \$0.06 per share for a period of 36 months. The common shares and share purchase warrants were valued at \$330,023 (\$226,523 – Private placement and \$103,500 settlement of salary obligation, respectively) and \$279,692 (\$191,977 private placement and \$87,715 settlement of salary obligation, respectively) respectively, using the relative fair value method. The fair value of each warrant was determined using the Black-Scholes valuation model with the following assumptions: expected life of 3.0 years, risk-free rate of 2.25%, dividend yield of 0%, volatility of 184.98%, stock price of \$0.07 and exercise price of \$0.06.

In connection with the Q4 2025 private placement, the Company incurred share issuance costs of \$25,614 allocated between shares (\$13,864) and warrants (\$11,750), and issued 446,600 broker warrants with an aggregate fair value of \$28,212. Each broker warrant is exercisable for one common share at \$0.06 per share until expiry.

(iii) During the year ended December 31, 2025, three tranches of share purchase warrants expired unexercised. The aggregate fair value of these warrants was \$828,020.

(iv) During the year ended December 31, 2025, stock options with an aggregate fair value of \$188,347 expired unexercised.

Treasury Shares

As at March 31, 2026, the Company holds 38,986 post-consolidation treasury shares (December 31, 2025 – 38,986).

16. Reserves

a. Options

Under the Company's stock option plan, the Company may, at its discretion, grant stock options to its directors, officers, and employees. Unless specified within the option agreement, all stock options vest equally over 4 years. All stock options have a maximum term of 7 years from the date of the grant.

All share and exercise price amounts presented below have been retroactively adjusted to reflect the 6:1 share consolidation effected on April 11, 2025 (Note 15).

Below is a continuity of stock options outstanding:

	Number of Options	Weighted Average Exercise Price
Stock options outstanding – December 31, 2024	1,375,784	\$0.2255
Stock options issued	4,265,952	\$0.08
Stock options forfeited	(327,422)	\$(0.0129)
Stock options outstanding – December 31, 2025	5,314,314	\$0.2255
Stock options issued	-	-
Stock options forfeited	-	-
Stock options outstanding – March 31, 2026	5,314,314	\$0.2255

Options outstanding and exercisable at March 31, 2026 were comprised of the following:

Exercise price	Expiry date	Remaining contractual life (years)	Number of options outstanding	Number of options exercisable
\$0.08	Nov 24, 2032	6.25	4,213,174	351,098
\$0.24	Jun 26, 2028	2.49	150,000	150,000
\$0.36	Mar 16, 2028	2.17	221,084	221,084
\$0.39	Feb 14, 2029	2.75	320,000	320,000

\$0.48	Dec 16, 2027	1.83	219,670	186,337
\$1.68	Nov 02, 2026	0.63	1,750	1,642
\$1.85	Jun 23, 2026	0.08	19,503	2,195
\$2.04	Sep 14, 2026	0.42	36,345	36,344
\$3.03	Oct 04, 2027	1.58	132,789	158,609
Total			5,314,314	1,628,209

b. Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2025 to March 31, 2026 (presented on a post-consolidation basis):

	Number of Warrants	Weighted Average Exercise Price
Share purchase warrants – December 31, 2024	61,560,781	\$0.37
Granted – RE Royalties (March 31, 2025)	1,388,889	\$0.30
Granted – Q4 2025 private placement (including broker warrants)	10,886,600	\$0.06
Expired	(1,613,716)	\$(1.32)
Share purchase warrants – December 31, 2025	72,222,554	\$0.30
Granted	11,594,400	\$0.06
Expired	-	-
Share purchase warrants – March 31, 2026	83,816,554	\$0.27

The fair value of warrants granted during the year ended March 31, 2026 was determined using the Black-Scholes valuation model with the following assumptions: expected life of 2.0 to 3.0 years, risk-free rate of 2.25% to 2.58%, dividend yield of 0%, and volatility of 164.21% to 184.98%.

Share purchase warrants outstanding and exercisable at March 31, 2026 were comprised of the following:

Exercise price	Expiry date	Remaining contractual life (years)	Number of warrants outstanding	Number of warrants exercisable
\$0.30	Dec 31, 2026	0.75	53,587,118	53,587,118
\$0.60	Feb 21, 2027	0.89	50,000	50,000
\$0.72	Dec 21, 2027	1.72	3,087,516	3,087,516
\$0.72	Jan 24, 2028	1.81	3,105,761	3,105,761
\$0.42	Jan 24, 2028	1.81	56,670	56,670
\$0.36	May 31, 2028	2.16	60,000	60,000
\$0.30	June 30, 2027	1.24	1,388,889	1,388,889
\$0.06	Nov 29, 2028	2.66	10,886,600	10,886,600
\$0.06	Jan 31, 2029	2.84	11,594,400	11,594,400
Total			83,816,554	83,816,554

c. Restricted Share Units (“RSUs”)

Under the Company’s equity incentive compensation plan, the Company may, at its discretion, grant RSUs to its directors, officers, and employees, that give rights to receive shares or cash or a combination thereof upon settlement. Each RSU is subject to a Period of Restriction, during which time the RSU is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined.

The fair value of all RSUs granted was based on the share price at the date of grant. As of March 31, 2026, there were 783,396 (December 31, 2025 – 783,396) RSUs outstanding, with an aggregate grant-date fair value of \$62,672. The RSUs were granted on July 1, 2025 under the Q3 2025 long-term incentive plan and vest on June

30, 2026. For the three months ended March 31, 2026, the Company recognized \$15,495 (three months ended March 31, 2025 – \$nil) of share-based compensation expense in relation to the RSUs.

17. Related Party Transactions

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management personnel are defined as the executive officers of the Company and certain other key employees, including the Chief Executive Officer, Chief Power Officer, Chief Technology Officer, Chief Financial Officer, SVP Sales and SVP Operations.

Remuneration to key management was as follows:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Salaries and benefits - cash	\$ 77,582	\$ 117,318
Salaries and benefits - accrual	125,031	-
Share-based compensation	38,226	455
Total	\$ 240,839	\$ 117,773

Of the total key management remuneration of \$240,839 for the three months ended March 31, 2026, \$77,582 was paid in cash, and \$125,031 was accrued and unpaid as at March 31, 2026 and the balance was vesting of options and RSUs of \$38,226.

As of March 31, 2026, amounts owing to key management in connection with reimbursement of business expenses and deferred salaries was \$485,643 (December 31, 2025 – \$10,005) with \$125,031 included in Accounts payable and accrued liabilities, and \$360,612 is included within due to related parties – long term on the consolidated statement of financial position.

The remuneration related to share-based compensation in the table above represents the fair value of the stock options and RSUs issued and vested to key management during each period.

There were no bonuses given to management in 2025 or 2026.

As of March 31, 2026, amount due to related parties - non current amounted to \$1,658,203 (December 31, 2025 – \$1,122,591).

The shareholders and key management have confirmed in writing not to demand repayment within the next 12 months and accordingly these advances have been classified as long-term liabilities. The advances are non-interest bearing, unsecured and have no fixed repayment terms. The Company has measured the advances at the contractual amount on the basis that the carrying amount approximates fair value, having regard to the related-party nature of the advances and the absence of a contractual maturity.

18. Loss Per Share

The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but that were not included in the computation of diluted net loss per share because to do so would have reduced the loss per share (anti-dilutive) for the periods presented are as follows (pre-consolidation basis):

	March 31, 2026	December 31, 2025
Options	5,314,314	5,314,314
Warrants	83,816,554	72,222,554
RSUs	783,396	783,396
Total	89,914,264	78,320,264

Expenses related to the warrants and RSUs are included in share-based compensation in the consolidated statements of loss and comprehensive loss or as an adjustment to share capital if the costs relate to the issuance of shares and are based on the same assumptions as disclosed in Note 16.

19. Capital Risk Management

Capital is comprised of the components of the Company's shareholders' equity (deficiency). At March 31, 2026, the Company's shareholders' deficiency was \$6,779,501 (December 31, 2025 – \$7,423,151) and the Company's debt was \$7,550,371 (December 31, 2025 – \$7,598,848).

The Company's objective is to maintain a capital structure that supports its long-term growth strategy, maintains creditor and customer confidence, and maximizes shareholder value. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. No changes were made in the objectives, policies, or processes of capital management during the three months ended March 31, 2026.

The Company is dependent on cash flows generated from its operations, government grants and from external financing to fund its activities. The Company will spend its existing working capital and raise additional amounts as needed. The Company is subject to capital restrictions under certain of its loan agreements (refer to Note 13) and there have been no changes to the Company's approach to capital management for the periods presented.

Under the BDC loan agreement (Note 13), the Company is required to maintain certain financial covenants, including a Quick Ratio of at least 1.00:1.00 and a Working Capital Ratio of at least 1.20:1.00. Management monitors compliance with these covenants on an ongoing basis. As at March 31, 2026, the Company was in compliance with these covenants (December 31, 2025 – in compliance).

20. Financial Instruments

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

As at March 31, 2026, the Company's financial instruments consist of cash, accounts receivable and other receivables, an investment in equity units, accounts payable and accrued liabilities, amounts due to related parties, debt, and royalty funding. The fair values of cash, accounts receivable and other receivables, accounts payable and accrued liabilities, amounts due to related parties, debt, and royalty funding approximate their carrying values due to their nature. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no significant transfers between levels during the period.

In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and other price risks such as equity price. The Company's exposure to other price risk is low.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's long-term debt is subject to fixed and floating interest rates and the risk of fluctuating future cash flows resulting from changes in market interest rates is not expected to be significant.

(iii) Foreign currency risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. A significant portion of the Company's revenues are denominated in United States dollars ("USD"), Swedish Krona ("SEK"), Kenyan Shillings ("KES") and, beginning in 2025, Nigerian Naira ("NGN"), along with a portion of its purchases. To the extent possible, the Company uses cash received from sales to finance its purchases in the respective currency to limit its exposure to foreign currency risk.

The Company has the following balances denominated in USD (amounts in the table below are post-translation to Canadian dollars):

	March 31, 2026	December 31, 2025
Accounts receivable and other receivables	5,012	1,112
Accounts receivable and other receivables	79,156	464,436
Accounts payable and accrued liabilities	553,035	514,199

A change in foreign currency exchange rates by 10% would change the foreign exchange gain or loss on the Company's net USD monetary assets by approximately \$46,867 as at March 31, 2026 (December 31, 2025 – \$4,865).

The Company has the following balances denominated in SEK (amounts in the table below are post-translation to Canadian dollars):

	March 31, 2026	December 31, 2025
Cash	28,888	5,035
Accounts payable and accrued liabilities	346,384	560,109

A change in foreign currency exchange rates by 10% would change the foreign exchange gain or loss on the Company's net SEK monetary liabilities by approximately \$31,749 as at March 31, 2026 (December 31, 2025 – \$55,507).

(iv) Concentration of credit risk and economic dependence

The Company is exposed to credit risk with respect to the collectability of its customer accounts receivable. Credit risk is concentrated as three customers represented 85% at March 31, 2026 (December 31, 2025 – three customers represented 89%) of the Company's accounts receivable balance. The Company performs credit assessments of potential customers and ensures its accounts receivable where appropriate. Regular credit assessments are performed of customers' accounts receivable balances and allowances for potentially uncollectible accounts receivable are provided where appropriate.

The following table provides information about the exposure to credit risk for accounts receivable as at March 31, 2026:

	March 31, 2026	December 31, 2025
Current (not past due)	14,308	375,422
0 – 30 days past due	245,709	17,441
31 – 60 days past due	661	9,575
61 – 90 days past due	114,986	5,268
Over 90 days past due	68,185	56,729
Total	\$ 443,849	\$ 464,435

The Company is also exposed to economic dependence risk with respect to its sources of revenue. For the three months ended March 31, 2026, a limited number of customers represented 67% (year ended December 31, 2025 – a limited number of customers represented 64%) of its total revenue.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk resulting from its accounts payable and accrued liabilities, long-term debt, and royalty funding by ensuring sufficient cash is on hand from cash flows from operations and financing from investors. As of March 31, 2026, the Company had working capital of \$854,473, with current assets of \$4,158,251 exceeding current liabilities of \$3,303,778 (December 31, 2025 – working capital surplus of \$222,940).

Contractual maturities of the Company's long-term debt are outlined in Note 13. Other financial liabilities, including accounts payable and accrued liabilities, have maturities within 12 months of the Company's period end.

The Company has been approved for a government grant of \$5,000,000 from the National Research Council of Canada ("NRC IRAP Green Fund", formerly known as Sustainable Development Technology Canada ("SDTC")). During the three months ended March 31, 2026, the Company received further milestone payments. The Company signed a 7-year loan of \$500,000 with interest payable at 12% annually with Southern Ontario Fund for Investment in Innovation ("SOFII") disbursed on August 6, 2024, and subsequently amended in December 2024 (Note 13).

21. Commitments

The Company has committed to pay RE Royalties Ltd. a royalty equal to 0.75% of consolidated gross revenues for a period of 15 years from March 31, 2025, capped at CAD \$750,000 cumulative total, as described in Note 14.

The Company has no other material commitments outside the ordinary course of business as at March 31, 2026.

On December 18, 2024, the Company and Flow Capital Corp. (formerly Grenville) entered into an amending agreement under which the royalty rate was reduced from 1.125% to 0.5625% of the Company's revenues and cumulative royalty payments were capped at \$375,000 inclusive of amounts paid since inception of the original sales agreement. The Final Repurchase Right was eliminated through a concurrent shares-for-debt settlement (refer to Note 14). As at March 31, 2026, cumulative royalty payments to Flow Capital totalled \$339,255, leaving a remaining capped exposure of \$35,745. Future royalty amounts are contingent on the Company's revenues and are recognized as they become payable.

22. Segment Information

The Company has one reportable segment. This single reportable operating segment derives its revenues from the sale of off-grid solar power solutions and related services.

The Company operates in three principal geographical areas: Canada, the United States of America ("USA") and the Middle East and Africa ("MEA").

The Company's revenue from external customers by location of operations is detailed below:

	Note	Three-Months ended March 31, 2026	Three-Months ended March 31, 2025
Canada	\$	525,096	\$ 274,385
USA		155,517	254,536
MEA		99,812	326,535
Other		226,229	195,805
Total	\$	1,006,654	\$ 1,051,261

23. Government Grants

The Government of Canada provides interest-free financing to companies through the Federal Economic Development Agency for Southern Ontario ("FedDev") and its Jobs and Growth Fund. During the three months ended March 31, 2026, the Company recognized \$nil (year ended December 31, 2025 – \$291,857) as government grants, being the difference between the fair value of the loan liability and cash received from FedDev (refer to Note 13).

During the three months ended March 31, 2026, the Company received \$75,000 from CanExport for marketing and other sales expenses. Under the amended NRC IRAP funding agreement the Company received \$nil (year ended December 31, 2025 – \$125,000), and continued to work on milestones under the \$5,000,000 NRC IRAP Green Fund grant approved in 2022 (refer to Notes 7 and 10).