



Condensed Consolidated Interim Financial Statements

Three and nine months ended June 30, 2026, and 2025

(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 and nine months ended June 30, 2026 and 2025

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

	Note	Three months ended		Nine months ended	
		June 30, 2026 \$	June 30, 2025 \$	June 30, 2026 \$	June 30, 2025 \$
Revenues	15	3,313	2,744	6,072	7,610
Direct costs		2,501	2,209	4,258	5,526
		812	535	1,814	2,084
Expenses					
General and administration		394	532	1,439	1,541
Sales and marketing		439	485	1,452	1,407
Research and development		367	388	1,254	1,124
Stock-based compensation	13(c)	76	59	246	330
Other income		-	-	(26)	(11)
Foreign exchange (gain) loss		(96)	194	(83)	53
Finance income	4a	(14)	(26)	(48)	(103)
Finance expense	17	111	65	302	205
		1,277	1,697	4,536	4,546
Loss from continuing operations before income taxes		(465)	(1,162)	(2,722)	(2,462)
Income tax expense					
Current		-	-	-	-
Deferred		-	-	-	-
Loss from continuing operations		(465)	(1,162)	(2,722)	(2,462)
(Loss) income from discontinued operations	19	-	(9)	(6)	1,109
Loss for the period		(465)	(1,171)	(2,728)	(1,353)
Net (loss) income per share:					
Continuing operations, basic and diluted		0.00	(0.01)	(0.02)	(0.02)
Discontinued operations, basic and diluted		0.00	0.00	0.00	0.01
		0.00	(0.01)	(0.02)	(0.01)
Weighted average number of common shares outstanding:					
Basic		118,716,721	111,125,952	118,713,937	111,023,576
Diluted		119,196,098	112,311,606	119,821,900	111,716,129

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

EnWave Corporation

Condensed Consolidated Interim Statements of Comprehensive Loss

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

(Unaudited, expressed in thousands of Canadian dollars)

	Three months ended		Nine months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	\$	\$	\$	\$
Net loss for the period	(465)	(1,171)	(2,728)	(1,353)
Other comprehensive loss				
Items that may be subsequently reclassified to income or loss				
Foreign exchange translation (gain) loss	<u>(1)</u>	<u>(16)</u>	<u>(1)</u>	<u>11</u>
Total comprehensive loss for the period	<u>(466)</u>	<u>(1,187)</u>	<u>(2,729)</u>	<u>(1,342)</u>

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

EnWave Corporation

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2026 and September 30, 2025

(Unaudited, expressed in thousands of Canadian dollars)

	Note	June 30, 2026 \$	September 30, 2025 \$
Assets			
Current assets			
Cash and cash equivalents	4(a)	2,483	6,359
Restricted cash	4(b)	43	42
Trade receivables	6	1,330	929
Due from customers on contract	5	2,472	3,699
Loans receivable, current	9	1,996	913
Inventory	8	3,043	1,399
Prepays and other receivables	7	445	652
		<u>11,812</u>	<u>13,993</u>
Non-current assets			
Loans receivable, non-current	9	1,277	693
Prepays, deposits and other receivables	7	80	149
Plant and equipment		925	1,254
Right-of-use assets	12(a)	1,944	2,457
		<u>4,226</u>	<u>4,553</u>
Total assets		<u>16,038</u>	<u>18,546</u>
Liabilities			
Current liabilities			
Trade and other payables	10	1,709	3,416
Customer deposits and deferred revenue	5	336	34
Borrowings	11	2,230	375
Current portion of lease liabilities	12(b)	438	471
		<u>4,713</u>	<u>4,296</u>
Non-current liabilities			
Long-term portion of lease liabilities	12(b)	1,817	2,259
		<u>1,817</u>	<u>2,259</u>
Total liabilities		<u>6,530</u>	<u>6,555</u>
Equity			
Share capital	13(b)	82,770	82,761
Contributed surplus		12,928	12,691
Foreign currency translation reserve		541	542
Deficit		(86,731)	(84,003)
Total equity		<u>9,508</u>	<u>11,991</u>
Total liabilities and equity		<u>16,038</u>	<u>18,546</u>

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

EnWave Corporation

Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended June 30, 2026 and 2025

(Unaudited, 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	-	-	-	-	(1,353)	(1,353)
Effects of foreign currency translation	-	-	-	11	-	11
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	-	-	18	-	-	18
Stock-based compensation	-	-	312	-	-	312
Balance – June 30, 2025	111,206,721	80,272	12,567	535	(84,938)	8,436
Balance – September 30, 2025	118,706,721	82,761	12,691	542	(84,003)	11,991
Net loss for the period	-	-	-	-	(2,728)	(2,728)
Effects of foreign currency translation	-	-	-	(1)	-	(1)
Shares issued with restricted share rights	10,000	9	(9)	-	-	-
Restricted share rights	-	-	14	-	-	14
Stock-based compensation	-	-	232	-	-	232
Balance – June 30, 2026	118,716,721	82,770	12,928	541	(86,731)	9,508

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

EnWave Corporation

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended June 30, 2026 and 2025

(Unaudited, expressed in thousands of Canadian dollars)

	Note	Nine months ended June 30,	
		2026 \$	2025 \$
Cash flows used in operating activities			
Net loss for the period from continuing operations		(2,722)	(2,462)
Items not affecting cash			
Depreciation and amortization		878	890
Stock-based compensation	13(c)	246	330
Other income		(26)	(35)
Finance income	4a	(48)	(103)
Finance expense	17	302	205
Foreign exchange (gain) loss		(83)	53
		(1,453)	(1,122)
Changes in non-cash working capital			
Restricted cash		(1)	51
Trade receivables		(360)	(878)
Prepays and other receivables		286	(18)
Loans receivable		(1,605)	661
Inventory		(1,729)	523
Trade and other payables		(1,841)	401
Payment received from security deposits		46	58
Due from customers on contract and deferred revenue		1,553	(820)
Net cash used in operating activities before income taxes		(5,104)	(1,144)
Net cash generated by operating activities from discontinued operations		-	1,090
Net cash used in operating activities		(5,104)	(54)
Cash flows from investing activities			
Acquisition of plant and equipment		(87)	22
Finance income received		7	51
Net cash (used in) generated by investing activities from continuing operations		(80)	73
Net cash generated by investing activities from discontinued operations		-	-
Net cash (used in) generated by investing activities		(80)	73
Cash flows from financing activities			
Proceeds from exercise of stock options		-	26
Proceeds from Term Loan	11(a)	-	500
Payment of Term Loan – debt issue costs	11(a)	-	(11)
Payment of Term Loan - principal	11(a)	(94)	(83)
Payment of Term Loan - interest	11(a)	(16)	(27)
Proceeds from Credit Facility	11(b)	3,745	-
Payment of Credit Facility - principal	11(b)	(1,800)	-
Payment of Credit Facility - interest	11(b)	(19)	-
Payment of lease liabilities - principal	12(b)	(311)	(433)
Payment of lease liabilities - interest	12(b)	(167)	(96)
Net cash generated by (used in) financing activities from continuing operations		1,338	(124)
Net cash used in financing activities from discontinued operations		-	-
Net cash generated by (used in) financing activities		1,338	(124)
Effect of foreign exchange translation on cash		(30)	(16)
Decrease in cash and cash equivalents - continuing operations		(3,876)	(1,211)
Increase in cash and cash equivalents - discontinued operations		-	1,090
Cash and cash equivalents - Beginning of period		6,359	4,762
Cash and cash equivalents - End of period		2,483	4,641

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

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, 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 Washington State.

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 August 20, 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 (Unaudited, 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:

- 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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

- 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:
 - o management-defined performance measures;
 - o 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
 - o 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 June 30, 2026, the Company had \$2,483 (September 30, 2025 - \$6,359) in cash funds held in current accounts.

b) Restricted cash

As at June 30, 2026, the Company had a \$43 (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.

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

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

	June 30, 2026 \$	September 30, 2025 \$
Due from customers on contract	2,472	3,699
Customer deposits and deferred revenues	(336)	(34)
	<u>2,136</u>	<u>3,665</u>

During the nine months ended June 30, 2026, the Company recognized revenue from equipment sales, tolling, machine parts sales, and construction contracts of \$34 (June 30, 2025 - \$322) that was included as deferred revenue at the beginning of the period.

6 Trade receivables

	June 30, 2026 \$	September 30, 2025 \$
Trade receivables	1,399	991
Less: Provision for expected credit losses	(69)	(62)
	<u>1,330</u>	<u>929</u>

7 Prepaids, deposits and other receivables

	June 30, 2026 \$	September 30, 2025 \$
Prepaid expenses ⁽¹⁾ , deposits	447	715
Indirect tax receivable	72	70
Other receivables	6	16
	<u>525</u>	<u>801</u>
Prepaid expenses and deposits:		
Current	367	566
Non-current	80	149
	<u>447</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 (Unaudited, expressed in thousands of Canadian dollars)

8 Inventory

	June 30, 2026 \$	September 30, 2025 \$
Raw Material	205	263
Work-in-progress	49	480
Finished Goods	2,789	656
	<u>3,043</u>	<u>1,399</u>

9 Loans receivable

	June 30, 2026 \$	September 30, 2025 \$
Current	1,996	913
Non-current	1,277	693
	<u>3,273</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 9%, have remaining terms ranging from 10 to 25 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.

10 Trade and other payables

	June 30, 2026 \$	September 30, 2025 \$
Trade payables	934	2,077
Accrued liabilities	288	317
Personnel related accruals	256	847
Security deposits	46	17
Provision for warranty	185	158
	<u>1,709</u>	<u>3,416</u>

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

11 Indebtedness

Borrowings consist of:

	June 30, 2026 \$	September 30, 2025 \$
Term Loan	285	375
Credit Facility	1,945	-
	<u>2,230</u>	<u>375</u>

a) 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 nine months ended June 30, 2026:

Borrowings:	\$
Term Loan:	
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	4
Repayment of principal	(94)
Balance, June 30, 2026	<u>285</u>

b) 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% and is repayable on demand. As at June 30, 2026, the Credit Facility had a total authorized limit of \$2,305, with \$1,945 drawn and \$360 in remaining undrawn availability. 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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

The following is the carrying amount of the Credit Facility and movements during the nine months ended June 30, 2026:

Borrowings:	\$
Credit Facility:	
Balance, October 01, 2025	-
Drawdowns	3,726
Interest paid	19
Repayment of principal	(1,800)
Balance, June 30, 2026	<u>1,945</u>

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 June 30, 2026, 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 nine months ended June 30, 2026:

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>
Lease modifications	(136)
Depreciation expense	(377)
Balance, June 30, 2026	<u>1,944</u>

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

- b) The following are the carrying amounts of lease liabilities and the movements during the nine months ended June 30, 2026:

	\$
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
Lease modifications	(164)
Lease payments	(478)
Interest expense on lease liabilities	167
Balance, June 30, 2026	2,255
Current	438
Non-current	1,817
	2,255

As at June 30, 2026, the lease liabilities are payable on an undiscounted basis as follows:

	Undiscounted lease payments \$
Less than one year	623
One to five years	2,110
	2,733

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.

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

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 – June 30, 2026	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.

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 nine months ended June 30, 2026, and 2025 were as follows:

EnWave Corporation

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited, expressed in thousands of Canadian dollars)

	2026		2025	
	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	1,440,000	0.36	3,280,000	0.23
Options exercised			116,666	0.23
Options expired or forfeited	(180,000)	0.94	(843,384)	1.20
Outstanding, end of the period	7,568,719	0.38	6,298,719	0.40
Exercisable, end of the period	6,612,049	0.39	4,112,057	0.50

The weighted average fair value of options granted during the nine months ended June 30, 2026, was \$0.20 per option (2025 - \$0.23). The weighted average remaining contractual life of the outstanding stock options as at June 30, 2026, is 2.81 years (2025 – 3.45 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 nine months ended June 30, 2026, and 2025:

	2026	2025
Risk-free interest rate	2.71%	2.69%
Expected life	3.64 years	3.78 years
Estimated volatility	78.07%	72.1%
Dividend rate	N/A	N/A

Stock options outstanding as at June 30, 2026, 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	0.44 - 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	1,430,000
2031	0.33	10,000
		7,568,719

During the nine months ended June 30, 2026, the Company recorded stock-based compensation expense of \$246 (2025 - \$330), 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.

EnWave Corporation

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The changes in RSRs for the nine months ended June 30, 2026, and 2025 were as follows:

	2026		2025	
	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	(265,000)	0.97
RSRs forfeited	-	-	(25,000)	0.23
Outstanding, end of the period	285,000	0.51	160,000	0.67

During the nine months ended June 30, 2026, stock-based compensation expense of \$14 (2025 - \$18) was recorded for the RSRs vested during the period. RSRs vest three years from the award date, in accordance with the RSR Plan.

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 and nine months ended June 30, 2026, and 2025 comprises the following expenses:

	Three months ended June 30,		Nine months ended June 30,	
	2026 \$	2025 \$	2026 \$	2025 \$
Salaries, bonuses, and short-term employee benefits	75	232	547	687
Stock-based compensation	28	33	100	195
	103	265	647	882

b) Transactions with related parties

The Company had transactions from related parties for the three and nine months ended June 30, 2026, and 2025 in the normal course of business as shown in the table below:

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	Three months ended June 30,		Nine months ended June 30,	
	2026 \$	2025 \$	2026 \$	2025 \$
Directors' fees	23	15	60	45
Stock-based compensation	6	1	16	7
	29	16	76	52

15 Revenues

- a) Revenue breakdown for the three and nine months ended June 30, 2026, and 2025 is as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2026 \$	2025 \$	2026 \$	2025 \$
Equipment construction contracts	2,376	2,119	3,282	4,615
Equipment sales	265	87	826	968
Royalties and licensing fees	536	431	1,628	1,464
Tolling Fees	2	56	27	315
Equipment rental fees, testing fees and other	134	51	309	248
	3,313	2,744	6,072	7,610

Individual customers representing over 10% of the total revenue during the nine months ended June 30, 2026, and 2025 were as follows:

Customer	June 30, 2026		June 30, 2025	
	\$	%	\$	%
A	2,351	39	2,565	34
B	1,307	22	2,350	31
C	968	15	-	-
Others	1,446	24	2,695	35
	6,072	100	7,610	100

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

Customer	June 30, 2026		September 30, 2025	
	\$	%	\$	%
X	194	15	263	28
Y	287	22	174	19
Z	168	13	-	-
Others	681	50	492	53
	1,330	100	929	100

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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 and nine months ended June 30, 2026, and 2025 are shown below:

Details of expenses by nature	Three months ended June 30,		Nine months ended June 30,	
	2026 \$	2025 \$	2026 \$	2025 \$
Cost of materials	1,787	1,512	2,097	3,421
Salaries, wages and employee expenses	924	1,157	3,402	3,339
Commissions, travel and promotional costs	262	204	693	693
Depreciation of plant and equipment	295	293	878	889
Professional services	228	224	743	628
Other expenses	58	62	171	178
Office and courier	78	44	210	190
Bad debt	-	51	-	51
Facility expenses	69	67	209	209
Total expenses	3,701	3,614	8,403	9,598

17 Finance Expense

Finance expense breakdown for the three and nine months ended June 30, 2026, and 2025 is as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2026 \$	2025 \$	2026 \$	2025 \$
Financing and interest expense on Indebtedness (Note 11)	59	36	135	109
Interest expense on lease liabilities (Note 12)	52	29	167	96
	111	65	302	205

18 Financial instruments risk

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, loan 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.

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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 June 30, 2026, the Company has recorded a \$69 (2025 - \$41) 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 June 30, 2026:

	Current	Past due but not impaired		
	0 – 30	31 – 90	91 – 365	Over 365
Trade receivables	941	276	113	-
Due from customers on contract	2,472	-	-	-
Loans receivable	3,273	-	-	-
Indirect tax receivable	72	-	-	-
	6,758	276	113	-

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.

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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 June 30, 2026, the Company had cash and cash equivalents of \$2,483 to settle current liabilities of \$4,713.

Financial assets maturity table:

	0 – 30	31 – 90	91 – 365	Over 365
Cash and cash equivalents and restricted cash	2,483	-	43	-
Trade receivables	1,330	-	-	-
Due from customers on contract	-	-	1,051	1,421
Loans receivable	220	305	1,471	1,277
Indirect tax receivables	72	-	-	-
	<u>4,105</u>	<u>305</u>	<u>2,565</u>	<u>2,698</u>

Financial liabilities maturity table:

	0 – 30	31 – 90	91 – 365	Over 365
Trade and other payables	1,149	304	256	-
Customer deposits and deferred revenues	8	-	328	-
Borrowings ⁽¹⁾	1,955	20	255	-
Lease liabilities	34	69	335	1,817
	<u>3,146</u>	<u>393</u>	<u>1,174</u>	<u>1,817</u>

⁽¹⁾ Refer to note 11.

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 nine months ended June 30, 2026, ranged from 2.00% to 3.75% (2025 – 2.50% to 3.75%). The interest rate on the Term Loan during the nine months ended June 30, 2026, ranged from 4.45% to 4.70% (2025 – 6.95% to 8.45%). A 1% change in interest rates would affect the results of operations by approximately \$34 (2025 - \$24).

Foreign exchange risk

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

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- (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 June 30, 2026, 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 nine months ended June 30, 2026, and 2025 as follows:

	2026 \$	2025 \$
Currency		
US dollar	718	758

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 nine months ended June 30, 2026, and 2025:

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	Nine months ended June 30	
	2026 \$	2025 \$
Revenues	-	-
Expenses		
General and administration	(6)	(90)
Sales and marketing	-	25
Loss before other items	(6)	(65)
Other items:		
Employee retention tax credit	-	1,174
Total other items	-	1,174
(Loss) income from discontinued operations	(6)	1,109

In 2025, a \$836 USD tax refund for NutraDried was recognized in discontinued operations during the quarter. 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.

Cash flows from discontinued operations are as follows:

	Nine months ended June 30,	
	2026 \$	2025 \$
Cash flows generated from operating activities from discontinued operations		
Net (loss) income for the period from discontinued operations	(6)	1,109
Changes in non-cash working capital	(6)	1,109
Trade receivables	6	22
Other receivables	-	-
Trade and other payables	-	(41)
Net cash generated by discontinued operations	-	1,090
Cash flows used in investing activities		
Net cash generated by 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-discontinued operations	-	1,090

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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.