



E N W Λ V E
C O R P O R A T I O N

Condensed Consolidated Interim Financial Statements

Three months ended December 31, 2025 and 2024

(Unaudited – prepared by management)
(expressed in thousands of Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM 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, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim 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 CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

EnWave Corporation

Condensed Consolidated Interim Statements of Loss

For the three months ended December 31, 2025 and 2024

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

	Note	2025 \$	2024 \$
Revenues	15	1,600	1,177
Direct costs		1,006	837
		594	340
Expenses			
General and administration		516	424
Sales and marketing		553	486
Research and development		399	358
Stock-based compensation	13(c)	55	143
Foreign exchange loss (gain)		104	(147)
Gain on disposal of assets		-	(11)
Finance income	4a	(20)	(47)
Finance expense	17	95	72
		1,702	1,278
Loss from continuing operations before income taxes		(1,108)	(938)
Income tax expense			
Current		-	-
Deferred		-	-
Loss for the period from continuing operations		(1,108)	(938)
Loss for the period from discontinued operations	19	(6)	(8)
Net loss for the period		(1,114)	(946)
Net loss per share:			
Continuing operations, basic and diluted		(0.01)	0.00
Discontinued operations, basic and diluted		0.00	0.00
		(0.01)	0.00
Weighted average number of shares outstanding			
Basic		111,208,460	110,860,000
Diluted		112,713,617	110,860,000

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

EnWave Corporation

Condensed Consolidated Interim Statements of Comprehensive Loss For the three months ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Note	2025 \$	2024 \$
Net loss for the period		(1,114)	(946)
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange translation gain		1	13
Total comprehensive loss for the period		(1,113)	(933)

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

EnWave Corporation

Condensed Consolidated Interim Statements of Financial Position

As at December 31, 2025 and September 30, 2025

(expressed in thousands of Canadian dollars)

	Note	December 31, 2025 \$	September 30, 2025 \$
Assets			
Current assets			
Cash and cash equivalents	4(a)	2,547	6,359
Restricted cash	4(b)	41	42
Trade receivables	6	1,744	929
Due from customers on contract	5	3,219	3,699
Loans receivable, current	9	894	913
Inventory	8	3,006	1,399
Prepays and other receivables	7	501	652
		<u>11,952</u>	<u>13,993</u>
Non-current assets			
Loans receivable, non-current	9	864	693
Prepaid, deposits and other receivables	7	141	149
Plant and equipment		1,212	1,254
Right-of-use assets	12(a)	2,331	2,457
		<u>4,548</u>	<u>4,553</u>
Total assets		<u>16,500</u>	<u>18,546</u>
Liabilities			
Current liabilities			
Trade and other payables	10	2,229	3,416
Customer deposits and deferred revenue	5	375	34
Borrowings	11	345	375
Current portion of lease liabilities	12(b)	487	471
		<u>3,436</u>	<u>4,296</u>
Non-current liabilities			
Long-term portion of lease liabilities	12(b)	2,131	2,259
		<u>2,131</u>	<u>2,259</u>
Total liabilities		<u>5,567</u>	<u>6,555</u>
Equity			
Share capital	13(b)	82,770	82,761
Contributed surplus		12,737	12,691
Foreign currency translation reserve		543	542
Deficit		(85,117)	(84,003)
Total equity		<u>10,933</u>	<u>11,991</u>
Total liabilities and equity		<u>16,500</u>	<u>18,546</u>

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

EnWave Corporation

Condensed Consolidated Interim Statements of Changes in Equity For the three months ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Share capital		Contributed surplus \$	Foreign currency translation reserve \$	Deficit \$	Total \$
	Number	Value \$				
Balance – September 30, 2024	110,825,055	79,973	12,509	524	(83,585)	9,421
Net loss for the period	-	-	-	-	(946)	(946)
Effects of foreign currency translation	-	-	-	13	-	13
Shares issued with restricted share rights	215,000	213	(213)	-	-	-
Restricted share rights	-	-	16	-	-	16
Stock-based compensation	-	-	127	-	-	127
Balance – December 31, 2024	111,040,055	80,186	12,439	537	(84,531)	8,631
Balance – September 30, 2025	118,706,721	82,761	12,691	542	(84,003)	11,991
Net loss for the period	-	-	-	-	(1,114)	(1,114)
Effects of foreign currency translation	-	-	-	1	-	1
Shares issued with restricted share rights	10,000	9	(9)	-	-	-
Restricted share rights	-	-	2	-	-	2
Stock-based compensation	-	-	53	-	-	53
Balance – December 31, 2025	118,716,721	82,770	12,737	543	(85,117)	10,933

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

EnWave Corporation

Condensed Consolidated Interim Statements of Cash Flows For the three months ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Net loss for the period		(1,108)	(938)
Items not affecting cash:			
Depreciation and amortization		289	293
Stock-based compensation	13(c)	55	143
Gain on disposal of assets		-	(11)
Finance income	4a	(20)	(47)
Finance expense	17	95	72
Foreign exchange loss (gain)		104	(147)
		<u>(585)</u>	<u>(635)</u>
Changes in non-cash working capital:			
Restricted cash		1	(4)
Trade receivables		(833)	(176)
Prepays and other receivables		165	(123)
Loan receivables		(202)	344
Inventory		(1,691)	(287)
Trade and other payables		(1,216)	(366)
Payment received from security deposits		17	61
Due from customers on contract and deferred revenue		786	(18)
		<u>(3,558)</u>	<u>(1,204)</u>
Net cash used in operating activities from continuing operations		(3,558)	(1,204)
Net cash generated by operating activities from discontinued operations		-	13
		<u>(3,558)</u>	<u>(1,191)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		(37)	16
Finance income received	9	20	24
		<u>(17)</u>	<u>40</u>
Net cash (used in) generated by investing activities from continuing operations		(17)	40
Net cash generated by investing activities from discontinued operations		-	-
		<u>(17)</u>	<u>40</u>
Cash flows from financing activities			
Proceeds from Term Loan	11	-	500
Payment of Term Loan - debt issue costs	11	-	(13)
Payment of Term Loan - principal	11	(30)	(21)
Payment of Term Loan - interest		(7)	(10)
Payment of lease liabilities - principal	12(b)	(112)	(139)
Payment of lease liabilities - interest	12(b)	(60)	(35)
		<u>(209)</u>	<u>282</u>
Net cash (used in) generated by financing activities from continuing operations		(209)	282
Net cash used in financing activities from discontinued operations		-	-
		<u>(209)</u>	<u>282</u>
Effect of foreign exchange translation on cash		(28)	93
		<u>(3,784)</u>	<u>(789)</u>
Decrease in cash and cash equivalents - continuing operations		(3,784)	(789)
Increase in cash and cash equivalents - discontinued operations		-	13
Cash and cash equivalents - Beginning of the period		6,359	4,762
		<u>2,547</u>	<u>3,986</u>
Cash and cash equivalents - End of the period			
		2,547	3,986
Supplemental cash flow information:			
Accrued purchases of plant and equipment		-	9

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

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

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 19.

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 condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), as applicable to the preparation of interim financial statements, as set out in International Accounting Standard (“IAS”) 34, Interim Financial Reporting. They do not include all the information required for a complete set of IFRS Accounting Standards financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended September 30, 2025. There are selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements as at and for the year ended September 30, 2025.

These interim financial statements were approved for issuance by the Board of Directors on February 19, 2026.

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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

Significant estimates and judgments used in the preparation of the consolidated financial statements are described in the annual audited consolidated financial statements for the year ended September 30, 2025.

3 Material accounting policies

The accounting policies adopted are consistent with the September 30, 2025, annual consolidated financial statements and the unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's 2025 annual audited consolidated financial statements.

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:

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

- 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.

4 Cash and cash equivalents and restricted cash

a) Cash and cash equivalents

As at December 31, 2025, the Company had \$2,547 (September 30, 2025 - \$6,359) in cash funds held in current accounts.

b) Restricted cash

As at December 31, 2025, the Company had a \$41 (September 30, 2025 - \$42) 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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

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

	December 31, 2025 \$	September 30, 2025 \$
Due from customers on contract	3,219	3,699
Customer deposits and deferred revenues	(375)	(34)
	<u>2,844</u>	<u>3,665</u>

During the three months ended December 31, 2025, the Company recognized revenue from equipment sales, tolling, machine parts sales, and construction contracts of \$34 (December 31, 2024 - \$244) that was included as deferred revenue at the beginning of the period.

6 Trade receivables

	December 31, 2025 \$	September 30, 2025 \$
Trade receivables	1,806	991
Less: Provision for expected credit losses	(62)	(62)
	<u>1,744</u>	<u>929</u>

7 Prepaids, deposits and other receivables

	December 31, 2025 \$	September 30, 2025 \$
Prepaid expenses ⁽¹⁾ , deposits	579	715
Indirect tax receivable	57	70
Other receivables	6	16
	<u>642</u>	<u>801</u>
Prepaid expenses and deposits:		
Current	438	566
Non-current	141	149
	<u>579</u>	<u>715</u>

⁽¹⁾ Prepaid expenses include transaction costs associated with the Desjardins Credit Facility, See Note 11.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

8 Inventory

	December 31, 2025	September 30, 2025
	\$	\$
Raw Material	239	263
Work-in-progress	2,149	480
Finished Goods	618	656
	<u>3,006</u>	<u>1,399</u>

9 Loans receivable

	December 31, 2025	September 30, 2025
	\$	\$
Current	894	913
Non-current	864	693
	<u>1,758</u>	<u>1,606</u>

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 10%, have remaining terms ranging from 1 to 31 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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

10 Trade and other payables

	December 31, 2025 \$	September 30, 2025 \$
Trade payables	1,586	2,077
Accrued liabilities	275	317
Personnel related accruals	196	847
Security deposits	17	17
Provision for warranty	155	158
	<u>2,229</u>	<u>3,416</u>

11 Indebtedness

Term Loan

In fiscal 2025, 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 three months ended December 31, 2025:

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	<u>375</u>
Debt issue costs: amortization	1
Repayment of principal	(31)
Balance, December 31, 2025	<u>345</u>

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 December 31, 2025, the Company had not drawn on the \$2,359 available under the Credit Facility.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

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 December 31, 2025, the Company is in compliance with the covenant.

12 Leases

- a) The following is the carrying amounts of right-of-use assets recognized and the movements during the three months ended December 31, 2025:

Leased buildings:	\$
Balance, September 30, 2024	1,293
Lease additions	2,005
Lease modifications	(234)
Depreciation expense	(607)
Balance, September 30, 2025	<u>2,457</u>
Depreciation expense	(126)
Balance, December 31, 2025	<u>2,331</u>

- b) The following is the carrying amounts of lease liabilities and the movements during the three months ended December 31, 2025:

	\$
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	<u>2,730</u>
Lease payments	(172)
Interest expense on lease liabilities	60
Balance, December 31, 2025	<u>2,618</u>
Current	487
Non-current	<u>2,131</u>
	<u>2,618</u>

As at December 31, 2025, the lease liabilities are payable on an undiscounted basis as follows:

	Undiscounted lease payments \$
Less than one year	702
One to five years	<u>2,694</u>
	<u>3,396</u>

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

13 Share capital

- a) Authorized: unlimited number of voting common shares without par value. Issued and outstanding: 118,716,721

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

- b) Issued and fully paid:

	Share capital	
	Number	Value \$
Balance – October 1, 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
Shares issued on vesting of restricted share rights	10,000	9
Balance – December 31, 2025	118,716,721	82,770

- i) In fiscal 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.

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.

- 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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

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 three months ended December 31, 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	6,308,719	0.40	3,978,769	0.71
Options granted	1,410,000	0.36	3,260,000	0.23
Options expired or forfeited	(150,000)	1.06	(383,384)	1.23
Outstanding, end of the period	7,568,719	0.38	6,855,385	0.45
Exercisable, end of the period	5,052,065	0.42	3,328,718	0.68

The weighted average fair value of options granted during the three months ended December 31, 2025, was \$0.36 per option (2024 - \$0.23). The weighted average remaining contractual life of the outstanding stock options as at December 31, 2025 is 3.38 years (2024 – 3.77 years).

The following weighted average assumptions were used in calculating the fair value of the stock options granted using the Black-Scholes model for the three months ended December 31, 2025 and 2024:

	2025	2024
Risk-free interest rate	2.71%	2.69%
Expected life	3.64 years	3.77 years
Estimated volatility	78.09%	72.1%
Dividend rate	N/A	N/A

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

Stock options outstanding as at December 31, 2025 have the following calendar expiry dates and exercise prices:

Year of expiry	Exercise price per share \$	Number of options
2026	0.90	510,000
2027	0.40 - 0.63	320,000
2028	0.27 - 0.75	2,175,385
2029	0.19 - 0.23	3,133,334
2030	0.22 - 0.36	1,430,000
		7,568,719

During the three months ended December 31, 2025, the Company recorded stock-based compensation expense of \$55 (2024 - \$143), 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.

The changes in RSRs for the three months ended December 31, 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	160,000	0.67	360,000	0.97
RSRs granted	135,000	0.36	90,000	0.22
RSRs vested	(10,000)	0.90	(215,000)	0.99
RSRs forfeited	-	-	(25,000)	0.23
Outstanding, end of the period	285,000	0.51	210,000	0.72

During the three months ended December 31, 2025, stock-based compensation expense of \$2 (2024 - \$16) was recorded for the RSRs vested during the period. RSRs vest three years from the award date, in accordance with the RSR Plan.

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Notes to the Condensed Consolidated Interim Financial Statements

(expressed in thousands of Canadian dollars)

14 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 three months ended December 31, 2025 and 2024 comprises the following expenses:

	2025 \$	2024 \$
Salaries, bonuses, and short-term employee benefits	234	223
Stock-based compensation	24	84
	<u>258</u>	<u>307</u>

b) Transactions with related parties

The Company had transactions from related parties for the three months ended December 31, 2025 and 2024 in the normal course of business as shown in the table below:

	2025 \$	2024 \$
Directors' fees	15	15
Stock-based compensation	4	5
	<u>19</u>	<u>20</u>

15 Revenues

a) Revenue breakdown for the three months ended December 31, 2025 and 2024 is as follows:

2025 \$	2024 \$
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(expressed in thousands of Canadian dollars)

Equipment construction contracts	731	252
Equipment sales	153	125
Royalties and licensing fees	627	559
Tolling Fees	-	119
Equipment rental fees, testing fees, interest income and other	89	122
	<u>1,600</u>	<u>1,177</u>

Individual customers representing over 10% of the total revenue during the three months ended December 31, 2025 and 2024 were as follows:

Customer	2025		2024	
	\$	%	\$	%
A	805	50	391	33
B	372	23	205	17
Others	423	27	581	50
	<u>1600</u>	<u>100</u>	<u>1,177</u>	<u>100</u>

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

Customer	December 31, 2025		September 30, 2025	
	\$	%	\$	%
X	951	55	263	28
Y	199	11	174	19
Others	594	34	492	53
	<u>1,744</u>	<u>100</u>	<u>929</u>	<u>100</u>

16 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 three months ended December 31, 2025 and 2024 are shown below.

Details of expenses by nature	2025 \$	2024 \$
Cost of materials	311	180
Salaries, wages and employee expenses	1,190	1,032
Travel and promotional costs	266	285
Depreciation of plant and equipment	290	293
Professional services	225	145
Other expenses	51	72
Office and courier	71	67
Rent	70	31
Total expenses	<u>2,475</u>	<u>2,105</u>

17 Finance Expense

Finance expense breakdown for the three months ended December 31, 2025, and 2024 is as follows:

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	2025	2024
	\$	\$
Financing and interest expense on Indebtedness (Note 11)	35	37
Interest expense on lease liabilities (Note 12)	60	35
	<u>95</u>	<u>72</u>

18 Financial instruments and risk management

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.

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 December 31, 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

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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 December 31, 2025:

	Current	Past due but not impaired		
	0 – 30	31 – 90	91 – 365	Over 365
Trade receivables	1,476	224	44	-
Due from customers on contract	3,219	-	-	-
Loans receivable	1,758	-	-	-
Indirect tax receivable	57	-	-	-
	6,510	224	44	-

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 December 31, 2025, the Company had cash and cash equivalents of \$2,547 to settle current liabilities of \$3,436. Financial assets maturity table:

	0 – 30	31 – 90	91 – 365	Over 365
Cash and cash equivalents and restricted cash	2,547	-	41	-
Trade receivables	1,744	-	-	-
Due from customers on contract	228	389	1,689	913
Loans receivable	145	136	613	864
Indirect tax receivables	57	-	-	-
	4,721	525	2,343	1,777

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a) Financial liabilities maturity table:

	0 – 30	31 – 90	91 – 365	Over 365
Trade and other payables	1,322	708	199	-
Customer deposits and deferred revenues	375	-	-	-
Borrowings	10	20	315	-
Lease liabilities	39	78	370	2,131
	<u>1,746</u>	<u>806</u>	<u>884</u>	<u>2,131</u>

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 three months ended December 31, 2025 ranged from 2.00% to 3.75% (2024 – 2.50% to 3.75%). The interest rate on the Term Loan during the three months ended December 31, 2025, ranged from 4.45% to 4.70% (2024 – 7.45% to 8.45%). A 1% change in interest rates would affect the results of operations by approximately \$38 (2024 - \$26).

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 December 31, 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 three months ended 2025, and 2024 as follows:

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	2025	2024
	\$	\$
Currency		
US dollar	128	285

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.

19 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 three months ended December 31, 2025 and 2024:

	Three months ended December	
	2025	2024
	\$	\$
Revenues	-	-
Cost of sales	-	-
Expenses		
General and administration	(6)	(8)
Loss before other items	(6)	(8)
Loss from discontinued operations	(6)	(8)

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Cash flows from discontinued operations are as follows:

	Three months ended December	
	2025	31, 2024
	\$	\$
Cash flows generated from operating activities from discontinued operations		
Net loss for the period from discontinued operations	(6)	(8)
Changes in non-cash working capital	(6)	(8)
Trade receivables	6	22
Trade and other payables	-	(1)
Net cash generated by the activities from discontinued operations	-	13
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	-	13

20 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.