Clear Blue Technologies International Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 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 September 30, 2026 and December 31, 2025

(Expressed in Canadian dollars)

	Note	September 30, 2026	December 31, 2025
Assets			
Current assets			
Cash		$ 209,154	$ 155,120
Accounts receivable and other receivables	5	628,533	592,531
Research and development tax credits and other receivables	7	393,411	806,469
Inventory	8	2,885,759	2,544,972
Prepaid expenses and deposits		142,492	147,826
Current portion of deferred costs	8	113,065	135,633
Investment	6	37,911	174,823
Total current assets		**4,410,325**	**4,557,374**
Non-current assets			
Long-term accounts receivable and other receivables	5	38,125	36,649
Deferred costs	8	89,996	115,654
Property and equipment	9	215,195	73,810
Intangible assets	10	1,026,561	—
Total assets		**$ 5,780,202**	**$ 4,783,487**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	17	2,129,796	2,247,946
Customer deposits and advanced billing	11	417,841	912,937
Current portion of deferred revenue	11	454,767	542,577
Current portion of lease liability	9	110,272	—
Current portion of long-term debt	13	906,028	620,336
Due to related parties – current	17	10,578	10,638
Total current liabilities		**4,029,282**	**4,334,434**
Non-current liabilities			
Deferred revenue	11	303,709	501,578
Lease liability	9	33,818	—
Royalty funding	14	172,861	153,421
Long-term debt	13	5,861,010	5,845,283
Forward delivery obligations		249,331	249,331
Due to related parties – non-current	17	1,831,304	1,122,591
Deferred compensation payable to related parties	17	564,453	—
Total liabilities		**13,045,768**	**12,206,638**
Shareholders' Deficiency			
Share capital	15	32,028,893	31,672,212
Reserves	16	12,777,513	12,855,907
Accumulated deficit		(52,071,972)	(51,951,270)
Total shareholders' deficiency		**(7,265,566)**	**(7,423,151)**
Total liabilities and shareholders' deficiency		**$ 5,780,202**	**$ 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"
Chief Executive Officer and Director

"Greg Ross"
Director

Clear Blue Technologies International Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2026 and 2025

(Expressed in Canadian dollars)

	Note	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Revenue	22	$ 1,054,468	$ 953,972	$ 3,061,599	$ 3,139,229
Cost of sales	8	652,787	601,398	1,611,652	1,741,230
Gross profit		**401,681**	**352,574**	**1,449,947**	**1,397,999**
Operating expenses					
Salaries, wages and benefits	17	212,233	332,490	985,005	1,087,062
Research and development	7	—	(84,817)	36,425	—
General and administrative		205,849	231,523	654,091	768,343
Share-based compensation	16,17	35,922	114,989	126,236	120,933
Travel		54,722	35,934	68,153	81,348
Business development and marketing		35,923	62,975	62,950	256,562
Rent		44,773	38,145	104,046	105,177
Professional fees		38,423	105,580	201,603	312,219
Depreciation of property and equipment	9	28,850	24,796	91,078	77,778
Total operating expenses		**656,695**	**861,615**	**2,329,587**	**2,809,422**
Loss before other (expenses) income		**(255,014)**	**(509,041)**	**(879,640)**	**(1,411,423)**
Write-down of inventory	8	(58,349)	(1,232)	(58,349)	(1,232)
Interest expense – general		—	(34,476)	—	(34,476)
Interest income, net	6	9,296	1,008	11,139	1,008
Interest on short-term loans and other charges	12	(88,499)	14,031	(121,147)	(5,414)
Interest on lease liability	9	(5,629)	(2,455)	(15,615)	(4,523)
Interest and accretion on long-term debt	13	(236,463)	(280,239)	(690,338)	(734,779)
Interest on royalty funding	14	(14,375)	(15,258)	(50,078)	(15,258)
Foreign exchange gain (loss)		(59,614)	36,997	97,224	268,015
Other income	23	504,738	1,227	505,121	1,770
Change in fair value of investments	6	(155,033)	—	331,828	—
Realized gain (loss) on sale of investments	6	(193,642)	—	(153,585)	—
Gain on debt modification and settlement (net)	13	—	—	—	761,976
Government grant	23	414,924	—	489,924	—
Net loss before income taxes		**(137,660)**	**(789,438)**	**(533,516)**	**(1,174,336)**
Income tax expense		(7,252)	—	(7,252)	—
Net loss and comprehensive loss		**($ 144,912)**	**($ 789,438)**	**($ 540,768)**	**($ 1,174,336)**
Loss per share – basic and diluted (Note 18)		(0.0014)	(0.0100)	(0.0054)	(0.0150)
Weighted average number of shares outstanding – basic and diluted		101,048,970	78,601,919	100,199,665	78,077,906

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 nine months ended September 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 (Note 15)	11,594,000	316,086	—	—	316,086
Share issuance costs	—	(34,112)	—	—	(34,112)
Warrants issued – private placement (Note 16)	—	—	275,672	—	275,672
Treasury shares reclassified out of shares outstanding (Note 15)	(360,000)	—	—	—	—
Shares issued on settlement of RSUs (Notes 15, 16)	830,618	74,711	(74,711)	—	—
Treasury shares withheld on RSU settlement (Note 15)	(207,656)	—	—	—	—
Share-based compensation – stock options	—	—	91,468	—	91,468
Share-based compensation – RSUs	—	—	34,769	—	34,769
Reserve transferred on expiry of stock options	—	—	(428,619)	428,619	—
Foreign currency translation differences	—	(4)	23,027	(8,553)	14,470
Net loss and comprehensive loss	—	—	—	(540,768)	(540,768)
Balance at September 30, 2026	**100,898,881**	**32,028,893**	**12,777,513**	**(52,071,972)**	**(7,265,566)**
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	—	—	120,933	—	120,933
Net loss and comprehensive loss	—	—	—	(1,174,336)	(1,174,336)
Balance at September 30, 2025	**78,601,919**	**31,371,323**	**12,530,079**	**(49,239,284)**	**(5,337,882)**

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 nine months ended September 30, 2026 and 2025

(Expressed in Canadian dollars)

	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Operating activities		
Net loss for the period	($ 540,768)	($ 1,174,335)
Depreciation of property and equipment	91,078	77,778
Share-based compensation	126,237	120,933
Foreign exchange loss (gain)	(97,224)	(268,015)
Change in fair value of investments	(331,828)	—
Realized loss on sale of investments	153,585	—
Write-down of inventory	58,349	1,232
Gain on settlement of customer contract (Note 23)	(375,513)	—
Write-back of time-barred liabilities (Note 23)	(57,844)	—
Gain on debt modification and settlement (net)	—	(761,976)
Income tax expense	7,252	—
Interest expense – general	—	34,476
Interest income	(11,139)	(1,008)
Interest on short-term loans and other charges	121,147	5,414
Interest on lease liability	15,615	4,523
Interest and accretion on long-term debt	690,338	734,779
Interest on royalty funding	50,078	15,258
Other income	—	(1,770)
	(100,637)	**(1,212,711)**
Changes in non-cash working capital:		
Accounts receivable and other receivables	55,247	(368,781)
Research and development tax credits receivable	(86,942)	(132,216)
Inventory	(23,623)	334,905
Prepaid expenses and deposits	5,334	48,036
Accounts payable and accrued liabilities	(25,231)	(161,175)
Customer deposits and advanced billing	(495,096)	11,819
Due to related parties and deferred compensation	591,604	—
Deferred cost	48,226	(138,143)
Deferred revenue	(285,679)	274,546
	(216,160)	**(1,343,720)**
Interest paid	(312,510)	(198,990)
Cash used in operating activities	**(629,307)**	**(1,542,710)**
Financing activities		
Proceeds from private placement	529,671	—
Share issuance costs	(22,070)	—
Advances from shareholders (Note 17)	611,000	678,301
Customer deposits and advanced billing	—	249,330
Repayment of long-term loans	(129,727)	(1,000)
Addition to lease liability	—	294,656
Repayment of lease liability	(92,342)	(84,862)
Repayment of royalty obligation (Note 14)	(3,573)	—
Cash provided by financing activities	**892,959**	**1,136,425**
Investing activities		
Additions to intangible assets, net of government assistance	(1,026,561)	(827,565)
Additions to property and equipment	(12,682)	(303,934)
Proceeds from disposal of assets	—	875
Proceeds from NRC IRAP Green Fund (SDTC) grant	500,000	1,322,539
Proceeds from disposal of investments	315,155	—
Cash provided by (used in) investing activities	**(224,088)**	**191,915**
Effects of foreign currency translation	14,470	—
Net increase (decrease) in cash during the period	**54,034**	**(214,370)**
Cash, beginning of the period	155,120	339,905
Cash, end of the period	**$ 209,154**	**$ 125,535**

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 November 18, 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 nine months ended September 30, 2026, the Company incurred a net loss in the amount of $540,768 (nine months ended September 30, 2025 – $1,174,336) and used cash of $629,307 in operating activities (nine months ended September 30, 2025 – cash used of $1,542,710). At September 30, 2026, the Company had working capital of $381,043 (December 31, 2025 – $222,940), including cash of $209,154 (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. At September 30, 2026, the Company was in arrears on scheduled principal payments under certain of its loan facilities (Note 13); the Company was in compliance with the financial covenants under its BDC facility at that date.

These conditions, together with the Company's recurring losses from operations and accumulated deficit of $52,071,972 (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 and the six months ended June 30, 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 and refundable investment tax credits, financial instruments, share-based compensation, foreign currency translation, income taxes, and loss per share.

Refundable investment tax credits. Refundable scientific research and experimental development ("SR&ED") investment tax credits and Ontario Innovation Tax Credits are accounted for as government grants under IAS 20 when there is reasonable assurance that the credits will be received. Credits relating to capitalized development costs are deducted from the carrying amount of the related intangible assets; credits relating to costs recognized in profit or loss, and revisions to amounts previously accrued, are recognized in profit or loss within government grant income.

Presentation. Realized gains and losses on the sale of investments measured at fair value through profit or loss are presented as a separate line item in the condensed interim consolidated statements of loss and comprehensive loss, below the change in fair value of investments. In the Company's condensed interim consolidated financial statements for the six months ended June 30, 2026, a realized gain of $40,057 was presented within general and administrative expenses; the nine-month figures in these financial statements present that amount on the separate line. Net loss is unaffected by the change in presentation.

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).

(ii) Classification of long-term debt. At September 30, 2026 the Company was in arrears on scheduled instalments under certain loan facilities. Management has exercised judgment in determining that the Company was in compliance with the financial covenants under its BDC facility, as defined in the financing documents, and in continuing to classify these facilities in accordance with their contractual maturities, having regard to the status of its discussions with the lenders and the absence of any demand for repayment at the date of these financial statements (Note 13).

Estimates

(iii) Impairment of non-financial assets. At September 30, 2026, the Company's internally generated Smart Off-Grid Technology with a carrying amount of $1,026,561 (December 31, 2025 – $nil) was classified as not yet available for use and was tested for impairment. Management concluded that no impairment loss was required for the three and nine months ended September 30, 2026 (year ended December 31, 2025 – impairment loss of $587,164). See Note 10 for the recoverable amount methodology and key assumptions.

(iv) 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 three months ended September 30, 2026, management assessed inventory for obsolescence and recognized a write-down of $58,349 (nine months ended September 30, 2026 – $58,349; year ended December 31, 2025 – write-down of $445,884).

(v) Refundable investment tax credits. The amount of refundable SR&ED and Ontario Innovation Tax Credits accrued at each reporting date is management's best estimate of the credits that will be received. During the three months ended September 30, 2026, the credits received in respect of the Company's 2025 claim exceeded the amount accrued at December 31, 2025 by $414,924. The excess has been accounted for as a change in accounting estimate and recognized in government grant income in the period (Notes 7 and 23).

(vi) 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%.

(vii) Expected credit losses. The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach. In estimating expected credit losses, management considers the ageing of balances, the payment history and current financial condition of individual customers, the existence of credit insurance and forward-looking information. At September 30, 2026, the allowance for doubtful accounts was $133,574 (December 31, 2025 – $133,574). Management assessed the recoverability of past-due balances on a customer-by-customer basis and concluded that no change to the allowance was required for the nine months ended September 30, 2026.

5. Accounts Receivable and Other Receivables

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

	September 30, 2026	December 31, 2025
Accounts receivable, net	$ 556,336	$ 553,296
Harmonized sales taxes and value added tax receivable	72,197	39,235
Total	**$ 628,533**	**$ 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 nine months ended September 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. During the three months ended September 30, 2026, the Company disposed of the remaining 54,429 Investee common shares for net proceeds of

$236,348 and recognized a realized loss on disposal of $193,642 (carrying value released – $429,989, being the June 30, 2026 quoted price of $7.90 per share). The realized loss for the nine months ended September 30, 2026 of $153,585 (three and nine months ended September 30, 2025 – $nil) is presented as realized gain (loss) on sale of investments in the condensed interim consolidated statements of loss and comprehensive loss (Note 3).

The 34,964 share purchase warrants, which were recognized at a fair value of $192,944 at June 30, 2026 using the Black-Scholes option pricing model, were remeasured at September 30, 2026 to $37,911, resulting in an unrealized loss of $155,033 for the three months ended September 30, 2026. Together with the fair value gains of $486,861 recognized in the six months ended June 30, 2026 on the common shares and warrants, the change in fair value of investments for the nine months ended September 30, 2026 is a gain of $331,828 (three and nine months ended September 30, 2025 – $nil).

The fair value of the warrants at September 30, 2026 was determined using the following assumptions: share price $1.2344 (US$0.87 translated at 1.4188), exercise price $4.335, remaining life 4.23 years, expected volatility 174.7%, risk-free rate 3.61%, and dividend yield nil.

As at September 30, 2026, the carrying value of the investment amounts to $37,911 (December 31, 2025 – $174,823), comprising share purchase warrants only (a Level 3 fair value measurement – refer to Note 20). The remaining loan receivable from the Investee of $47,285, 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:

	September 30, 2026	December 31, 2025
Scientific Research and Experimental Development (SR&ED) tax credits – federal	312,862	306,469
Ontario Innovation Tax Credits	80,549	—
NRC IRAP Green Fund receivable	—	500,000
Total	**$ 393,411**	**$ 806,469**

During the three months ended September 30, 2026, the Company received refundable SR&ED investment tax credits and Ontario Innovation Tax Credits in respect of its 2024 and 2025 claims. The amounts received exceeded the amounts accrued at December 31, 2025 by $414,924; the excess has been recognized as government grant income in the three months ended September 30, 2026 as a change in accounting estimate (Notes 4 and 23). The balance at September 30, 2026 represents credits accrued in respect of eligible development expenditures incurred in 2026.

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 three and nine months ended September 30, 2026, refundable investment tax credits of $104,138 and $393,411, respectively, were offset against the carrying amount of internally generated intangible assets (Note 10) (three and nine months ended September 30, 2025 – $nil and $214,786 offset against research and development expense).

8. Inventory

	September 30, 2026	December 31, 2025
Raw materials	1,599,324	1,135,154
Finished goods	1,286,435	1,409,818
Total	**$ 2,885,759**	**$ 2,544,972**

Inventory included in cost of sales amounted to $568,180 (three months ended September 30, 2025 – $522,724) and $1,402,741 (nine months ended September 30, 2025 – $1,359,859) for the three and nine months ended September 30, 2026, respectively.

During the three months ended September 30, 2026, the Company recognized a gain of $375,513 on the settlement of a customer contract under which equipment previously sold was returned to the Company and recorded in inventory at its estimated value (Note 23). During the three and nine months ended September 30, 2026, the Company wrote down $58,349 (2025 – $1,232) of obsolete and slow-moving inventory, presented as write-down of inventory in the condensed interim consolidated statements of loss and comprehensive loss.

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. Deferred costs at September 30, 2026 amount to $203,061 (December 31, 2025 – $251,287), of which $113,065 (December 31, 2025 – $135,633) is presented as current.

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	12,682	—	—	220,817	233,499
Effect of foreign exchange and reclassification	11,925	(4,516)	(8,445)	—	(1,036)
Balance as of September 30, 2026	**268,036**	**14,198**	**57,561**	**515,808**	**855,603**
Accumulated Depreciation					
Balance as of December 31, 2025	**185,510**	**11,268**	**57,561**	**294,991**	**549,330**
Depreciation	8,032	240	—	82,806	91,078
Balance as of September 30, 2026	**193,542**	**11,508**	**57,561**	**377,797**	**640,408**
Net book value as at:					
December 31, 2025	57,919	7,446	8,445	—	73,810
September 30, 2026	**74,494**	**2,690**	**—**	**138,011**	**215,195**

Depreciation of property and equipment for the three and nine months ended September 30, 2026 amounted to $28,850 and $91,078, respectively (three and nine months ended September 30, 2025 – $24,796 and $77,778).

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 $220,817, 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 September 30, 2026 is as follows:

Balance as of December 31, 2025	**—**
Addition – Lesmill new lease agreement	220,817
Lease payments	(92,342)
Lease interest	15,615
Balance as of September 30, 2026	**144,090**

The current portion of the lease liability as at September 30, 2026 is $110,272 and the long-term portion is $33,818 (December 31, 2025 – current portion $nil, long-term portion $nil).

Interest on the lease liability for the three and nine months ended September 30, 2026 amounted to $5,629 and $15,615, respectively (three and nine months ended September 30, 2025 – $2,455 and $4,523). 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 – development costs	1,463,149
Additions – cloud infrastructure (development phase)	48,208
Government assistance – refundable investment tax credits (Note 7)	(393,411)
Development costs expensed	(91,385)
Balance as of September 30, 2026	**$ 7,618,276**
Accumulated Amortization and Impairment	
Balance as of December 31, 2025	**$ 6,591,715**
Amortization	—
Impairment during the period	—
Balance as of September 30, 2026	**$ 6,591,715**
Net book value as at:	
December 31, 2025	—
September 30, 2026	**$ 1,026,561**
Intangibles not yet available for use:	
December 31, 2025	—
September 30, 2026	**$ 1,026,561**

During the three months ended September 30, 2026, additions to intangible assets amounted to $814,391 (including cloud infrastructure of $16,758) and refundable investment tax credits of $104,138 were offset against the carrying amount (three months ended September 30, 2025 – additions of $nil offset against the carrying amount). No amortization has been recorded as the development projects were not yet available for use at September 30, 2026.

Impairment

No impairment loss was recognized during the three and nine months ended September 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 September 30, 2026, the carrying amount of the CGU was $1,026,561, 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 September 30, 2026 and concluded that no additional impairment was required in respect of the development costs capitalized during the period.

Government Grants

During the nine months ended September 30, 2026, the Company offset $393,411 (year ended December 31, 2025 – $847,104) of government grants and refundable investment tax credits against the carrying amount of the intangible asset. During the nine months ended September 30, 2026, the Company collected $500,000 under the NRC IRAP Green Fund grant in respect of milestones completed (Note 7). As at September 30, 2026, the net book value of intangible assets is $1,026,561 (December 31, 2025 – $nil).

11. Customer Deposits and Advanced Billing and Deferred Revenue

Customer Deposits and Advanced Billing

Customer deposits and advanced billing of $417,841 (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

Deferred revenue is comprised of ongoing energy management services paid in advance by customers:

	September 30, 2026	December 31, 2025
Deferred revenue	$ 758,476	$ 1,044,155
Less: Current portion	454,767	542,577
Non-current portion	**$ 303,709**	**$ 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 September 30, 2026, expected revenue to be recognized over the term of the contracts is as follows:

Within one year	454,767
After one year	303,709
Total	**$ 758,476**

12. Short-term Loans

The Company had no short-term loans outstanding as at September 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 nine months ended September 30, 2026, the Company incurred interest on short-term loans and other charges of $88,499 and $121,147, respectively (three and nine months ended September 30, 2025 – recovery of $14,031 and expense of $5,414, respectively), comprising interest of $74,839 and $97,339 on advances from a shareholder (Note 17), credit-card and other financing charges of $8,557 and $12,337, and late-payment interest of $5,103 and $11,471 on trade payables and tax and fee arrears of the Company's Swedish subsidiary.

13. Long-term Debt

	September 30, 2026	December 31, 2025
(i) Federal Economic Development Agency of Southern Ontario – Investing in Business Innovation	65,596	65,093
(ii) Business Development Bank of Canada	3,297,109	3,003,836
(iii) Federal Economic Development Agency of Southern Ontario – Jobs and Growth Fund	2,671,348	2,526,260
(iv) SOFII loan	494,581	497,473
(v) RE Royalties term loan	230,351	364,904
(vi) Convertible debentures issued in November 2021	8,053	8,053
	6,767,038	**6,465,619**
Less: Current portion	906,028	620,336
Non-current portion	**$ 5,861,010**	**$ 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 three and nine months ended September 30, 2026, the Company recognized interest expense of $1,507 and $4,503, respectively (three and nine months ended September 30, 2025 – $1,576 and $4,824). At September 30, 2026, scheduled principal instalments of $5,000 were

in arrears; 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 payment of the remaining balance due in January 2029. 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 three and nine months ended September 30, 2026, the Company recognized interest expense of $168,481 and $488,988, respectively (three and nine months ended September 30, 2025 – $163,816 and $484,531). During the three months ended September 30, 2026, the Company paid $45,000 of accrued interest to BDC.

The BDC amounts in the repayment table below reflect the repayment schedule issued by BDC on July 21, 2026, under which no principal is payable in the remainder of 2026, monthly principal instalments of $50,000 commence in January 2027 and increase to $90,000 per month in 2028, with the balance due in January 2029. Accordingly, the carrying amount of $3,297,109 is presented in accordance with the loan's contractual repayment terms, with the current portion ($450,000), representing the nine monthly instalments of $50,000 due from January to September 2027, and non-current portion ($2,847,109) 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 September 30, 2026, the Company was in compliance with these covenants, with a Working Capital Ratio of 1.34:1.0 and a Quick Ratio of 1.29:1.0, calculated in accordance with the definitions in the loan agreement. The Company remains in active communication with BDC regarding its repayment schedule. The facility continues to be presented in accordance with its contractual maturity.

(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 three and nine months ended September 30, 2026, the Company recognized interest expense (accretion) of $49,266 and $145,088, respectively (three and nine months ended September 30, 2025 – $45,713 and $134,627). At September 30, 2026, scheduled principal instalments of $6,000 were in arrears; 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 three and nine months ended September 30, 2026, the Company recognized interest expense of $17,209 and $51,759, respectively (three and nine months ended September 30, 2025 – $57,058 and $89,091). Five scheduled monthly instalments totalling $48,253 were in arrears at September 30, 2026 and are included in the current portion of long-term debt; 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. The loan matured in May 2026 and the Company has been negotiating forbearance and repayment terms with RE Royalties since that date; interest continues to accrue at 12% per annum. During the six 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; no principal was repaid during the three months ended September 30, 2026. As at September 30, 2026, the carrying amount of the

term loan is $230,351 (December 31, 2025 – $364,904), including accrued interest of $19,347 that has not been paid, all of which is classified as current. For the three and nine months ended September 30, 2026, the Company recognized interest expense of $6,704 and $27,065 in respect of the term loan, presented within interest on royalty funding (Note 14) (three and nine months ended September 30, 2025 – $13,229 and $21,706 presented within interest and accretion on long-term debt). Subsequent to September 30, 2026, the Company repaid $25,000 of principal (Note 24).

(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 September 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 (including instalments in arrears)	254,417
2027	788,510
2028	1,335,037
2029 and thereafter	4,927,266
Total	**$ 7,305,230**

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.

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)	23,013
Royalty payments applied	(3,573)
Balance as of September 30, 2026	**$ 172,861**

Interest on royalty funding of $14,375 and $50,078 for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 – $15,258 and $15,258) comprises the accretion and royalty charge on the royalty obligation of $7,671 and $23,013, respectively, and interest of $6,704 and $27,065 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 September 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 nine months ended September 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 $579,716, of which $529,671 was received in cash and $50,045 was settled through the issuance of units in satisfaction of amounts owing to a supplier. 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 and other issuance costs of $22,070 and issued 284,200 finder's warrants, each exercisable for one common share at $0.06 per share for 36 months, with a fair value of $12,042. Together with the 10,440,000 units previously issued during November and December 2025 (refer to Note 16), the aggregate Offering comprised 22,034,000 units for aggregate gross proceeds of $1,101,716, with 730,800 finder's warrants. The proceeds of the final tranche were allocated between share capital ($316,086, net of the $263,630 fair value of the unit warrants) and the warrant reserve ($275,672, including the finder's warrants).

On August 1, 2026, the Company issued 830,618 common shares on the settlement of restricted share units that vested on June 30, 2026 (Note 16). The grant-date fair value of the settled RSUs of $74,711 was transferred from reserves to share capital. Of the shares issued, 207,656 were withheld by the Company in respect of withholding taxes and are held as treasury shares.

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

In the Company's condensed interim consolidated financial statements for the six months ended June 30, 2026, the share capital component of the final tranche of the Offering was presented as $776,163 and a reduction of share capital of $285,881 was presented as a prior-period adjustment relating to the BDC facility. On reconciliation of the Company's consolidated opening equity to its audited consolidated financial statements for the year ended December 31, 2025 during the three months ended September 30, 2026, both amounts were determined to be consolidation entries that are not required; share capital at September 30, 2026 agrees to the Company's share capital records. The correction is a reclassification within equity between share capital and accumulated deficit of $460,077 and has no effect on total shareholders' deficiency, net loss or 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 463,278,448 to 77,213,030 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 April 14, 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 September 30, 2026, the Company holds 567,656 post-consolidation treasury shares (December 31, 2025 – nil), comprising 360,000 common shares held in the Company's brokerage account and 207,656 common shares withheld on the settlement of RSUs on August 1, 2026. Treasury shares are carried at nil cost and are excluded from the number of common shares outstanding and from the weighted average number of shares used in the calculation of loss per share. At September 30, 2026, 101,466,537 common shares were issued, of which 100,898,881 were outstanding.

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	(186,442)	$2.71
Stock options forfeited	(75,000)	$0.08
Rounding – fractional post-consolidation units	1	—
Stock options outstanding – September 30, 2026	**5,052,873**	**$0.1359**

During the nine months ended September 30, 2026, 19,503 stock options with an exercise price of $1.85 and 130,594 stock options with an exercise price of $3.03 expired unexercised on April 30, 2026, and 36,345 stock options with an exercise price of $2.04 expired unexercised on August 31, 2026. During the three months ended September 30, 2026, 75,000 unvested stock options with an exercise price of $0.08 were forfeited on the departure of an employee. There were no stock options granted or exercised during the nine months ended September 30, 2026. On expiry of the stock options, the related grant-date fair value of $428,619 ($51,959 for the $1.85 tranche, $321,901 for the $3.03 tranche and $54,760 for the $2.04 tranche) was transferred from reserves to accumulated deficit. The expiry of the 130,594 options at $3.03 on April 30, 2026 was not reflected in the continuity presented in the Company's condensed interim consolidated financial statements for the six months ended June 30, 2026, which reported 5,294,811 options outstanding at that date; the continuity above has been corrected.

Options outstanding and exercisable at September 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	Jun 30, 2032	5.75	4,138,174	1,343,959
$0.24	Sep 27, 2028	1.99	150,000	150,000
$0.36	May 31, 2028	1.67	221,084	221,084
$0.39	Dec 31, 2028	2.25	320,000	320,000

$0.48	Jan 31, 2028	1.34	219,670	219,670
$1.68	Nov 17, 2026	0.13	1,750	1,750
$3.03	Oct 31, 2027	1.08	2,195	2,195
Total			**5,052,873**	**2,258,658**

The 4,138,174 options granted July 1, 2025 at $0.08 vest in equal quarterly tranches over three years (officers, directors and consultants) or four years (employees) in accordance with the Board resolution of June 24, 2025, and expire June 30, 2032; 1,343,959 of these options had vested at September 30, 2026. The grant-date fair value of $0.0709 per option was estimated using the Black-Scholes option pricing model with an expected life of 5 years, volatility of 119%, a risk-free rate of 3.36% and a dividend yield of nil. The options are expensed on a graded-vesting basis; the share-based compensation expense for the three months ended September 30, 2026 of $32,145 includes a cumulative adjustment of $9,248 to align the expense recognized in prior periods with the graded-vesting attribution and a credit of $2,998 on the forfeiture of the 75,000 unvested options.

b. Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2024 to September 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 (April 14, 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 – September 30, 2026	**84,100,754**	**$0.27**

There were no warrants granted, exercised or expired during the three months ended September 30, 2026. Warrants outstanding at September 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 nine months ended September 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, $263,630 relates to the unit warrants and $12,042 to the finder's warrants. The weighted average remaining contractual life of the warrants outstanding at September 30, 2026 is 0.88 years; the 53,587,118 warrants exercisable at $0.30 expire on December 31, 2026 and the related reserve will be transferred to accumulated deficit on expiry.

Share purchase warrants outstanding and exercisable at September 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	0.25	53,587,118	53,587,118
$0.60	Feb 21, 2027	0.39	50,000	50,000
$0.30	Apr 14, 2027	0.54	1,388,889	1,388,889
$0.72	Dec 21, 2027	1.22	3,023,016	3,023,016
$0.42	Dec 21, 2027	1.22	64,500	64,500
$0.72	Jan 24, 2028	1.32	3,105,761	3,105,761
$0.42	Jan 24, 2028	1.32	56,670	56,670
$0.36	May 31, 2028	1.67	60,000	60,000
$0.06	Nov 29, 2028	2.17	10,440,000	10,440,000
$0.06	Dec 17, 2028	2.22	446,600	446,600
$0.06	Jan 31, 2029	2.34	11,594,000	11,594,000
$0.06	Jan 31, 2029	2.34	284,200	284,200
Total			**84,100,754**	**84,100,754**

c. Restricted Share Units ("RSUs")

Under the Company's Omnibus 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. At the annual general and special meeting of shareholders held on September 15, 2026, shareholders re-approved the plan, as amended to reset the fixed sub-limit on awards other than stock options to 4,025,436 common shares.

A continuity of RSUs for the nine months ended September 30, 2026 is as follows: 783,396 RSUs outstanding at December 31, 2025 (granted July 1, 2025 and vested June 30, 2026); 75,000 RSUs granted to an employee on the same terms as the July 1, 2025 grant; 27,778 RSUs forfeited on the departure of an employee; and 830,618 RSUs settled on August 1, 2026 through the issuance of 830,618 common shares, of which 207,656 shares (25% of each holder's entitlement) were withheld by the Company in respect of withholding taxes and are held as treasury shares (Note 15). No RSUs were outstanding at September 30, 2026 (December 31, 2025 – 783,396 with an aggregate grant-date fair value of $62,672). All of the movements occurred during the three months ended September 30, 2026. The RSUs were measured at a grant-date fair value of $0.08 per unit; on settlement, the RSU reserve of $74,711 (comprising $66,449 for the units settled and $8,262 of reserve remaining from RSUs settled in prior years) was transferred to share capital. For the three and nine months ended September 30, 2026, the Company recognized $3,778 and $34,769 (three and nine months ended September 30, 2025 – $15,840 and $15,840) of share-based compensation expense in relation to the RSUs, the three-month amount comprising $6,000 for the 75,000 RSUs granted and a credit of $2,222 for the RSUs forfeited.

For the three and nine months ended September 30, 2026, the Company recognized share-based compensation expense in respect of stock options of $32,145 and $91,468 (three and nine months ended September 30, 2025 – $99,149 and $105,093).

d. Foreign currency translation reserve

Reserves at September 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. Translation differences of $8,553 arising on the translation of the foreign operations during the nine months ended September 30, 2026 are presented within accumulated deficit.

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 September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Salaries and benefits	$ 205,250	$ 206,938	$ 615,750	$ 620,813
Share-based compensation	30,053	14,520	106,505	14,975
Total	**$ 235,303**	**$ 221,458**	**$ 722,255**	**$ 635,788**

Of the total key management salaries and benefits of $615,750 for the nine months ended September 30, 2026, $474,047 was paid in cash and $141,703 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. There were no bonuses given to management in 2025 or 2026.

As of September 30, 2026, amounts due to related parties – non-current amounted to $1,831,304 (December 31, 2025 – $1,122,591), comprising advances from a shareholder of $1,634,000 (December 31, 2025 – $1,023,000) and accrued interest thereon of $115,056 (December 31, 2025 – $40,217), amounts owing to the Chief Executive

Officer for Company expenses paid personally of $203,841 (December 31, 2025 – $179,793), net of advances to management of $121,593 (December 31, 2025 – $120,418). Deferred compensation payable to related parties, comprising key management salaries accrued and unpaid for 2025 ($422,750) and 2026 ($141,703) that key management has agreed during 2026 not to demand within twelve months, amounted to $564,453 (December 31, 2025 – $nil; the 2025 amount was included in accounts payable and accrued liabilities at December 31, 2025). In the Company's condensed interim consolidated financial statements for the six months ended June 30, 2026, $433,750 was presented as deferred compensation payable at December 31, 2025; the comparative in these financial statements is presented as audited. Amounts due to related parties – current amounted to $10,578 (December 31, 2025 – $10,638).

During the nine months ended September 30, 2026, the Company received cash advances of $611,000 from a shareholder under a working capital advances agreement dated January 2025, which bear interest at 10% per annum. During the three and nine months ended September 30, 2026, the Company incurred interest of $74,839 and $97,339 (three and nine months ended September 30, 2025 – $nil) on these advances, presented within interest on short-term loans and other charges (Note 12), of which $22,500 was paid during the period.

The shareholder 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 from the shareholder bear interest at 10% per annum calculated on the daily outstanding principal balance, are unsecured and have no fixed repayment terms; accrued interest need not be paid in cash until the Company's liquidity permits. The other amounts due to related parties 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, as the advances bear interest at a rate that the parties have agreed reflects an arm's length rate for unsecured short-term working capital financing of comparable risk.

18. Loss Per Share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, excluding treasury shares. For the three and nine months ended September 30, 2026, the weighted average number of common shares outstanding was 101,048,970 and 100,199,665, respectively (three and nine months ended September 30, 2025 – 78,601,919 and 78,077,906, respectively). Diluted loss per share equals basic loss per share because, for loss periods, the effect of outstanding options, warrants and RSUs would be anti-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:

	September 30, 2026	December 31, 2025
Options	5,052,873	5,314,314
Warrants	84,100,754	72,222,554
RSUs	—	783,396
Total	**89,153,627**	**78,320,264**

19. Capital Risk Management

Capital is comprised of the components of the Company's shareholders' equity (deficiency). At September 30, 2026, the Company's shareholders' deficiency was $7,265,566 (December 31, 2025 – $7,423,151) and the Company's debt was $6,939,899 (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 nine months ended September 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 September 30, 2026 and December 31, 2025, the Company was in compliance with these covenants (Note 13).

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 September 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 share purchase warrants of $37,911 (December 31, 2025 – $nil), measured using an option pricing model whose significant volatility input is unobservable (Level 3). The Investee common shares, measured using the quoted price in an active market (Level 1), were sold during the three months ended September 30, 2026. The warrants were carried at $nil at December 31, 2025 and were recognized at fair value of $192,944 during the three months ended June 30, 2026 and remeasured to $37,911 at September 30, 2026, with the net loss of $155,033 for the three months and net gain of $37,911 for the nine months 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 $1,200.

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 is exposed to equity price risk on its FVTPL investment (Note 6); a 10% change in the quoted price of the underlying shares would change the fair value of the warrants by approximately $4,000.

(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):

	September 30, 2026	December 31, 2025
Cash	261,855	1,112
Accounts receivable and other receivables	463,722	464,436
Accounts payable and accrued liabilities	667,806	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 $5,777 as at September 30, 2026 (December 31, 2025 – net USD monetary liabilities, $4,865).

The Company has the following balances denominated in SEK:

	September 30, 2026	December 31, 2025
Cash	(7,201)	5,035
Accounts receivable and other receivables	103,591	—
Accounts payable and accrued liabilities	153,854	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 $5,746 as at September 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 89% at September 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, before the allowance for doubtful accounts, as at September 30, 2026:

	September 30, 2026	December 31, 2025
Current (not past due)	382,836	375,422
0 – 30 days past due	7,865	17,441
31 – 60 days past due	9,839	9,575
61 – 90 days past due	—	5,268
Over 90 days past due	83,127	56,729
Total	**$ 483,667**	**$ 464,435**

The Company is also exposed to economic dependence risk with respect to its sources of revenue. For the nine months ended September 30, 2026, three customers represented 57% (year ended December 31, 2025 – a limited number of customers represented 59%) of the Company's 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 September 30, 2026, the Company had working capital of $381,043, with current assets of $4,410,325 exceeding current liabilities of $4,029,282 (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.

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 September 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 September 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 September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Canada	44,915	125,896	328,158	447,363
USA	59,992	654,056	768,257	1,108,632
MEA	946,633	162,494	1,962,256	1,372,296
Other	2,928	11,526	2,928	210,938
Total	**$ 1,054,468**	**$ 953,972**	**$ 3,061,599**	**$ 3,139,229**

Revenue from sales of Pico Plus units to a European satellite communications customer for deployment in Sub-Saharan Africa is presented within MEA on the basis of the location of operations. In the Company’s condensed interim consolidated financial statements for the six months ended June 30, 2026, $59,618 of such revenue was presented within “Other”; it has been re-presented within MEA in the nine-month figures above. All non-current assets are located in Canada.

23. Government Grants, Other Income and Supplemental Cash Flow Information

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 nine months ended September 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).

Government grant income of $414,924 and $489,924 for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 – $nil) comprises $75,000 received from CanExport during the three months ended March 31, 2026 for marketing and other sales expenses and $414,924 recognized during the three months ended September 30, 2026 in respect of refundable SR&ED investment tax credits and Ontario Innovation Tax Credits received for the 2024 and 2025 claims in excess of the amounts accrued at December 31, 2025 (Notes 4 and 7). 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.

Other income of $504,738 and $505,121 for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 – $1,227 and $1,770) includes (i) a gain of $375,513 on the settlement of a customer contract, under which previously sold equipment was returned to the Company and recorded in inventory (Note 8); (ii) $57,844 from the derecognition of trade payables and accrued liabilities for which the limitation period for enforcement had expired and no claim had been made, recognized as other income in accordance with IFRS 9; and (iii) other items of $71,764, principally the clearance of a consolidation balance relating to the Company's Swedish subsidiary. Items (i) and (ii) are non-cash and are deducted in arriving at cash used in operating activities. The gain on debt modification and settlement of $761,976 in the nine months ended September 30, 2025 related to the restructuring of the Company's secured debt in that period.

Supplemental cash flow information. During the nine months ended September 30, 2026, inventory reclassified to deferred costs amounted to $38,683 (nine months ended September 30, 2025 – $253,465), the Company recognized a right-of-use asset and lease liability of $220,817 (Note 9) and refundable investment tax credits of $393,411 were credited against intangible assets (Note 10); these transactions are non-cash. Finder's warrants with a fair value of $12,042 were issued as share issuance costs and 1,000,900 units of the Offering with a value of $50,045 were issued in settlement of amounts owing to a supplier (Note 15). No income taxes were paid during

the nine months ended September 30, 2026. Income tax expense of $7,252 for the three and nine months ended September 30, 2026 is current tax of the Company's Swedish subsidiary and is included within accounts payable and accrued liabilities. No deferred tax assets have been recognized in respect of the Company's Canadian tax losses.

24. Subsequent Events

RE Royalties term loan. In October 2026, the Company repaid $25,000 of principal under the RE Royalties secured term loan (Note 13(v)). Discussions with RE Royalties regarding the repayment or restructuring of the remaining balance are ongoing.

Expiry of options and warrants. Subsequent to September 30, 2026, 1,750 stock options exercisable at $1.68 expire on November 17, 2026 and 53,587,118 share purchase warrants exercisable at $0.30 expire on December 31, 2026 (Note 16); the related amounts in reserves will be transferred to accumulated deficit on expiry.

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