ENWAVE
CORPORATION

Consolidated Financial Statements

**Years ended September 30, 2025 and 2024**

(expressed in thousands of Canadian dollars)

# Independent auditor's report

To the Shareholders of EnWave Corporation

## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of EnWave Corporation and its subsidiaries (together, the Company) as at September 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

**What we have audited**
The Company's consolidated financial statements comprise:

- the consolidated statements loss for the years ended September 30, 2025 and 2024;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of financial position as at September 30, 2025 and 2024;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition – total estimated costs at completion of the performance obligation on equipment construction contracts**<br><br>*Refer to note 2 – Basis of preparation, note 3 – Material accounting policies and note 16 – Revenues to the consolidated financial statements.*<br><br>For the year ended September 30, 2025, the Company recognized revenue from equipment construction contracts of $8.491 million. The Company generally recognizes revenue from equipment construction contracts over time when an equipment purchase contract is for a customized machine design per the customer's specification. Revenue is recognized based on the extent of progress towards completion of the performance obligation. The measure of progress towards completion requires judgment and management typically uses the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer, which occurs as costs are incurred on contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. | Our approach to addressing the matter included the following procedures, among others:<br><br>• Tested how management determined the total estimated costs at completion of the performance obligation:<br><br>– Tested the underlying data used for a sample of contracts by:<br><br>o agreeing key contractual terms back to signed contracts; and<br><br>o testing the costs incurred to supporting evidence.<br><br>– Evaluated the reasonableness of assumptions related to total estimated costs at completion including costs of materials, labour and overhead by:<br><br>o For a sample of contracts completed at year-end, performing look-back procedures to compare the originally estimated and the actual costs incurred.<br><br>o For a sample of in-progress contracts at year-end, testing the total estimated costs at completion by comparing the costs of materials, labour and overhead initially budgeted for the contracts to the actual costs of materials, labour and overhead incurred. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Management must make assumptions and estimates regarding the measurement of progress towards completion of the performance obligation over time. These assumptions and estimates relate to the complexity of the work being performed, achievement of technical specifications and milestone events, and the total estimated costs at completion, including materials, labour and overhead, to meet the performance obligations.<br><br>We considered this a key audit matter due to the judgments applied by management in determining the total estimated costs at completion of the performance obligation. This in turn led to significant auditor judgments and audit effort in performing procedures to evaluate the total estimated costs at completion. | o Interviewing project managers to assess the achievement of technical specifications and milestone events, and the total estimated costs at completion.<br>o Comparing information obtained from interviewing project managers to supporting documents. |

## Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Neale.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia
December 12, 2025

# EnWave Corporation

## Consolidated Statements of Loss

## For the years ended September 30, 2025 and 2024

(expressed in thousands of Canadian dollars, except per share data)

| | Note | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Revenues** | 16 | **13,829** | 8,181 |
| **Direct costs** | | **9,193** | 5,522 |
| | | **4,636** | 2,659 |
| **Expenses** | | | |
| General and administration | | **2,112** | 2,346 |
| Sales and marketing | | **1,960** | 1,468 |
| Research and development | | **1,513** | 1,494 |
| Stock-based compensation | 14(c) | **389** | 248 |
| Other income | 18 | **-** | (475) |
| Foreign exchange gain | | **(13)** | (1) |
| Gain on disposal of assets | | **(11)** | - |
| Finance income | 4a | **(84)** | (211) |
| Finance expense | 19 | **304** | 140 |
| | | **6,170** | 5,009 |
| **Loss from continuing operations before income taxes** | | **(1,534)** | (2,350) |
| Income tax expense | | | |
| Current | 21 | **-** | - |
| Deferred | 21 | **-** | - |
| **Loss from continuing operations** | | **(1,534)** | (2,350) |
| **Income (loss) from discontinued operations** | 22 | **1,116** | (48) |
| **Net loss for the year** | | **(418)** | (2,398) |
| **Net loss per share:** | | | |
| Continuing operations, basic and diluted | | **(0.01)** | (0.02) |
| Discontinued operations, basic and diluted | | **0.01** | - |
| | | **0.00** | (0.02) |
| **Weighted average number of shares outstanding** | | | |
| Basic | | **111,904,808** | 110,785,260 |
| Diluted | | **111,904,808** | 110,785,260 |

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

# EnWave Corporation

Consolidated Statements of Comprehensive Loss

**For the years ended September 30, 2025 and 2024**

(expressed in thousands of Canadian dollars)

| | Note | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Net loss for the year** | | **(418)** | (2,398) |
| **Other comprehensive loss** | | | |
| Items that may be subsequently reclassified to profit or loss: | | | |
| Foreign exchange translation gain | | **18** | 9 |
| **Total comprehensive loss for the year** | | **(400)** | (2,389) |

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

## EnWave Corporation

Consolidated Statements of Financial Position

**As at September 30, 2025 and 2024**

(expressed in thousands of Canadian dollars)

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4(a) | **6,359** | 4,762 |
| Restricted cash | 4(b) | **42** | 92 |
| Trade receivables | 6 | **929** | 642 |
| Due from customers on contract | 5 | **3,699** | 298 |
| Loans receivable, current | 9 | **913** | 979 |
| Inventory | 8 | **1,399** | 2,698 |
| Prepaids and other receivables | 7 | **652** | 470 |
| | | **13,993** | 9,941 |
| **Non-current assets** | | | |
| Loans receivable, non-current | 9 | **693** | 46 |
| Prepaid, deposits and other receivables | 7 | **149** | 56 |
| Plant and equipment | 10 | **1,254** | 1,811 |
| Right-of-use assets | 13(a) | **2,457** | 1,293 |
| | | **4,553** | 3,206 |
| **Total assets** | | **18,546** | 13,147 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | **3,416** | 1,830 |
| Customer deposits and deferred revenue | 5 | **34** | 322 |
| Borrowings | 12 | **375** | - |
| Current portion of lease liabilities | 13(b) | **471** | 576 |
| | | **4,296** | 2,728 |
| **Non-current liabilities** | | | |
| Long-term portion of lease liabilities | 13(b) | **2,259** | 998 |
| | | **2,259** | 998 |
| **Total liabilities** | | **6,555** | 3,726 |
| **Equity** | | | |
| Share capital | 14(b) | **82,761** | 79,973 |
| Contributed surplus | | **12,691** | 12,509 |
| Foreign currency translation reserve | | **542** | 524 |
| Deficit | | **(84,003)** | (83,585) |
| **Total equity** | | **11,991** | 9,421 |
| **Total liabilities and equity** | | **18,546** | 13,147 |

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

# EnWave Corporation

Consolidated Statements of Changes in Equity

**For the years ended September 30, 2025 and 2024**

(expressed in thousands of Canadian dollars)

| | Share capital | | Contributed | Foreign currency translation | | |
|---|---|---|---|---|---|---|
| | Number | Value $ | surplus $ | reserve $ | Deficit $ | Total $ |
| **Balance – September 30, 2023** | 110,695,055 | 79,812 | 12,422 | 515 | (81,187) | 11,562 |
| Net loss for the period | - | - | - | - | (2,398) | (2,398) |
| Effects of foreign currency translation | - | - | - | 9 | - | 9 |
| Shares issued with restricted share rights | 130,000 | 161 | (161) | - | - | - |
| Restricted share rights | - | - | 79 | - | - | 79 |
| Stock-based compensation | - | - | 169 | - | - | 169 |
| **Balance – Sep 30, 2024** | 110,825,055 | 79,973 | 12,509 | 524 | (83,585) | 9,421 |
| Net loss for the period | **-** | **-** | **-** | **-** | **(418)** | **(418)** |
| Effects of foreign currency translation | **-** | **-** | **-** | **18** | **-** | **18** |
| Share issuance costs | **-** | **(511)** | **-** | **-** | **-** | **(511)** |
| Compensation options with private placement | **-** | **-** | **65** | **-** | **-** | **65** |
| Shares issued with private placement | **7,500,000** | **3,000** | **-** | **-** | **-** | **3,000** |
| Shares issued on exercise of stock options | **116,666** | **41** | **(14)** | **-** | **-** | **27** |
| Shares issued with restricted share rights | **265,000** | **258** | **(258)** | **-** | **-** | **-** |
| Restricted share rights | **-** | **-** | **20** | **-** | **-** | **20** |
| Stock-based compensation | **-** | **-** | **369** | **-** | **-** | **369** |
| **Balance – September 30, 2025** | **118,706,721** | **82,761** | **12,691** | **542** | **(84,003)** | **11,991** |

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

# EnWave Corporation

Consolidated Statements of Cash Flows

**For the years ended September 30, 2025 and 2024**

(expressed in thousands of Canadian dollars)

| | Note | 2025 $ | 2024 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net loss for the year | | **(1,534)** | (2,350) |
| Items not affecting cash: | | | |
| Depreciation and amortization | | **1,258** | 1,160 |
| Stock-based compensation | 14(c) | **389** | 248 |
| Gain on disposal of assets | | **(11)** | - |
| Finance income | 4a | **(84)** | (211) |
| Finance expense | 19 | **304** | 140 |
| Foreign exchange gain | | **(13)** | (1) |
| | | **309** | (1,014) |
| Changes in non-cash working capital: | | | |
| Restricted cash | | **50** | 325 |
| Trade receivables | | **(284)** | 135 |
| Prepaids and other receivables | | **(247)** | 108 |
| Loan receivables | | **(599)** | 411 |
| Inventory | | **1,389** | 669 |
| Trade and other payables | | **1,425** | 70 |
| Payment received from security deposits | | **17** | 3 |
| Due from customers on contract and deferred revenue | | **(3,687)** | 409 |
| Net cash (used in) generated by operating activities from continuing operations | | **(1,627)** | 1,116 |
| Net cash generated by operating activities from discontinued operations | | **1,085** | 269 |
| Net cash (used in) generated by operating activities | | **(542)** | 1,385 |
| **Cash flows from investing activities** | | | |
| Acquisition of plant and equipment | | **(111)** | (218) |
| Finance income received | 9 | **81** | 102 |
| Net cash used in investing activities from continuing operations | | **(30)** | (116) |
| Net cash generated by investing activities from discontinued operations | | **-** | - |
| Net cash used in investing activities | | **(30)** | (116) |
| **Cash flows from financing activities** | | | |
| Proceeds from exercise of stock options | | **27** | - |
| Proceeds from private placement | 14(b) | **3,000** | - |
| Share issuance costs | 14(b) | **(446)** | - |
| Proceeds from Term Loan | 12 | **500** | - |
| Payment of Term Loan - debt issue costs | 12 | **(10)** | - |
| Payment of Term Loan - principal | 12 | **(115)** | - |
| Payment of Term Loan - interest | | **(35)** | - |
| Payment of lease liabilities - principal | 13(b) | **(578)** | (426) |
| Payment of lease liabilities - interest | 13(b) | **(160)** | (140) |
| Payment of other liability | | **-** | (126) |
| Net cash generated by (used in) financing activities from continuing operations | | **2,183** | (692) |
| Net cash used in financing activities from discontinued operations | | **-** | - |
| Net cash generated by (used in) financing activities | | **2,183** | (692) |
| Effect of foreign exchange translation on cash | | **(14)** | 14 |
| **Increase in cash and cash equivalents - continuing operations** | | **512** | 322 |
| **Increase in cash and cash equivalents - discontinued operations** | | **1,085** | 269 |
| **Cash and cash equivalents - Beginning of the year** | | **4,762** | 4,171 |
| **Cash and cash equivalents - End of the year** | | **6,359** | 4,762 |
| **Non-cash transactions** | | | |
| Acquisition of plant and equipment through accounts payable | | **(10)** | 6 |
| Purchase of inventory through accounts payable | | **(90)** | (14) |

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

## 1 Nature of operations

EnWave Corporation ("EnWave" or "the Company") was incorporated under the Canada Business Corporations Act on July 14, 1999. The Company's principal business is the licensing of its intellectual property through royalty-bearing agreements and the design, construction, marketing and sales of vacuum-microwave dehydration machinery for the food, cannabis and biomaterial industries.

The registered office of the Company is 1100 One Bentall Centre - 505 Burrard Street, Vancouver, BC V7X 1M5, Canada.

The Company's wholly owned subsidiary, EnWave USA Corporation, is an incorporated subsidiary registered in the State of Washington.

NutraDried Food Company, LLC ("NutraDried"), is a wholly owned subsidiary of EnWave USA Corporation and a Limited Liability Corporation registered in Washington State. NutraDried manufactured, marketed and sold certain dehydrated food products manufactured using EnWave's proprietary technology. An orderly wind-down of NutraDried has been completed and the subsidiary is no longer operationally active. See Note 22.

The Company's wholly owned subsidiary, REV Technology Corporation, is an incorporated subsidiary registered in the State of Delaware.

## 2 Basis of preparation

### Statement of compliance

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These consolidated financial statements were approved for issuance by the Board of Directors on December 12, 2025.

### Critical accounting estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company regularly reviews its estimates and assumptions; however, it is possible that circumstances may arise which may cause actual results to differ from management estimates, and these differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recorded prospectively.

*Revenue recognition*

The revenue recognition policy for customized equipment sales contracts is the percentage-of-completion method. The stage of completion is measured by reference to the actual contract costs incurred as a percentage of total estimated costs for each contract. Determining the estimated contract cost is considered a significant accounting estimate which requires detailed knowledge of the costs to be incurred based on the required design customizations. If the total actual contract costs were to differ by 10% from management's estimated contract costs, the amount of revenue recognized in the period would be increased or decreased by $476 (2024 - $358).

*Impairment of inventory*

The Company measures inventory at the lower of cost and net realizable value, and in the event cost exceeds net realizable value, an impairment charge is recorded. This determination requires judgement, which includes, among other factors, the selling price, less the estimated costs of completion and selling expenses.

*Leases*

The right-of-use asset and lease liability valuations are based on the present value of the lease payments over the lease term. The lease term is determined as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to extend or terminate the lease, and any modifications to the lease term will result in the revaluation of the lease. The present value of the lease payments is dependent on the incremental borrowing rate used, which the Company applies estimates when determining the rates.

*Estimated useful lives of property, plant and equipment*

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through knowledge of the business and judgment. Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic conditions, market conditions and the useful lives of the assets.

*Impairment of non-financial assets*

At each reporting date, the Company assesses its non-financial assets to determine whether there are any indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Non-financial assets that do not generate independent cash flows are grouped together into a cash generating unit ("CGU"), which represents the lowest level at which largely independent cash flows are generated. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates. These calculations require the use of estimates and assumptions.

*Warranty provision*

The Company recognizes revenue from the sale of machines to customers. Machines are sold with a manufacturer's warranty valid for a set period of time. The Company estimates, based on past experience with similar sales, that the warranty costs will not exceed 1% of revenues. The Company therefore recognizes a provision for warranty equal to 1% of revenue recognized.

*Share-based compensation*

The fair value of stock options and warrants is calculated using the Black-Scholes option pricing model. When determining the fair value of stock options and warrants, management is required to make assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate the fair value could result in materially different results.

*Discontinued operations*

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. NutraDried has been classified and reported as a discontinued operation.

## 3 Material accounting policies

The following policies have been applied to the consolidated financial statements presented:

**Basis of measurement**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention.

**IFRS Accounting Standards and amendments issued and not yet adopted**

The following IFRS Accounting Standards have been issued by the IASB and pronouncements that are not expected to have a significant impact have been excluded.

***IFRS 7, IFRS 9: Classification and Measurement of Financial Instruments***

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* to address matters identified during the post-implementation review of the standard’s classification and measurement requirements.

The amendments clarify the recognition and derecognition dates for certain financial assets and liabilities and modify the guidance related to settling financial liabilities through electronic payment systems. The IASB also clarified the assessment of contractual cash flow characteristics when determining whether a financial asset meets the solely payments of principal and interest criterion, including assets with Environmental, Social and Corporate governance-linked or other similar contingent features. Additional disclosure requirements were introduced for financial instruments with contingent features that do not directly relate to basic lending risks and costs, and the disclosures for equity instruments designated at fair value through other comprehensive income were amended.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Management is currently evaluating the impact of the future adoption of the amendments to IFRS 7 and IFRS 9 on the Company's consolidated financial statements.

***IFRS 18: Presentation and Disclosure in Financial Statements***

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements. From the preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.
- The line items presented in the financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The way in which the information is grouped in the financial statement notes might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
    - management-defined performance measures;
    - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss; and
    - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company will apply the new standard from its mandatory effective date for annual reporting periods beginning on or after January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending September 30, 2027, will be restated in the financial year ending September 30, 2028, in accordance with IFRS 18.

**Principles of consolidation and non-controlling interest**

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany balances and transactions, including income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

When the Company ceases to consolidate a subsidiary due to a loss of control of the entity, the investment in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

**Foreign currency translation**

*Functional and reporting currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Canadian dollars, which is the Company's reporting currency.

*Transactions and balances*

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive loss.

*Consolidation*

The results and financial position of all the companies that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income (loss) and accumulated in other comprehensive income (loss) within equity.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits held with banks.

**Restricted cash**

Restricted cash is cash and cash equivalents that has been pledged as collateral for the Company's banking facilities.

**Financial instruments**

The Company classifies its financial instruments based on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of the financial assets and liabilities at initial recognition. The Company has the following types of financial assets and liabilities:

a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables, loan receivables, cash and cash equivalents, due from customers on contract and restricted cash, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received and subsequently carried at amortized cost using the effective interest rate method with gains and losses recorded in the consolidated statement of loss.

b) Other financial liabilities: Other financial liabilities are carried at amortized cost and include trade and other payables, loan payable, amounts due to related parties, customer deposits and deferred revenue, and other liability. They are initially recognized at the amount required to be paid, and subsequently measured at amortized cost using the effective interest rate method with gains or losses recorded in the consolidated statement of loss.

**Impairment of financial and non-financial assets**

*Financial assets*

The Company's financial assets that are subject to IFRS 9's expected credit loss model consist of loans and trade receivables, all of which are measured at amortized cost. While cash, cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the impairment loss is insignificant as all cash, cash equivalents and restricted cash are placed with high credit quality financial institutions.

For trade receivables and loan receivables, the Company applies the simplified expected credit loss model which requires the recognition of loss allowance based on lifetime expected credit loss. The Company has determined that due to extremely low credit risk from its receivables, the expected credit loss provision is de minimis.

*Non-financial assets*

The carrying amounts of the Company's non-financial assets, which includes intangible assets, are reviewed at each reporting date to determine whether there are any events or changes that are indicators of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together in the smallest group of assets that generate cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets or cash generating units ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. In assessing value in use, future discounted cash flows are estimated. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of loss. The Company evaluates impairment losses for potential reversals (other than goodwill) when events or circumstances warrant such consideration.

**Inventory**

Inventory is comprised of raw materials, work-in-progress and finished goods related to machinery. The cost of inventory includes direct material costs, direct labour, and an allocation of variable and fixed manufacturing overhead, including depreciation. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. If the carrying value exceeds the net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances that caused it no longer exist.

The Company rents its machinery on a short-term basis to companies evaluating the machinery. When the term of the rental agreement is less than 12 months, the machinery is recorded as an asset in inventory. Amortization is not recorded where leases are short term in nature as the asset can be redeployed without significant modification. When the term of the rental agreement exceeds 12 months, the machinery is recorded as an asset in plant and equipment as commercial equipment and amortized to income.

**Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they are incurred. Depreciation is provided using the straight-line method at the following annual rates:

| | |
|---|---|
| Office plant and equipment | 3 to 5 years |
| Manufacturing plant and equipment | 3 to 5 years |
| Commercial equipment | 5 years |
| Leasehold improvements | Shorter of lease term or useful life |

The Company allocates the amount initially recognized in respect of an item of plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

**Leases**

At inception of a contract, the Company determines if a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- the contract involves the use of an identified asset;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

*Lease accounting*

For contracts assessed as or containing a lease, the Company records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less
- any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Company uses the relevant incremental borrowing rate as the rate implicit in the Company's leases cannot be readily determined.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise purchase, extension or termination options.

**Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated and discounted where the effect is material. The Company's provisions include estimates in relation to warranties offered on sales of machines.

**Share capital**

Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

**Loss per share**

Basic loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The Company's potentially dilutive common shares comprise stock options and restricted share rights ("RSRs").

**Revenue recognition**

*Equipment construction contracts*

The Company designs and builds customized dehydration equipment to meet customers' specific needs. The Company typically receives a deposit prior to starting work on an equipment contract and receives interim payments as work progresses. The Company recognizes a liability for advance payments in excess of revenue recognized and presents it as contract liability on the consolidated statement of financial position in customer deposits and deferred revenue. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract.

The Company receives payments from customers based on a billing schedule, as established in the equipment purchase contracts. Amounts are billed as work progresses in accordance with the terms of the contract, either upon achievement of contractual milestones or at periodic intervals.

The Company generally recognizes revenue over time when an equipment purchase contract is for a customized machine design per the customer's specification. In some circumstances, revenue is recognized following the passing of a deemed installation date which is dictated by the terms of the equipment purchase contract. Revenue is recognized based on the extent of progress towards completion of the performance obligation. The measure of progress towards completion requires judgement and the Company typically uses the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer which occurs as costs are incurred on contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues are recorded proportionately as costs are incurred. Costs to fulfil the performance obligation are recognized as cost of goods sold in the period they are incurred. Typically, the customized machine contracts of the Company do not have a duration of greater than 12 months, and the Company has applied the practical expedient under IFRS 15.121.

Management must make assumptions and estimates regarding the measurement of progress towards completion of the performance obligation over time. These assumptions and estimates relate to the complexity of the work being performed, achievement of technical specifications and milestone events, and the overall estimated cost, including materials, labour and overhead, to meet the performance obligations.

*Equipment sales contracts*

The Company builds and installs small-scale dehydration equipment of standardized designs. The Company typically receives a deposit when the order for a machine is placed, a second deposit prior to the shipment of the machine, and the final payments become due upon installation or 30 days after the installation of the machine.

The Company will recognize a liability in advance of recognizing revenue for the deposits received prior to installation. Revenue from the sale of small-scale, standardized dehydration equipment is recognized at a point in time which is generally upon completion of installation of the machine at the customer's facility. In some circumstances, revenue is recognized following the passing of a deemed installation date which is dictated by the terms of the equipment purchase contract.

*Royalties and licensing fees*

The Company licenses its technology and charges sales-based, usage-based or flat rate royalties to its licensees. Royalties and licensing fees are recognized at the time the subsequent sale or usage occurs, and when there is a binding right to receive such payments pursuant to the terms of the relevant agreement, which is the period the royalties are generated and earned.

*Equipment rental fees*

The Company rents its dehydration equipment on a short-term basis to certain companies in the technology evaluation process. The rental income is recorded on a straight-line basis over the rental period.

*Tolling services*

The Company provides tolling services through its REVworx™ facility located in Delta, British Columbia. Tolling services revenue is measured at the fair value of the amount of consideration to which the Company expects to be entitled. These criteria are met at the time the product is shipped and when control transfers to the customer. Revenue is measured based on the price specified in the sales contract.

*Interest income*

The Company provides equipment finance loans to certain customers to finance equipment purchased from the Company. Interest income is recognized using the effective interest rate method over the term of the equipment finance loan.

**Research and development**

Research costs are expensed as incurred in the consolidated statement of loss. Development costs are expensed as incurred unless capitalization criteria under IFRS Accounting Standards are met for deferral and amortization.

**Stock-based compensation**

The Company grants stock options and RSRs to certain employees and directors of the Company as equity settled, stock-based compensation. The Company applies the fair value method of accounting for stock-based compensation. The fair value at grant date of stock options is estimated using the Black-Scholes option-pricing model. The fair value of RSRs is measured based on the fair value of the underlying shares on the grant date. Compensation cost is recognized over the expected vesting period of the stock-based compensation. The Company estimates the number of units expected to vest at the grant date and revises the estimate as necessary if subsequent information indicates that the actual number of units vesting differs significantly from the original estimate.

**Current and deferred income taxes**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxable benefit will be realized. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. To the extent that future taxable income and the application of existing tax laws differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax assets could be impacted.

## 4 Cash and cash equivalents and restricted cash

a) Cash and cash equivalents

As at September 30, 2025, the Company had $6,359 (2024 - $4,762) in cash funds held in current accounts.

b) Restricted cash

As at September 30, 2025, the Company had a $42 (2024 - $92) restricted cash deposit held as collateral for banking services.

## 5 Contract assets and contract liabilities

Due from customers on contract consists of unbilled amounts typically resulting from sales under equipment purchase contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. The Company receives payments from customers based on a billing schedule, as established in the contracts. Accounts receivable are recognized when the right to consideration becomes unconditional.

Customer deposits and deferred revenue consist of advance payments and billings in excess of revenue recognized and deferred revenue. Contract liabilities are recognized as revenue when the Company performs under the contract.

(expressed in thousands of Canadian dollars)

Net contract assets (contract liabilities) consisted of the following:

| | 2025 $ | 2024 $ |
|---|---|---|
| Due from customers on contract | 3,699 | 298 |
| Customer deposits and deferred revenues | (34) | (322) |
| | 3,665 | (24) |

During the year ended September 30, 2025, the Company recognized revenue from equipment sales, tolling, machine parts sales, and construction contracts of $322 (2024 - $443) that was included as deferred revenue at the beginning of the period.

## 6 Trade receivables

| | 2025 $ | 2024 $ |
|---|---|---|
| Trade receivables | 991 | 642 |
| Less: Provision for expected credit losses | (62) | - |
| | 929 | 642 |

## 7 Prepaids, deposits and other receivables

| | September 30, 2025 $ | September 30, 2024 $ |
|---|---|---|
| Prepaid expenses [(1)], deposits | 715 | 485 |
| Indirect tax receivable | 70 | 41 |
| Other receivables | 16 | - |
| | 801 | 526 |
| **Prepaid expenses and deposits:** | | |
| Current | 566 | 429 |
| Non-current | 149 | 56 |
| | 715 | 485 |

[(1)] Prepaid expenses include transaction costs associated with the Desjardins Credit Facility, See Note 12.

(expressed in thousands of Canadian dollars)

## 8 Inventory

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Raw Material | 263 | 827 |
| Work-in-progress | 480 | 143 |
| Finished Goods | 656 | 1,728 |
| | 1,399 | 2,698 |

## 9 Loans receivable

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Current | 913 | 979 |
| Non-current | 693 | 46 |
| | 1,606 | 1,025 |

The Company provides equipment finance loans to certain customers to finance equipment purchased from the Company. The loans receivable bear interest at a weighted average rate of 11%, have remaining terms ranging from 6 to 34 months and are amortized with monthly blended payments of interest and principal. The loans receivable are measured at amortized cost using the effective interest method and are secured by the underlying equipment purchased by the customer. The Company's provision for expected credit losses is de minimis.

(expressed in thousands of Canadian dollars)

## 10 Plant and equipment

| | Office plant and equipment $ | Manufacturing plant and equipment $ | Commercial equipment $ | Leasehold improvements $ | Total $ |
|---|---|---|---|---|---|
| **Year ended September 30, 2024** | | | | | |
| Opening net book value | 37 | 161 | 902 | 1,169 | 2,269 |
| Additions | 42 | 393 | 25 | 1 | 461 |
| Disposals - cost | (110) | (61) | - | - | (171) |
| Disposals – accumulated depreciation | 110 | 61 | - | - | 171 |
| Depreciation | (19) | (93) | (280) | (278) | (670) |
| Reclassification | - | (398) | 149 | - | (249) |
| Closing net book value | 60 | 63 | 796 | 892 | 1,811 |
| **At September 30, 2024** | | | | | |
| Cost | 274 | 197 | 1,580 | 2,204 | 4,255 |
| Accumulated depreciation | (214) | (134) | (784) | (1,312) | (2,444) |
| Net book value | 60 | 63 | 796 | 892 | 1,811 |

| | Office plant and equipment $ | Manufacturing plant and equipment $ | Commercial equipment $ | Leasehold improvements $ | Total $ |
|---|---|---|---|---|---|
| **Year ended September 30, 2025** | | | | | |
| Opening net book value | 60 | 63 | 796 | 892 | 1,811 |
| Additions | 20 | - | 2 | 91 | 113 |
| Disposals - cost | (3) | (95) | - | (30) | (128) |
| Disposals – accumulated depreciation | 1 | 95 | - | 29 | 125 |
| Depreciation | (20) | (56) | (299) | (276) | (651) |
| Reclassification | - | - | (24) | 8 | (16) |
| Closing net book value | 58 | 7 | 475 | 714 | 1,254 |
| **At September 30, 2025** | | | | | |
| Cost | 291 | 102 | 1,558 | 2,273 | 4,224 |
| Accumulated depreciation | (233) | (95) | (1,083) | (1,559) | (2,970) |
| Net book value | 58 | 7 | 475 | 714 | 1,254 |

(expressed in thousands of Canadian dollars)

## 11 Trade and other payables

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Trade payables | 2,077 | 931 |
| Accrued liabilities | 317 | 341 |
| Personnel related accruals | 847 | 411 |
| Security deposits | 17 | 3 |
| Provision for warranty | 158 | 144 |
| | 3,416 | 1,830 |

## *12* Indebtedness

*Term Loan*

October 07, 2024, the Company signed a $500 loan agreement (the “Term Loan”) with Desjardins Tech and Innovation Banking of the Desjardins Group (“Desjardins”). The Term Loan is renewable every 12-month period and payable over an amortization period of 48 months. The Term Loan consists of monthly payments of principal plus interest at a rate of Canadian prime plus 2.00%.

The following is the carrying amount of the Term Loan and movements during the year:

| **Borrowings:** | **$** |
|---|---|
| **Balance, October 01, 2024** | - |
| Term Loan | 500 |
| Debt issue costs | (14) |
| Debt issue costs: amortization | 4 |
| Repayment of principal | (115) |
| **Balance, September 30, 2025** | 375 |

*Desjardins Revolving Credit Facility*

Concurrent with the Term Loan, the Company signed a revolving credit facility agreement (the “Credit facility”) with Desjardins. The amount available to the Company under the facility is calculated as the lesser of the $5,000 and a function of royalties, receivables and inventory at an interest rate of Canadian prime plus 1.50%. The Company incurs a monthly standby fee on the undrawn portion of the Credit Facility of 0.50%. The Credit Facility is supported by a performance security guarantee from Export Development Canada through the Trade Expansion and Lending Program (“TELP”). The Company incurs annual TELP fees of 1% of the Credit Facility, paid quarterly. As at September 30, 2025, the Company had not drawn on the $1,216 available under the Credit Facility.

The Credit Facility and Term Loan are secured by the Company’s assets and include a Minimum Liquidity Position covenant (the “Covenant”) which requires EnWave to maintain a liquidity position greater than or equal to the greater of the 6-month trailing or projected cash burn, calculated on a free cash flow basis. The Covenant is tested monthly. As at September 30, 2025, the Company is in compliance with the covenant.

(expressed in thousands of Canadian dollars)

## 13 Leases

a) The following is the carrying amounts of right-of-use assets recognized and the movements during the year:

| **Leased buildings:** | **$** |
|---|---|
| **Balance, September 30, 2023** | 1,166 |
| Lease modifications | 616 |
| Depreciation expense | (489) |
| **Balance, September 30, 2024** | 1,293 |
| Lease additions | 2,005 |
| Lease modifications | (234) |
| Depreciation expense | (607) |
| **Balance, September 30, 2025** | 2,457 |

b) The following is the carrying amounts of lease liabilities and the movements during the year:

| | **$** |
|---|---|
| **Balance, September 30, 2023** | 1,384 |
| Lease modifications | 616 |
| Lease payments | (566) |
| Interest expense on lease liabilities | 140 |
| **Balance, September 30, 2024** | 1,574 |
| Lease additions | 1,991 |
| Lease modifications | (258) |
| Lease payments | (737) |
| Interest expense on lease liabilities | 160 |
| **Balance, September 30, 2025** | 2,730 |
| | |
| Current | 471 |
| Non-current | 2,259 |
| | 2,730 |

As at September 30, 2025, the lease liabilities are payable on an undiscounted basis as follows:

| | **Undiscounted lease payments $** |
|---|---|
| Less than one year | 697 |
| One to five years | 2,357 |
| More than five years | 514 |
| | 3,568 |

(expressed in thousands of Canadian dollars)

c) The following are the amounts recognized in the consolidated statements of loss:

| | 2025 $ | 2024 $ |
|---|---|---|
| Income from subleasing right-of-use assets | 85 | 73 |
| Depreciation expense of right-of-use assets | (607) | (489) |
| Interest expense on lease liabilities | (160) | (140) |
| Expenses relating to variable lease payments not included in lease liabilities | (264) | (251) |
| Total amount recognized in net loss | (946) | (807) |

The total cash outflow for leases in 2025 was $916. The Company has no lease contracts that have not commenced as at September 30, 2025.

## 14 Share capital

a) Authorized: unlimited number of voting common shares without par value. Issued and outstanding: 118,706,721

Authorized: unlimited number of voting preferred shares, issuable in series. Issued and outstanding: Nil.

b) Issued and fully paid:

| | Number | Share capital Value $ |
|---|---|---|
| **Balance – October 1, 2023** | **110,695,055** | **79,812** |
| Shares issued on vesting of restricted share rights | 130,000 | 161 |
| **Balance – September 30, 2024** | **110,825,055** | **79,973** |
| Shares issued with Private Placement(i) | 7,500,000 | 3,000 |
| Share issue costs(i) | - | (511) |
| Shares issued on exercise of stock options | 116,666 | 41 |
| Shares issued on vesting of restricted share rights | 265,000 | 258 |
| **Balance – September 30, 2025** | **118,706,721** | **82,761** |

i) On August 21, 2025, the Company completed a private placement of 7,500,000 common shares at a purchase price of $0.40 per share for gross proceeds of $3,000 (the “Offering”). In connection with the Offering, 336,875 Compensation Options (“Compensation Options”) were issued for services rendered. Each Compensation Option entitles the holder to acquire one common share at $0.40 per share for a period of 24 months from the closing date of the Offering. There were 212,500 common shares issued to related parties as part of the Offering.

Total share issuance costs with respect to the Offering amounted to $511, which consisted of cash share issue costs of $446 related to underwriter commissions, underwriter and Company legal fees, transfer agent fees and other expenses, and $65 non-cash share issue costs related to the fair value of the Compensation Options issued to underwriters.

(expressed in thousands of Canadian dollars)

ii) On December 5, 2023, the TSX Venture Exchange ("TSXV") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company may repurchase up to 10,799,564 common shares, representing approximately 10% of the public float as of December 5, 2023, but no more than 2,213,901 in any 30-day period. The NCIB period commenced on December 5, 2023 and ended December 6, 2024. The Company did not purchase nor cancel any common shares under the NCIB.

c) Stock options

The Company's stock option plan (the "Option Plan") is available to eligible persons, whereby up to 10% of the issued common shares of the Company may be reserved for issuance under the Option Plan. The aggregate number of common shares reserved for issuance to any person within any one year may not exceed 5% of the number of outstanding common shares, on a non-diluted basis.

The exercise price of the options will be determined by the Board of Directors at the time of grant of the options, such price not to be less than the last daily closing price of the Company's common shares prior to the date of grant, less the discount permitted by the policies of the TSXV.

Options issued under the Option Plan will vest according to the terms approved by the Board of Directors for each specific grant, except for options granted to individuals engaged in investor relations activities, which must vest over a 12-month period according to the Option Plan.

The changes in options for the years ended September 30, 2025 and 2024 were as follows:

| | **2025** | | **2024** | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price $** | **Number of options** | **Weighted average exercise price $** |
| Outstanding, beginning of the year | 3,978,769 | 0.71 | 5,662,981 | 1.04 |
| Options granted | 3,290,000 | 0.23 | - | - |
| Options exercised | (116,666) | 0.23 | - | - |
| Options expired or forfeited | (843,384) | 1.20 | (1,684,212) | 1.83 |
| **Outstanding, end of the year** | **6,308,719** | **0.40** | **3,978,769** | **0.71** |
| **Exercisable, end of the year** | **4,452,265** | **0.49** | **3,436,972** | **0.74** |

The weighted average fair value of options granted during the year ended September 30, 2025, was $0.23 per option (2024 - $nil). The weighted average remaining contractual life of the outstanding stock options as at September 30, 2025 is 3.13 years (2024 – 2.92 years).

(expressed in thousands of Canadian dollars)

The following weighted average assumptions were used in calculating the fair value of the stock options granted using the Black-Scholes model for the years ended September 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Risk-free interest rate | 2.70% | N/A |
| Expected life | 3.62 | N/A |
| Estimated volatility | 72.9% | N/A |
| Dividend rate | N/A | N/A |

Stock options outstanding as at September 30, 2025 have the following calendar expiry dates and exercise prices:

| Year of expiry | Exercise price per share $ | Number of options |
|---|---|---|
| 2025 | 1.06 | 150,000 |
| 2026 | 0.90 | 510,000 |
| 2027 | 0.44 - 0.63 | 310,000 |
| 2028 | 0.27 - 0.75 | 2,175,385 |
| 2029 | 0.19 - 0.23 | 3,133,334 |
| 2030 | 0.22 - 0.40 | 30,000 |
| | | 6,308,719 |

During the year ended September 30, 2025, the Company recorded stock-based compensation expense of $389 (2024 - $248), which includes compensation expense for stock options and for RSRs. The fair value of each option and RSR is accounted for in the consolidated statement of loss over the vesting period, and the related credit is included in contributed surplus.

d) Restricted share rights

The Company has reserved up to a maximum of 1,895,000 common shares to be issued as RSRs under its restricted share rights plan (“RSR Plan”). The common shares reserved under the RSR Plan, together with stock options outstanding under the Option Plan, cannot exceed in aggregate, 10% of the issued and outstanding shares of the Company.

(expressed in thousands of Canadian dollars)

The changes in RSRs for the years ended September 30, 2025 and 2024 were as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Number of RSRs** | **Weighted average grant date fair value $** | **Number of RSRs** | **Weighted average grant date fair value $** |
| Outstanding, beginning of the year | 360,000 | 0.97 | 500,000 | 1.04 |
| RSRs granted | 90,000 | 0.22 | - | - |
| RSRs vested | (265,000) | 0.97 | (130,000) | 1.23 |
| RSRs forfeited | (25,000) | 0.23 | (10,000) | 0.90 |
| **Outstanding, end of the year** | **160,000** | **0.66** | **360,000** | **0.97** |

During the year ended September 30, 2024, stock-based compensation expense of $20 (2024 - $79) was recorded for the RSRs vested during the period. RSRs vest three years from the award date, in accordance with the RSR Plan.

## 15 Related party transactions

a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or its subsidiaries, including any external director of the Company and/or its subsidiaries.

Remuneration of key management personnel of the Company during the years ended September 30, 2025 and 2024 comprises the following expenses:

| | **2025 $** | **2024 $** |
|---|---|---|
| Salaries, bonuses, and short-term employee benefits | 951 | 861 |
| Stock-based compensation | 228 | 143 |
| | 1,179 | 1,004 |

b) Transactions with related parties

The Company had transactions from related parties for the years ended September 30, 2025 and 2024 in the normal course of business as shown in the table below:

| | **2025 $** | **2024 $** |
|---|---|---|
| Directors’ fees | 60 | 70 |
| Stock-based compensation | 9 | 26 |
| | 69 | 96 |

(expressed in thousands of Canadian dollars)

In connection with the Offering, there were 212,500 common shares issued to related parties.

## 16 Revenues

a) Revenue breakdown for the years ended September 30, 2025 and 2024 is as follows:

| | 2025 $ | 2024 $ |
|---|---|---|
| Equipment construction contracts | 8,491 | 4,291 |
| Equipment sales | 2,484 | 1,180 |
| Royalties and licensing fees | 1,945 | 1,961 |
| Tolling Fees | 483 | 339 |
| Equipment rental fees, testing fees, interest income and other | 426 | 410 |
| | 13,829 | 8,181 |

Individual customers representing over 10% of the total revenue during the years ended September 30, 2025 and 2024 were as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| **Customer** | **$** | **%** | **$** | **%** |
| A | 5,057 | 37 | 3,922 | 48 |
| B | 2,747 | 20 | 910 | 11 |
| C | 2,254 | 16 | - | - |
| Others | 3,771 | 27 | 3,349 | 41 |
| | 13,829 | 100 | 8,181 | 100 |

b) Trade receivables from customers representing more than 10% of the total amount were as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| **Customer** | **$** | **%** | **$** | **%** |
| X | 263 | 28 | 178 | 28 |
| Y | 174 | 19 | 153 | 24 |
| Others | 492 | 53 | 311 | 48 |
| | 929 | 100 | 642 | 100 |

(expressed in thousands of Canadian dollars)

## 17 Expenses by nature

Details of consolidated expenses by nature for direct costs, general and administration, sales and marketing, and research and development expenses for the years ended September 30, 2025 and 2024 are shown below.

| **Details of expenses by nature** | **2025** **$** | **2024** **$** |
|---|---|---|
| Cost of materials | 6,286 | 2,785 |
| Salaries, wages and employee expenses | 4,559 | 4,270 |
| Travel and promotional costs | 967 | 712 |
| Depreciation of plant and equipment | 1,258 | 1,160 |
| Professional services | 866 | 1,144 |
| Other expenses | 214 | 224 |
| Office and courier | 293 | 271 |
| Rent | 264 | 251 |
| Bad debt | 71 | 13 |
| **Total expenses** | 14,778 | 10,830 |

## 18 Legal Claim Settlement

On September 20, 2022, a civil counterclaim was commenced against the Company in the Supreme Court of British Columbia by certain former directors and officers of the Company (the “Durance Defendants”). The counterclaim was filed in response to a civil claim filed by the Company against the Durance Defendants and others. The counterclaim alleges breach of contract and breach of privacy related to the cessation of employment of one of the former directors.

In fiscal 2024, the Company reached global settlements of its civil claim and the civil counterclaim in the Supreme Court of British Columbia with the Durance Defendants. Pursuant to the settlement, Durance Defendants are permanently restrained and enjoined from, directly or indirectly, selling, attempting to sell, supplying, delivering or installing vacuum microwave dryers. A defendant company operated by the Durance Defendants was also obligated to assign all issued and pending patents in the name of the defendant company to EnWave.

## 19 Finance Expense

Finance expense breakdown for the years ended September 30, 2025, and 2024 is as follows:

| | **2025** **$** | **2024** **$** |
|---|---|---|
| Financing and interest expense on Indebtedness (Note 12) | 144 | - |
| Interest expense on lease liabilities (Note 13) | 160 | 140 |
| | 304 | 140 |

(expressed in thousands of Canadian dollars)

## 20 Income taxes

*a) Reconciliation of the effective tax rate on continuing operations*

The provision for income taxes is based on the combined federal and provincial statutory income tax rates. A reconciliation of income taxes on continuing operations at the statutory rate to actual income taxes is as follows:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Income (loss) from continuing operations before income taxes | 7,729 | (2,352) |
| Statutory tax rate | 27.00% | 27.00% |
| Income tax expense (recovery) at the statutory tax rate | 2,087 | (635) |
| Permanent differences and others | (489) | 74 |
| Effect of foreign tax rate differences | (541) | 8 |
| Effect of unrecognized deferred tax assets | (1,057) | 553 |
| Income tax expense (recovery) | - | - |

The Company's income tax is allocated as follows:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Current tax (recovery) | - | - |
| Deferred tax (recovery) | - | - |
| Income tax (recovery) | - | - |

*b) Reconciliation of the effective tax rate on discontinued operations*

The provision for income taxes is based on the combined federal and provincial statutory income tax rates. A reconciliation of income taxes on discontinued operations at the statutory rate to actual income taxes is as follows:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Loss from discontinued operations before income taxes | (7,704) | (54) |
| Statutory tax rate | 27.00% | 27.00% |
| Income tax recovery at the statutory tax rate | (2,080) | (15) |
| Permanent differences and others | 1,040 | 1 |
| Effect of foreign tax rate differences | - | 3 |
| Effect of changes in enacted tax rate | - | 158 |
| Effect of changes in estimates and true-up | - | 210 |
| Effect of unrecognized deferred tax assets | 1,040 | (357) |
| Income tax (recovery) | - | - |

The Company's income tax is allocated as follows:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Current tax expense (recovery) | - | - |
| Deferred tax expense (recovery) | - | - |
| Income tax expense (recovery) | - | - |

(expressed in thousands of Canadian dollars)

c) *Unrecognized deductible temporary differences*

In Canada, deferred tax assets are recognized for deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets due to the uncertainty of future taxable profits in Canada. The Company's unrecognized deductible temporary differences are as follows:

| | **2025** **$** | **2024** **$** |
|---|---:|---:|
| Non-capital losses | 25,433 | 23,673 |
| Net capital losses | 4,338 | 4,338 |
| Scientific research and experimental development expenses | 7,840 | 7,668 |
| Investment tax credits | 1,750 | 1,848 |
| Plant and equipment and intangible assets | 13,176 | 12,522 |
| Lease liability | 273 | 280 |
| Other | 4,378 | 269 |
| Total unrecognized deferred tax assets | 57,188 | 50,598 |

The Company has non-capital losses for Canadian income tax purposes of approximately $25,433 (2024 - $23,673) that are available to reduce future year's taxable income. These losses will expire from 2029 to 2044.

The Company has investment tax credits for Canadian income tax purposes of approximately $1,750 (2024 - $1,848) that are available to reduce future year's taxes payable. These investment tax credits will expire from 2028 to 2039

In the US, deferred tax assets are recognized for deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets due to the uncertainty of future taxable profits in the US. The Company's unrecognized temporary differences are as follows:

| | **2025** **$** | **2024** **$** |
|---|---:|---:|
| Section 267 interest | 957 | 1,036 |
| Net operating losses | 4,866 | 12,500 |
| Total unrecognized deductible temporary differences | 5,823 | 13,536 |

The US net operating losses have no expiration date

## 21 Financial instruments and risk management

The Company's cash and cash equivalents, restricted cash, trade receivables, loan receivables, loan payable, trade and other payables, and lease liabilities are measured at amortized cost subsequent to initial measurement. Fair value measurement requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy, based on the inputs used in the valuation techniques, as follows:

(expressed in thousands of Canadian dollars)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

**Fair values**

The Company's financial assets and liabilities are classified into the following categories:

| | |
|---|---|
| Cash and cash equivalents | Amortized cost |
| Restricted cash | Amortized cost |
| Trade receivables | Amortized cost |
| Due from customers on contract | Amortized cost |
| Loans receivable | Amortized cost |
| Income tax receivable | Amortized cost |
| | |
| Trade and other payables | Amortized cost |
| Customer deposits and deferred revenue | Amortized cost |
| Income tax payable | Amortized cost |
| Lease liabilities | Amortized cost |
| Borrowings | Amortized cost |

The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding, lease receivable, lease liability and borrowings) approximates their carrying value due to their short-term nature.

The carrying value of the loans receivable as at September 30, 2025 was $1,606 (2024 - $1,025) which approximates its fair value and is recorded at amortized cost. The carrying value of the loans receivable was determined based on the discounted future cash flows using incremental borrowing rates.

The carrying value of the lease liabilities as at September 30, 2025 was $2,730 (2024 - $1,574) which approximates its fair value and is recorded at amortized cost. The carrying value of the lease liabilities was determined based on the discounted future cash flows using incremental borrowing rates.

The carrying value of the borrowings as at September 30, 2025 was $375 (2024 - $nil) which approximates its fair value and is recorded at amortized cost. The carrying value of the borrowings was determined based on the discounted future cash flows using effective interest rates.

The Company does not hold any equity instruments that are measured at fair value or amortized costs during the years ended September 30, 2025, and 2024.

**Financial risk factors**

The use of financial instruments exposes the Company to a number of risks. These risks include credit risk, liquidity risk, and market risk. The Company has established policies and procedures to manage these risks, with the objective of minimizing the adverse effects that changes in the variable factors underlying these risks could have on the Company's consolidated financial statements.

(expressed in thousands of Canadian dollars)

*Credit risk*

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, restricted cash, trade receivables, and due from customers on contract. The Company mitigates its exposure to credit loss by maintaining the majority of cash balances with major Canadian financial institutions.

The Company provides credit to its customers in the normal course of business and, as such, has exposure to credit risk in relation to the collection of trade receivables, due from customers on contract and loans receivable. Prior to issuing credit, management performs due diligence reviewing the customer, taking into account its financial position, historical experience, and other factors. The Company minimizes its credit risk associated with trade receivables and due from customers on contract by maintaining ongoing close contact with customers and by reviewing individual account balances, and proactively following up on overdue amounts. The Company minimizes credit risk associated with loan receivables by performing due diligence prior to issuing loans, ensures customers are reputable companies, filing a lien on the equipment in the country the machine resides and using the machine equipment as collateral. As at September 30, 2025, the Company has recorded a $62 (2024 - $nil) provision for expected credit losses.

The Company is exposed to credit risk in trade receivables by way of concentration of credit with a small number of customers. The Company determines its concentration of credit risk if the balance is more than 10% of total revenue or trade receivables. The Company expects these customers to remain as large customers in the future. Significant change in these customer relationships could materially impact the Company's future financial results. The Company seeks and ordinarily obtains progress advances in respect of its construction contracts. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

The Company transacts with a number of Canadian chartered banks and other brokerages. The Company monitors the exposure to any single counterparty along with its financial position. If it is determined that a counterparty has become materially weaker, the Company will work to reduce its credit exposure to that counterparty.

The following table provides information regarding the aging of receivables as at September 30, 2025:

| | **Neither past due nor impaired** | **Past due but not impaired** | | |
|---|---|---|---|---|
| | **0 – 30** | **31 – 90** | **91 – 365** | **Over 365** |
| Trade receivables | 761 | 133 | 35 | - |
| Due from customers on contract | 3,699 | - | - | - |
| Loans receivable | 1,606 | - | - | - |
| Indirect tax receivable | 70 | - | - | - |
| | 6,136 | 133 | 35 | - |

(expressed in thousands of Canadian dollars)

*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 liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings. Cash flow forecasting is performed to monitor cash requirements and to manage capital management decisions. Such forecasting takes into account current and potential customers, contractual obligations and the Company's technology development and commercialization expectations.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with varying maturities selected with regards to the expected timing of expenditures from continuing operations.

a) The Company attempts to ensure that sufficient funds are available to meet its operating requirements, after taking into account existing cash. The Company manages liquidity risk through the management of its capital structure and financial leverage. At September 30, 2025, the Company had cash and cash equivalents of $6,359 to settle current liabilities of $4,296. Financial assets maturity table:

| | 0 – 30 | 31 – 90 | 91 – 365 | Over 365 |
|---|---|---|---|---|
| Cash and cash equivalents and restricted cash | 6,359 | - | 42 | - |
| Trade receivables | 929 | - | - | - |
| Due from customers on contract | - | 1,031 | 2,668 | - |
| Loans receivable | 157 | 161 | 595 | 693 |
| Indirect tax receivables | 70 | - | - | - |
| | 7,515 | 1,192 | 3,305 | 693 |

a) Financial liabilities maturity table:

| | 0 – 30 | 31 – 90 | 91 – 365 | Over 365 |
|---|---|---|---|---|
| Trade and other payables | 706 | 2,710 | - | - |
| Customer deposits and deferred revenues | 34 | - | - | - |
| Borrowings | 10 | 20 | 345 | - |
| Lease liabilities | 37 | 75 | 359 | 2,259 |
| | 787 | 2,805 | 704 | 2,259 |

**Market risk**

Market risk is the risk that the fair value of future cash flows of the Company will fluctuate due to changes in interest rates and foreign currency exchange rates.

*Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest risk from the interest rate impact on cash and cash equivalents, restricted cash, Term Loan and Credit Facility. The Company earns interest on deposits based on current market interest rates which during the year ended September 30, 2025 ranged from 2.00% to 3.75% (2024 – 4.65% to 5.40%). The interest rate on the Term Loan during the year ended September 30, 2025, ranged from 4.70% to 8.45% (2024 – nil%). A 1% change in interest rates would affect the results of operations by approximately $37 (2024 - $19).

(expressed in thousands of Canadian dollars)

*Foreign exchange risk*

The Company is exposed to the following foreign exchange risks related to the fluctuation of foreign exchange rates:

(i) The Company is exposed to currency risk through suppliers with purchase orders denominated in US dollars.

(ii) The Company is exposed to currency risk through customers with sales contracts denominated in US dollars.

A significant change in the currency exchange rate of the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations. As at September 30, 2025, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars.

A change in the value of the Canadian dollar by 10% relative to foreign currencies the Company is exposed to would have affected the Company's loss for the year ended 2025, and 2024 as follows:

| | **2025**<br>**$** | **2024**<br>**$** |
|---|---|---|
| **Currency** | | |
| US dollar | 540 | 872 |

**Capital management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of equity attributable to common shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There were no changes in the Company's approach to capital management in the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(expressed in thousands of Canadian dollars)

## 22 Discontinued Operations

In fiscal 2023, management commenced an orderly wind-down and value maximization process for NutraDried and agreed to sell certain assets, including trademarks, auxiliary production equipment and select saleable inventory, to Creations Foods U.S. Incorporated.

The results of operations of NutraDried are presented as discontinued operations for the years ended 2025 and 2024:

| | Year ended September 30 | |
|---|---|---|
| | **2025 $** | **2024 $** |
| **Revenues** | **-** | - |
| **Cost of sales** | **-** | - |
| | **-** | - |
| **Expenses** | | |
| General and administration | **(90)** | (82) |
| Sales and marketing | **37** | 110 |
| **Loss before other items** | **(53)** | 28 |
| **Other items:** | | |
| Loss on the sale of assets | **-** | (86) |
| Employee Retention Tax Credit | **1,169** | - |
| Other Income | **-** | 10 |
| **Total other items** | **1,169** | (76) |
| **Income (loss) from discontinued operations** | **1,116** | (48) |

(expressed in thousands of Canadian dollars)

Cash flows from discontinued operations are as follows:

| | Year ended September 30, 2025 $ | 2024 $ |
|---|---|---|
| **Cash flows generated from (used in) operating activities from discontinued operations** | | |
| Net income (loss) for the period from discontinued operations | **1,116** | (48) |
| Items not affecting cash | | |
| Loss on sale of assets | **-** | 86 |
| | **1,116** | 38 |
| Changes in non-cash working capital | | |
| Trade receivables | **22** | 316 |
| Prepaids | **-** | 3 |
| Trade and other payables | **(53)** | (764) |
| Income taxes receivable | **-** | 676 |
| Net cash generated by the activities from discontinued operations | **1,085** | 269 |
| **Cash flows generated from investing activities** | | |
| Net cash generated from investing activities from discontinued operations | **-** | - |
| **Cash flows used in financing activities** | | |
| Net cash used in financing activities from discontinued operations | **-** | - |
| **Increase in cash and cash equivalents from discontinued operations** | **1,085** | 269 |

A tax refund of $836 USD was received for NutraDried in fiscal 2025 and recognized in discontinued operations. The tax refund was for the Employee Retention Tax Credit (the "ERTC") which is a refundable tax credit from the United States government for businesses that were affected during the COVID-19 pandemic.

## 23 Segmented Information

The Company determines its operating segments based on the internal reports reviewed by the Chief Operating Decision Maker ("CODM") to allocate resources and assess performance. The CODM is the Company's Chief Executive Officer.

The Company's operations, resources, and strategic decisions are managed on a consolidated basis, and the CODM reviews financial performance and makes operating decisions at the Company-wide level. The Company's products and services share similar economic characteristics, production processes, distribution methods, and customer profiles.

As a result, the Company has determined that it has one operating segment and therefore presents its financial information as a single reportable segment in accordance with IFRS 8 Operating Segments.