Clear Blue Technologies International Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2026 and 2025

(Expressed in Canadian dollars)

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 June 30, 2026 and December 31, 2025

(Expressed in Canadian dollars)

	Note	June 30, 2026	December 31, 2025
Assets			
Current assets			
Cash		$ 188,749	$ 155,120
Accounts receivable and other receivables	5	839,628	592,531
Research and development tax credits and other receivables	7	612,272	806,469
Inventory	8	1,909,545	2,544,972
Prepaid expenses and deposits		159,150	147,826
Current portion of deferred costs	8	106,043	135,633
Investment	6	622,933	174,823
Total current assets		**4,438,320**	**4,557,374**
Non-current assets			
Long-term accounts receivable and other receivables	5	38,125	36,649
Deferred costs	8	84,947	115,654
Property and equipment	9	240,601	73,810
Intangible assets	10	407,695	—
Total assets		**$ 5,209,688**	**$ 4,783,487**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	17	1,504,339	1,814,196
Customer deposits and advanced billing	11	463,331	912,937
Current portion of deferred revenue	11	491,116	542,577
Current portion of lease liability	9	110,272	—
Current portion of long-term debt	13	464,034	620,336
Due to related parties – current	17	1,106	10,638
Total current liabilities		**3,034,198**	**3,900,684**
Non-current liabilities			
Deferred revenue	11	374,069	501,578
Lease liability	9	59,394	—
Royalty funding	14	168,763	153,421
Long-term debt	13	6,104,837	5,845,283
Forward delivery obligations		249,331	249,331
Due to related parties – non-current	17	1,489,096	1,122,591
Deferred compensation payable to related parties	17	680,998	433,750
Total liabilities		**12,160,686**	**12,206,638**
Shareholders' Deficiency			
Share capital	15	32,128,378	31,672,212
Reserves	16	13,244,920	12,855,907
Accumulated deficit		(52,324,296)	(51,951,270)
Total shareholders' deficiency		**(6,950,998)**	**(7,423,151)**
Total liabilities and shareholders' deficiency		**$ 5,209,688**	**$ 4,783,487**

Nature of operations and going concern (Note 2) Commitments (Note 21) Subsequent events (Note 24)

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

“Miriam Tuerk”	“Greg Ross”
Chief Executive Officer and Director	Director

CLEARBLUE
TECHNOLOGIES

Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2026 and 2025

(Expressed in Canadian dollars)

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Revenue	22	$ 1,000,477	$ 1,133,996	$ 2,007,131	$ 2,185,257
Cost of sales	8	474,172	640,172	958,865	1,139,832
Gross profit		**526,305**	**493,824**	**1,048,266**	**1,045,425**
Operating expenses					
Salaries, wages and benefits	17	457,925	397,657	772,772	754,572
Research and development	7	36,425	51,151	36,425	84,817
General and administrative		174,952	249,230	408,185	536,820
Share-based compensation	16,17	45,157	2,972	90,314	5,944
Travel		6,281	13,061	13,431	45,414
Business development and marketing		18,191	83,831	27,027	193,587
Rent		29,970	28,143	59,273	67,032
Professional fees		101,910	144,842	163,180	206,639
Depreciation of property and equipment	9	22,824	24,439	62,228	52,982
Total operating expenses		**893,635**	**995,326**	**1,632,835**	**1,947,807**
Loss before other (expenses) income		**(367,330)**	**(501,502)**	**(584,569)**	**(902,382)**
Interest income, net	6	—	—	1,843	—
Interest on short-term loans and other charges	12	(9,666)	(5,281)	(26,280)	(19,445)
Interest on lease liability	9	(9,986)	(695)	(9,986)	(2,068)
Interest and accretion on long-term debt	13	(310,812)	(236,409)	(460,243)	(454,540)
Interest on royalty funding	14	(16,637)	—	(35,703)	—
Foreign exchange gain (loss)		250,561	248,114	156,838	231,018
Other income		383	543	383	543
Change in fair value of investments	6	486,861	—	486,861	—
Gain on debt modification and settlement (net)	13	—	129,893	—	761,976
Government grant	23	—	—	75,000	—
Net income (loss) and comprehensive income (loss)		**$ 23,374**	**$ (365,337)**	**$ (395,856)**	**$ (384,898)**
Income (loss) per share – basic and diluted (Note 18)		0.0002	(0.0047)	(0.0040)	(0.0049)
Weighted average number of shares outstanding – basic and diluted		100,635,919	77,800,682	99,767,974	77,800,682

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 six months ended June 30, 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
Prior-period adjustment – long-term debt fair value (Notes 13, 15)	—	(285,881)	—	—	(285,881)
Share issuance costs – cash commissions	—	(34,112)	—	—	(34,112)
Warrants issued – private placement	—	—	275,672	—	275,672
Share-based compensation – stock options	—	—	59,323	—	59,323
Share-based compensation – RSUs	—	—	30,991	—	30,991
Foreign currency translation differences	—	(4)	23,027	22,830	45,853
Net loss and comprehensive loss	—	—	—	(395,856)	(395,856)
Balance at June 30, 2026	**100,635,919**	**32,128,378**	**13,244,920**	**(52,324,296)**	**(6,950,998)**
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
Warrants issued for settlement of debt	—	—	74,317	—	74,317
Share-based compensation – stock options	—	—	5,944	—	5,944
Net loss and comprehensive loss	—	—	—	(384,898)	(384,898)
Balance at June 30, 2025	**78,601,919**	**31,371,323**	**12,415,090**	**(48,449,846)**	**(4,663,433)**

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 six months ended June 30, 2026 and 2025

(Expressed in Canadian dollars)

	Six months ended June 30, 2026	Six months ended June 30, 2025
Operating activities		
Net loss for the period	$ (395,856)	$ (384,898)
Depreciation of property and equipment	62,228	52,982
Share-based compensation	90,314	5,944
Foreign exchange loss (gain)	(156,838)	(231,018)
Change in fair value of investments	(486,861)	—
Gain on disposal of investments	(40,057)	—
Gain on debt modification and settlement (net)	—	(632,083)
Interest income	(1,843)	—
Interest on short-term loans and other charges	26,280	19,445
Interest on lease liability	9,986	2,068
Interest and accretion on long-term debt	460,243	454,540
Interest on royalty funding	35,703	—
Other income	—	(543)
	(396,701)	**(713,563)**
Changes in non-cash working capital:		
Accounts receivable and other receivables	(532,159)	203,352
Research and development tax credits receivable	(305,803)	(32,358)
Inventory	635,427	319,180
Prepaid expenses and deposits	(11,324)	(217)
Accounts payable and accrued liabilities	306,300	(799,779)
Customer deposits and advanced billing	(449,606)	186,747
Due to related parties	50,916	—
Deferred cost	60,297	(59,394)
Deferred revenue	(178,970)	117,311
	(821,623)	**(778,721)**
Interest paid	(210,111)	(88,705)
Cash used in operating activities	**(1,031,734)**	**(867,426)**
Financing activities		
Proceeds from private placement	776,163	—
Share issuance costs	(34,112)	—
Advances from shareholders and other long-term advances, net	356,973	463,624
Repayment of long-term loans	(178,002)	(1,000)
Repayment of lease liability	(33,086)	(56,575)
Cash provided by financing activities	**887,936**	**406,049**
Investing activities		
Additions to intangible assets	(407,693)	(674,991)
Additions to property and equipment	(26,267)	(128)
Proceeds from disposal of assets	—	875
Proceeds from NRC IRAP Green Fund (SDTC) grant	500,000	1,322,539
Proceeds from disposal of investments	78,807	—
Receipt of other receivable	9,554	—
Cash provided by investing activities	**154,401**	**648,295**
Effects of foreign currency translation	23,026	—
Net increase (decrease) in cash during the period	**33,629**	**186,918**
Cash, beginning of the period	155,120	339,905
Cash, end of the period	**$ 188,749**	**$ 526,823**

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

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 on August 26, 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 six months ended June 30, 2026, the Company incurred a net loss in the amount of $395,856 (six months ended June 30, 2025 – $384,898) and used cash of $1,031,734 in operating activities (six months ended June 30, 2025 – cash used of $867,426). At June 30, 2026, the Company had working capital of $1,404,122 (December 31, 2025 – $656,690), including cash of $188,749 (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 $52,324,296 (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 condensed interim 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 condensed interim consolidated financial statements, adjustments might be necessary to the carrying amounts of assets and liabilities reported in the condensed interim consolidated statement of financial position, and such adjustments could be material.

3. Material Accounting Policies

The accounting policies applied in these condensed interim consolidated financial statements are consistent in all material respects with those applied in the Company's audited consolidated financial statements for the year ended December 31, 2025 and in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2026, covering, among other matters: revenue recognition (including Energy-as-a-Service and bill-and-hold arrangements), inventory, property and equipment, leases, intangible assets arising from development, impairment of long-lived assets, government grants, financial instruments, share-based compensation, foreign currency translation, income taxes, and loss per share.

Changes in Accounting Standards

Effective January 1, 2026, the Company adopted the amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures relating to the classification and measurement of financial instruments, and the IFRS Accounting Standards Annual Improvements – Volume 11. The adoption of these amendments did not have a material impact on the condensed interim consolidated financial statements.

Standards issued but not yet effective and not early adopted by the Company include: IFRS 18 – Presentation and Disclosure in Financial Statements (effective January 1, 2027) and IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective January 1, 2027). The Company is assessing the impacts to the consolidated financial statements.

4. Material Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim 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 2).

Estimates

(ii) Impairment of non-financial assets. During the six months ended June 30, 2026, the Company's internally generated Smart Off-Grid Technology with a carrying amount of $407,695 was classified as not yet available for use and was tested for impairment. Management concluded that no impairment loss was required for the six months ended June 30, 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. During the six months ended June 30, 2026, management assessed inventory for obsolescence and recognized a write-down of $nil (year ended December 31, 2025 – write-down of $445,884).

(iv) Royalty funding liability – classified as a 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:

	June 30, 2026	December 31, 2025
Accounts receivable, net	$ 754,994	$ 553,296
Harmonized sales taxes and value added tax receivable	84,634	39,235
Total	**$ 839,628**	**$ 592,531**

Long-term accounts receivable and other receivables of $38,125 (December 31, 2025 – $36,649) represent the long-term portion of the loan receivable from the Investee (Note 6).

During the three and six months ended June 30, 2026, the Company recorded bad debt expense (recovery) of $nil (2025 – $nil).

6. Investment

During the year ended December 31, 2025, the Company entered into a settlement agreement dated December 22, 2025 with a publicly traded company (the "Investee"), under which the Investee agreed to settle approximately 75% of a USD 197,653.79 receivable owing to the Company, being USD 147,000, through the issuance of units of the Investee. Each unit consisted of one post-consolidation common share and one-half of one common share purchase warrant. The Company received 69,929 common shares and 34,964 share purchase warrants, each whole warrant exercisable at $4.335 per share until December 22, 2030. The investment is classified as a financial asset measured at fair value through profit or loss ("FVTPL").

During the three months ended June 30, 2026, the Company disposed of 15,500 Investee common shares for net proceeds of $78,807 and recognized a realized gain on disposal of $40,057 (carrying value released – $38,750), presented within general and administrative expenses. The remaining 54,429 common shares were remeasured to the June 30, 2026 quoted price of $7.90 per share, and the 34,964 share purchase warrants, previously carried at $nil, were recognized at fair value using the Black-Scholes option pricing model. The resulting fair value gains of $293,917 on the common shares and $192,944 on the warrants, totalling $486,861 (three and six months ended June 30, 2025 – $nil), are presented as change in fair value of investments in the condensed interim consolidated statements of loss and comprehensive loss.

The fair value of the warrants was determined using the following assumptions: share price $7.90, exercise price $4.335, remaining life 4.48 years, expected volatility 70%, risk-free rate 3.0%, and dividend yield nil. The volatility and risk-free rate assumptions are provisional pending completion of management's supporting analysis; the June 30, 2026 quoted price is per management and is to be supported by an independent price source.

As at June 30, 2026, the carrying value of the investment amounts to $622,933 (December 31, 2025 – $174,823), comprising common shares of $429,989 (a Level 1 fair value measurement) and share purchase warrants of $192,944 (a Level 3 fair value measurement – refer to Note 20). The remaining loan receivable from the Investee of $56,606, of which $38,125 relates to the long-term portion, is presented within accounts receivable and other receivables (Note 5).

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:

	June 30, 2026	December 31, 2025
Scientific Research and Experimental Development (SR&ED) tax credits – federal and Ontario	612,272	306,469
NRC IRAP Green Fund receivable	—	500,000
Total	**$ 612,272**	**$ 806,469**

The SR&ED balance at June 30, 2026 comprises refundable federal SR&ED tax credits of $230,047 and Ontario Innovation Tax Credits of $382,225.

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 outstanding as at December 31, 2025 in respect of milestones completed was collected during the three months ended June 30, 2026.

During the six months ended June 30, 2026, government grants and credits of $289,273 were offset against the carrying amount of internally generated intangible assets (Note 10) (six months ended June 30, 2025 – $214,786 offset against research and development expense).

8. Inventory

	June 30, 2026	December 31, 2025
Raw materials	1,052,227	1,135,154
Finished goods	857,318	1,409,818
Total	**$ 1,909,545**	**$ 2,544,972**

Inventory included in cost of sales amounted to $468,386 (three months ended June 30, 2025 – $488,117) and $780,433 (six months ended June 30, 2025 – $837,135) for the three and six months ended June 30, 2026, respectively.

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 six months ended June 30, 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, 2025	**243,429**	**18,714**	**66,006**	**294,991**	**623,140**
Additions	26,267	—	—	202,752	229,019
Balance as of June 30, 2026	**269,696**	**18,714**	**66,006**	**497,743**	**852,159**
Accumulated Depreciation					
Balance as of December 31, 2025	**185,510**	**11,268**	**57,561**	**294,991**	**549,330**
Depreciation	23,604	—	—	38,624	62,228
Balance as of June 30, 2026	**209,114**	**11,268**	**57,561**	**333,615**	**611,558**
Net book value as at:					
December 31, 2025	57,919	7,446	8,445	—	73,810
June 30, 2026	**60,582**	**7,446**	**8,445**	**164,128**	**240,601**

Lease Liability

On January 1, 2026, the Company entered into a new lease agreement for the Lesmill Road premises previously occupied under the terminated lease and recognized a right-of-use asset and a corresponding lease liability of $202,752, measured at the present value of the future lease payments discounted at the Company's incremental borrowing rate in accordance with IFRS 16.

A reconciliation of the carrying amount of the lease liability to June 30, 2026 is as follows:

Balance as of December 31, 2025	**—**
Addition – Lesmill new lease agreement	202,752
Lease payments	(43,072)
Lease interest	9,986
Balance as of June 30, 2026	**169,666**

The current portion of the lease liability as at June 30, 2026 is $110,272 and the long-term portion is $59,394 (December 31, 2025 – current portion $nil, long-term portion $nil).

Interest on the lease liability of $9,986 for the six months ended June 30, 2026 (six months ended June 30, 2025 – $2,068) was recognized during the three months ended June 30, 2026, including the amount attributable to the first quarter. The Company did not have any short-term leases or leases of low-value assets included in the condensed interim consolidated statement of loss and comprehensive loss for the periods presented.

10. Intangible Assets

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

Cost	
Balance as of December 31, 2025	**$ 6,591,715**
Additions	696,966
Government Grant	(289,273)
Balance as of June 30, 2026	**$ 6,999,408**
Accumulated Amortization and Impairment	
Balance as of December 31, 2025	**$ 6,591,713**
Amortization	—
Impairment during the period	—
Balance as of June 30, 2026	**$ 6,591,713**
Net book value as at:	
December 31, 2025	—
June 30, 2026	**$ 407,695**
Intangibles not yet available for use:	
December 31, 2025	—
June 30, 2026	**$ 407,695**

Impairment

No impairment loss was recognized during the three and six months ended June 30, 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 June 30, 2026, the carrying amount of the CGU was $407,695, 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").

The recoverable amount of the CGU was determined at December 31, 2025 on a value-in-use basis using a discounted cash flow model over a five-year forecast period 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%. Management assessed indicators of impairment at June 30, 2026 and concluded that no additional impairment was required in respect of the development costs capitalized during the period.

Government Grants

During the six months ended June 30, 2026, the Company offset $289,273 (year ended December 31, 2025 – $847,104) of government grants against the carrying amount of the intangible asset. During the six months ended June 30, 2026, the Company collected $500,000 under the NRC IRAP Green Fund grant in respect of milestones completed (Note 7). As at June 30, 2026, the net book value of intangible assets is $407,695 (December 31, 2025 – $nil).

11. Customer Deposits and Advanced Billing and Deferred Revenue

Customer Deposits and Advanced Billing

Customer deposits and advanced billing of $463,331 (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:

	June 30, 2026	**December 31, 2025**
Deferred revenue and government grant	$ 865,185	$ 1,044,155
Less: Current portion	491,116	542,577
Non-current portion	**$ 374,069**	**$ 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 June 30, 2026, expected revenue to be recognized over the term of the contracts is as follows:

2026	491,116
2027 and thereafter	374,069
Total	**$ 865,185**

12. Short-term Loans

The Company had no short-term loans outstanding as at June 30, 2026 (December 31, 2025 – $nil).

In 2019, the Company obtained a $1,000,000 revolving credit facility, amended to $750,000 starting August 31, 2022. 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") comprising equity, royalty payments, and a term loan (refer to Notes 13, 14 and 15). The revolving credit facility was fully extinguished at that time. During the three and six months ended June 30, 2026, the Company incurred interest on short-term loans and other charges of $9,666 and $26,280, respectively (three and six months ended June 30, 2025 – $5,281 and $19,445, respectively), comprising interest on a loan from an officer (Note 17) and credit-card and other financing charges.

13. Long-term Debt

	June 30, 2026	December 31, 2025
(i) Federal Economic Development Agency of Southern Ontario – Investing in Business Innovation	64,089	65,093
(ii) Business Development Bank of Canada	3,173,628	3,003,836
(iii) Federal Economic Development Agency of Southern Ontario – Jobs and Growth Fund	2,622,083	2,526,260
(iv) SOFII loan	477,372	497,473
(v) RE Royalties term loan	223,646	364,904
(vi) Convertible debentures issued in November 2021	8,053	8,053
	6,568,871	**6,465,619**
Less: Current portion	464,034	620,336
Non-current portion	**$ 6,104,837**	**$ 5,845,283**

(i) Federal Economic Development Agency of Southern Ontario ("FedDev") non-interest-bearing loan with a face value of $400,000, initially recorded at fair value of $251,608 and accreted back to face value at an effective interest rate of 9.54% per annum. On December 20, 2024, the loan was amended to extend the maturity date to December 31, 2027, with monthly principal instalments of $1,000 from January 1, 2025 to December 31, 2026 and $5,000 from January 1, 2027 to November 30, 2027. For the six months ended June 30, 2026, the Company recognized interest expense of $2,996 (six months ended June 30, 2025 – $3,248). During the six months ended June 30, 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 the facility continues to be classified in accordance with its contractual maturity.

(ii) Business Development Bank of Canada ("BDC") loan of $3,000,000 under a facility bearing interest at BDC Capital Floating Base Rate plus 2.95%, plus non-compounding payment-in-kind interest of up to 9.5% per annum payable at the end of the term, secured by a general security agreement over the Company's assets. On March 25, 2025, the Company amended the BDC loan agreement to defer principal repayments, with structured payments during 2025 and a final balloon payment due July 15, 2028. That amendment was accounted for as a substantial modification resulting in extinguishment accounting, and a gain on modification of debt of $632,083 was recorded in the three months ended March 31, 2025; the fair value of the restructured liability was determined using a market rate of 24%. The facility is carried at amortized cost with an effective interest rate of 20.87% per annum. For the six months ended June 30, 2026, the Company recognized interest expense of $320,507 (six months ended June 30, 2025 – $320,715).

As at June 30, 2026, the Company was in arrears on scheduled principal payments under the BDC facility. The Company has paid accrued interest and has agreed on the catch-up payment plan going forward. On that basis, the carrying amount of $3,173,628 continues to be presented in accordance with the loan's contractual maturity, with the current portion ($178,409) and non-current portion ($2,995,219) 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, 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, in each case as defined in the financing documents. As at June 30, 2026, the Company's Working Capital Ratio was 1.46:1.0 and its Quick Ratio was 1.0:1.0; accordingly, the Company was in compliance with both financial covenants under the BDC facility.

(iii) Federal Economic Development Agency of Southern Ontario – Jobs and Growth Fund non-interest-bearing loan with a face value of $4,000,000, initially recorded at fair value and accreted back to face value through interest expense. On December 20, 2024, the loan was amended, extending the maturity to March 15, 2035 with revised monthly principal instalments beginning April 15, 2026. For the six months ended June 30, 2026, the Company recognized interest expense (accretion) of $95,823 (six months ended June 30, 2025 – $88,914). During the six months ended June 30, 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 the facility continues to be classified in accordance with its contractual maturity.

(iv) Southern Ontario Fund for Investment in Innovation ("SOFII") loan of $500,000. On December 19, 2024, the terms of the loan were amended with interest at 12%, calculated and payable monthly, 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 six months ended June 30, 2026, the Company recognized interest expense of $34,549 (six months ended June 30, 2025 – $33,163). Certain scheduled monthly instalments were missed during the period; the Company is making payments under a revised blended schedule of $9,650.67 per month running to February 2032 and remains in active communication with the lender.

(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 entered into a secured term loan agreement for $375,000, bearing interest at 12% per annum, payable quarterly. During the three months ended June 30, 2026, the Company repaid $153,900 against the term loan, including the $100,000 tranche linked to the Ontario Innovation Tax Credit, and made further payments of $24,847 against accrued interest. The Company has agreed a repayment plan with RE Royalties under which the remaining balance is expected to be repaid in full by September 2026 (Note 24). As at June 30, 2026, the carrying amount of the term loan is $223,646 (December 31, 2025 – $364,904), all of which is classified as current. For the six months ended June 30, 2026, the Company recognized interest expense of $20,361 in respect of the term loan, presented within interest on royalty funding (Note 14) (six months ended June 30, 2025 – $8,500 presented within interest and accretion on long-term debt).

(vi) On December 30, 2024, the Company entered into an agreement with the holder of convertible debentures issued in November 2021 to settle and extinguish the debentures through the issuance of 268,429 common shares (pre-consolidation) at a deemed price of $0.03 per common share and 268,429 warrants at an exercise price of $0.05. As at June 30, 2026, conversion approval remained pending and the corresponding amount of $8,053 remains classified within the current portion of long-term debt.

The future contractual principal repayments required under the terms of the Company's long-term debt agreements, at face value and reflecting lender repayment schedules in effect as at the date of these financial statements, are as follows:

Remainder of 2026	264,834
2027	790,510
2028	1,335,037
2029 and thereafter	4,927,266
Total	**$ 7,317,647**

Aggregate contractual repayments exceed carrying values principally because the non-interest-bearing FedDev facilities are carried at amortized cost and accrete to their face values through interest expense. The BDC amounts reflect the repayment schedule issued by BDC on July 21, 2026 (Note 24).

14. Royalty Funding Liability

On March 31, 2025, the Company entered into a royalty agreement with 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 and concluded that it represents 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, estimated by discounting the expected future royalty payments using a revenue compound annual growth rate of 6% and a discount rate of 20%.

A continuity of the royalty funding obligation is as follows:

Balance as of December 31, 2025	**153,421**
Accretion and royalty charge (effective interest method)	15,342
Royalty payments made	—
Balance as of June 30, 2026	**$ 168,763**

Interest on royalty funding of $16,637 and $35,703 for the three and six months ended June 30, 2026 (2025 – $nil and $nil) comprises the accretion and royalty charge on the royalty obligation of $15,342 for the six months and interest of $20,361 on the RE Royalties secured term loan (Note 13).

On November 12, 2013, the Company had entered into a sales agreement with Flow Capital Corp. (formerly Grenville Strategic Royalty Corp.). 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 at $375,000 inclusive of all amounts previously paid since inception, and (iii) eliminated the Final Repurchase Right in exchange for a shares-for-debt settlement completed on the same date. As at June 30, 2026, cumulative royalty payments to Flow Capital since inception 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.

15. Share Capital

Authorized

Unlimited number of common shares without nominal or par value.

Transactions during the six months ended June 30, 2026

On January 30, 2026, the Company closed the final tranche of its previously announced non-brokered private placement (the "Offering"), issuing an additional 11,594,000 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. The Company issued a total of 11,594,000 units during the six months ended June 30, 2026.

There were no share issuances during the three months ended June 30, 2026.

During the six months ended June 30, 2026, the Company recorded an adjustment of $285,881 reducing share capital, representing the recognition in the Company's accounting records of the fair-value adjustment to the BDC facility arising from the finalization of the December 31, 2025 audited consolidated financial statements, which had previously been reflected within equity on consolidation (Note 13(ii)). The adjustment is presented as a prior-period adjustment in the condensed interim consolidated statement of changes in shareholders' deficiency and has no effect on the number of common shares outstanding.

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, 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.

(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. In connection with the Q4 2025 private placement, the Company incurred share issuance costs of $25,614 and issued 446,600 broker warrants with an aggregate fair value of $28,212.

Treasury Shares

As at June 30, 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 expired	(19,503)	$1.85
Stock options outstanding – June 30, 2026	**5,294,811**	**$0.2195**

During the three months ended June 30, 2026, 19,503 stock options with an exercise price of $1.85 expired unexercised on June 23, 2026. There were no stock options granted, exercised or forfeited during the six months ended June 30, 2026.

Options outstanding and exercisable at June 30, 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	6.40	4,213,173	351,098
$0.24	Jun 26, 2028	1.99	150,000	150,000
$0.36	Mar 16, 2028	1.71	221,084	221,084
$0.39	Feb 14, 2029	2.63	320,000	320,000
$0.48	Dec 16, 2027	1.46	219,670	186,337
$1.68	Nov 02, 2026	0.34	1,750	1,642
$2.04	Sep 14, 2026	0.21	36,345	36,344
$3.03	Oct 04, 2027	1.26	132,789	132,789
Total			**5,294,811**	**1,399,294**

The number of options exercisable is presented per the equity rollforward working paper as at June 30, 2026, which corrects the exercisable column of the filed Q1 2026 note (the $3.03 tranche is capped at the number outstanding and the total re-footed). The 4,213,173 options granted July 1, 2025 reach their first vesting anniversary on July 1, 2026.

b. Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2025 to June 30, 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 – Q1 2026 private placement (11,594,000 unit warrants and 284,200 finder's warrants)	11,878,200	$0.06
Expired	—	—
Share purchase warrants – June 30, 2026	**84,100,754**	**$0.27**

Warrants outstanding at June 30, 2026 include the 284,200 finder's warrants issued in connection with the final tranche of the Offering (Note 15). The fair value of warrants granted during the six months ended June 30, 2026 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%, and volatility of 184.98%. Of the $275,672 allocated to warrants within reserves, $263,629 relates to the unit warrants and $12,043 to the finder's warrants.

Share purchase warrants outstanding and exercisable at June 30, 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	0.50	53,587,118	53,587,118
$0.60	Feb 21, 2027	0.65	50,000	50,000
$0.72	Dec 21, 2027	1.48	3,087,516	3,087,516
$0.72	Jan 24, 2028	1.57	3,105,761	3,105,761
$0.42	Jan 24, 2028	1.57	56,670	56,670
$0.36	May 31, 2028	1.92	60,000	60,000
$0.30	Jun 30, 2027	1.00	1,388,889	1,388,889
$0.06	Nov 29, 2028	2.42	10,886,600	10,886,600
$0.06	Jan 31, 2029	2.59	11,878,200	11,878,200
Total			**84,100,754**	**84,100,754**

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.

As of June 30, 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 vested on June 30, 2026. The common shares issuable in settlement of the vested RSUs had not been issued as at the date of these financial statements. For the three and six months ended June 30, 2026, the Company recognized $15,496 and $30,991 (three and six months ended June 30, 2025 – $nil and $nil) of share-based compensation expense in relation to the RSUs.

For the three and six months ended June 30, 2026, the Company recognized share-based compensation expense in respect of stock options of $29,662 and $59,323 (three and six months ended June 30, 2025 – $2,972 and $5,944).

d. Foreign currency translation reserve

Reserves at June 30, 2026 include a foreign currency translation reserve of $23,027 (December 31, 2025 – $nil), representing exchange differences arising on the translation of the opening balances of the Company's foreign operations.

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 June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Salaries and benefits	$ 130,000	$ 117,318	$ 260,000	$ 234,636
Share-based compensation	38,226	—	76,452	455
Total	**$ 168,226**	**$ 117,318**	**$ 336,452**	**$ 235,091**

Of the total key management salaries and benefits of $260,000 for the six months ended June 30, 2026, $71,283 was paid in cash and $188,717 was accrued and unpaid. The remuneration related to share-based compensation represents the fair value of the stock options and RSUs vested to key management during each period ($23,829 options and $14,397 RSUs per quarter, consistent with the identical quarterly charges in Q1 and Q2 2026). There were no bonuses given to management in 2025 or 2026.

As of June 30, 2026, amounts due to related parties – non-current amounted to $1,489,096 (December 31, 2025 – $1,122,591), comprising shareholder advances. Deferred compensation payable to related parties, comprising deferred management salaries and other accrued amounts due to related parties, amounted to $680,998 (December 31, 2025 – $433,750). Amounts due to related parties – current amounted to $1,106 (December 31, 2025 – $10,638).

During the three and six months ended June 30, 2026, the Company incurred interest of $7,500 and $22,500 (three and six months ended June 30, 2025 – $nil) on a loan from an officer of the Company, presented within interest on short-term loans and other charges (Note 12).

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. Income (Loss) Per Share

Basic income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. For the three and six months ended June 30, 2026, the weighted average number of common shares outstanding was 100,635,919 and 99,767,974, respectively (three and six months ended June 30, 2025 – 77,800,682). Diluted income (loss) per share equals basic income (loss) per share because, for loss periods, the effect of outstanding options, warrants and RSUs would be anti-dilutive and, for the three months ended June 30, 2026, the effect of these securities was not dilutive.

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:

	June 30, 2026	**December 31, 2025**
Options	5,294,811	5,314,314
Warrants	84,100,754	72,222,554
RSUs	783,396	783,396
Total	**90,178,961**	**78,320,264**

19. Capital Risk Management

Capital is comprised of the components of the Company's shareholders' equity (deficiency). At June 30, 2026, the Company's shareholders' deficiency was $6,950,998 (December 31, 2025 – $7,423,151) and the Company's debt was $6,568,868 (December 31, 2025 – $6,619,040).

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 six months ended June 30, 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 June 30, 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. As at June 30, 2026, the Company's financial instruments consist of cash, accounts receivable and other receivables, an investment measured at FVTPL, accounts payable and accrued liabilities, amounts due to related parties, short-term loans, debt, and royalty funding. The fair values of cash, accounts receivable and other receivables, accounts payable and accrued liabilities, amounts due to related parties, short-term loans, debt, and royalty funding approximate their carrying values due to their nature.

The investment (Note 6) comprises Investee common shares of $429,989, measured using the quoted price in an active market (Level 1), and Investee share purchase warrants of $192,944, measured using an option pricing model whose significant volatility input is unobservable (Level 3). The warrants were carried at $nil at December 31, 2025 and were recognized at fair value during the period, with the gain of $192,944 included in change in fair value of investments; there were no other movements in Level 3 instruments and no transfers between levels of the fair value hierarchy during the period. A 10 percentage point change in the expected volatility assumption would change the fair value of the warrants by approximately $10,600.

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. Following the fair value gains recognized on the Company's FVTPL investment (Note 6), the Company is exposed to equity price risk on that investment; a 10% change in the quoted price of the underlying shares would change the fair value of the common shares by approximately $43,000 and of the warrants by approximately $24,600.

(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 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 tables below are post-translation to Canadian dollars):

	June 30, 2026	December 31, 2025
Cash	202,487	1,112
Accounts receivable and other receivables	650,480	464,436
Accounts payable and accrued liabilities	1,156,848	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 $30,388 as at June 30, 2026 (December 31, 2025 – net USD monetary liabilities, $4,865).

The Company has the following balances denominated in SEK:

	June 30, 2026	December 31, 2025
Cash	9.655	5,035
Accounts receivable and other receivables	-	-
Accounts payable and accrued liabilities	601,641	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 $59,198 as at June 30, 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 82% at June 30, 2026 (December 31, 2025 – three customers represented 89%) of the Company's accounts receivable balance. The Company performs credit assessments of potential customers and insures its accounts receivable where appropriate.

The following table provides information about the exposure to credit risk for trade accounts receivable as at June 30, 2026:

	June 30, 2026	December 31, 2025
Current (not past due)	483,116	375,422
0 – 30 days past due	29,509	17,441
31 – 60 days past due	-	9,575
61 – 90 days past due	185,027	5,268
Over 90 days past due	47,083	56,729
Total	**$ 744,735**	**$ 464,435**

(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 June 30, 2026, the Company had working capital of $1,404,122, with current assets of $4,438,320 exceeding current liabilities of $3,034,198 (December 31, 2025 – working capital surplus of $656,690).

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.

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.

On December 18, 2024, the Company and Flow Capital Corp. 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. As at June 30, 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.

The Company has no other material commitments outside the ordinary course of business as at June 30, 2026.

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:

	Three months ended June 30, 2026	**Three months ended June 30, 2025**	**Six months ended June 30, 2026**	**Six months ended June 30, 2025**
Canada	127,726	47,082	283,243	321,467
USA	183,169	200,040	708,265	454,576
MEA	629,964	883,267	956,005	1,209,802
Other	59,618	3,607	59,618	199,412
Total	**$ 1,000,477**	**$ 1,133,996**	**$ 2,007,131**	**$ 2,185,257**

All non-current assets are located in Canada.

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 six months ended June 30, 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, recognized within government grant income. During the three months ended June 30, 2026, the Company collected $500,000 under the $5,000,000 NRC IRAP Green Fund grant approved in 2023 in respect of milestones completed in prior periods (refer to Notes 7 and 10), and continued to work on the remaining milestones under the grant.

24. Subsequent Events

Annual general and special meeting. On August 13, 2026, the Company filed its management information circular for the annual general and special meeting of shareholders to be held on September 15, 2026 (record date – August 7, 2026). Among other matters, shareholders will be asked to re-approve the Company's Omnibus Equity Incentive Compensation Plan, as amended to reset the fixed sub-limit on awards other than stock options to 4,025,436 common shares, representing approximately 4% of the issued and outstanding common shares.

Settlement of vested RSUs. Subsequent to June 30, 2026, the 783,396 RSUs that vested on June 30, 2026 (Note 16) remained outstanding pending settlement through the issuance of common shares.

No other events have occurred subsequent to June 30, 2026 that would require adjustment to or disclosure in these condensed interim consolidated financial statements.