# BRAILLE ENERGY SYSTEMS INC.

## Condensed Consolidated Interim Financial Statements

For the three month period ended December 31, 2025

*(Expressed in Canadian Dollars)*

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**Condensed Consolidated Interim Financial Statements**



The accompanying unaudited condensed consolidated interim financial statements 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 unaudited condensed consolidated interim financial statements

**Braille Energy Systems Inc.**
Condensed Consolidated Interim Statements of Financial Position (Unaudited)
*(Expressed in Canadian dollars)*

| As at | **December 31, 2025** | September 30, 2025 |
|---|---|---|
| | **$** | $ |
| **ASSETS** | | |
| Current assets | | |
| Cash | **47,472** | 108,674 |
| Trade and other receivables (Note 4) | **160,779** | 83,003 |
| Amounts due from related parties (Note 16) | **24,046** | 24,046 |
| Inventory (Note 5) | **480,451** | 460,188 |
| Prepaid expenses | **332,525** | 494,342 |
| | **1,045,273** | 1,170,253 |
| Property and equipment (Note 6) | **72,266** | 83,516 |
| Right of use assets (Note 7) | **167,620** | 202,157 |
| Total assets | **1,285,159** | 1,455,926 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | **1,840,317** | 2,063,929 |
| Customer deposits | **2,024** | - |
| Lease obligation (Note 18) | **177,730** | 180,518 |
| Warranty provision (Note 19) | **56,144** | 57,025 |
| Current tax payable | **21,144** | 21,476 |
| Amounts due to related parties (Note 16) | **1,197,225** | 902,781 |
| | **3,294,584** | 3,225,729 |
| Long-term debt (Note 9) | **26,100** | 28,145 |
| Lease obligation (Note 18) | **47,428** | 86,921 |
| Total liabilities | **3,368,112** | 3,340,795 |
| **EQUITY** | | |
| Share capital (Note 10) | **13,308,200** | 12,878,395 |
| Warrants (Note 11) | **89,642** | 81,278 |
| Contributed surplus (Note 12) | **2,937,658** | 2,705,243 |
| Accumulated other comprehensive income | **85,857** | 78,373 |
| Deficit | **(18,244,620)** | (17,387,428) |
| Equity attributable to owners of the parent | **(1,823,263)** | (1,644,139) |
| Non-controlling interest | **(259,690)** | (240,730) |
| Total equity | **(2,082,953)** | (1,884,869) |
| Total liabilities and equity | **1,285,159** | 1,455,926 |

Going concern (Note 2)
Contingencies (Note 20)

On behalf of the Board

| | |
|---|---|
| (signed) "Lindsay Weatherdon" | (signed) "Jeffrey York" |
| Lindsay Weatherdon, Director | Jeffrey York, Director |

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

**Braille Energy Systems Inc.**
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)
*(Expressed in Canadian dollars)*

| | Three months ended December 31, **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| Revenue | **496,993** | 845,044 |
| Cost of goods sold | **(281,089)** | (615,514) |
| | **215,904** | 229,530 |
| Operating expenses | | |
| Consulting fees | **202,370** | 127,616 |
| Salaries and benefits | **217,873** | 154,720 |
| Stock-based compensation (Note 12) | **232,415** | - |
| Bank charges and interest | **23,230** | 13,079 |
| Professional fees | **(2,748)** | 7,596 |
| Insurance | **56,139** | 58,353 |
| Travel and promotion | **14,149** | 10,690 |
| Research | **236,024** | 54,642 |
| Office | **65,241** | 69,867 |
| Depreciation of property and equipment (Note 6) | **10,372** | 11,058 |
| Depreciation of right of use assets (Note 7) | **31,967** | 32,047 |
| Interest on lease obligation | **6,004** | 9,639 |
| | **(1,093,036)** | (549,307) |
| Other income (expense) | | |
| Interest income | **145** | - |
| Change in fair value of financial assets at FVTPL | **-** | (13,950) |
| Net loss | **(876,987)** | (333,727) |
| Other comprehensive income (loss) | | |
| Exchange difference on translation | **8,320** | 16,226 |
| Other comprehensive income (loss) | **8,320** | 16,226 |
| Total comprehensive loss | **(868,667)** | (317,501) |
| Net loss attributable to: | | |
| Owners of the parent | **(857,191)** | (323,378) |
| Non-controlling interest | **(19,796)** | (10,349) |
| | **(876,987)** | (333,727) |
| Total comprehensive loss attributable to: | | |
| Owners of the parent | **(849,707)** | (308,783) |
| Non-controlling interest | **(18,960)** | (8,718) |
| | **(868,667)** | (317,501) |
| Basic and diluted net loss per common share | **(0.008)** | (0.003) |
| Basic and diluted weighted average number of common shares outstanding | **105,830,209** | 99,265,592 |

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

**Braille Energy Systems Inc.**

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

*(Expressed in Canadian dollars)*

| | Share capital | | Warrants | Contributed surplus | Deficit | Accumulated other comprehensive income | Equity attributable to owners of the parent | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | # of shares | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance, September 30, 2024** | **99,265,592** | **12,804,512** | **248,196** | **2,538,325** | **(15,822,486)** | **65,615** | **(165,838)** | **(201,405)** | **(367,243)** |
| Net loss | - | - | - | - | (323,378) | - | (323,378) | (10,349) | (333,727) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 14,595 | 14,595 | 1,631 | 16,226 |
| **Balance, December 31, 2024** | **99,265,592** | **12,804,512** | **248,196** | **2,538,325** | **(16,145,864)** | **80,210** | **(474,621)** | **(210,123)** | **(684,744)** |
| Units issued in settlement of accounts payable | 1,477,660 | 73,883 | - | - | - | - | 73,883 | - | 73,883 |
| Expiry of warrants | - | - | (166,918) | 166,918 | - | - | - | - | - |
| Net loss | - | - | - | - | (1,241,564) | - | (1,241,564) | (30,401) | (1,271,965) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | (1,837) | (1,837) | (206) | (2,043) |
| **Balance, September 30, 2025** | **100,743,252** | **12,878,395** | **81,278** | **2,705,243** | **(17,387,428)** | **78,373** | **(1,644,139)** | **(240,730)** | **(1,884,869)** |
| Shares/units issued for cash | 6,000,000 | 300,000 | - | - | - | - | 300,000 | - | 300,000 |
| Shares issued in settlement of amounts due to related parties | 3,000,000 | 150,000 | - | - | - | - | 150,000 | - | 150,000 |
| Stock-based compensation | - | - | - | 232,415 | - | - | 232,415 | - | 232,415 |
| Share issuance costs | - | (20,195) | 8,364 | - | - | - | (11,831) | - | (11,831) |
| Net loss | - | - | - | - | (857,192) | - | (857,192) | (19,796) | (876,988) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 7,484 | 7,484 | 836 | 8,320 |
| **Balance, December 31, 2025** | **109,743,252** | **13,308,200** | **89,642** | **2,937,658** | **(18,244,620)** | **85,857** | **(1,823,263)** | **(259,690)** | **(2,082,953)** |

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

**Braille Energy Systems Inc.**
Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(*Expressed in Canadian dollars)*

| | Three months ended December 31, | |
|---|---|---|
| | **2025** | 2024 |
| | **$** | $ |
| **OPERATING ACTIVITIES** | | |
| Net loss | **(876,988)** | (333,727) |
| Adjustments for: | | |
| Stock-based compensation (Note 12) | **232,415** | - |
| Depreciation of property and equipment (Note 6) | **10,372** | 11,058 |
| Depreciation of right of use assets (Note 7) | **31,967** | 32,047 |
| Interest on lease obligation (Note 18) | **6,004** | 9,639 |
| Change in fair value of financial assets at FVTPL | **-** | 13,950 |
| Changes in non-cash working capital items (Note 13) | **291,341** | 257,439 |
| **Net cash flows from operating activities** | **(304,889)** | (9,594) |
| **FINANCING ACTIVITIES** | | |
| Proceeds from issuance of shares/units | **300,000** | - |
| Share issuance costs | **(11,831)** | - |
| Repayment of long-term debt | **(2,045)** | (1,771) |
| Lease payments (Note 18) | **(44,826)** | (43,628) |
| **Net cash flows from financing activities** | **241,298** | (45,399) |
| Decrease in cash | **(63,591)** | (54,993) |
| Cash, beginning of the period | **108,674** | 104,347 |
| Exchange differences on cash | **2,389** | 1,985 |
| **Cash, end of the period** | **47,472** | 51,339 |

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

## 1. NATURE OF OPERATIONS

Braille Energy Systems Inc. (the “Company” or “BESI”) was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange under the symbol BES. The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

Following a change of business transaction on June 21, 2018, whereby the Company acquired an 89.95% ownership interest in Braille Holdings Inc., the Company became a Tier 2 Technology issuer. Braille Battery Inc. (“Braille Battery”), a wholly owned subsidiary of Braille Holdings Inc., is an established battery-manufacturing and energy storage company supplying batteries to the power sport industry.

Prior to the acquisition of Braille Battery, the Company engaged in the acquisition, exploration, and development of mineral properties in Quebec, Canada. The Company was in the exploration stage and did not derive any revenue from its properties. On August 11, 2022, the Company completed the sale of its last remaining mineral property.

## 2. GOING CONCERN ASSUMPTION

*Going concern*

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2025, the Company had cash of $47,472 and a working capital deficiency of $2,249,311. During the three month period ended December 31, 2025, the Company had a net loss of $876,987. In addition, the Company has a deficit of $18,244,620.

Certain of the above factors indicate material uncertainties, which may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and meet its corporate administrative expenses over the next twelve months is dependent upon continued financial support through equity and/or debt financing until the Company is able to achieve profitable operations. No assurance can be given that the Company will be successful in achieving profitable operations or obtaining the required additional financing in order to support its operations and to proceed with its plans to expand. Failure to meet operational or financing goals could result in material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern.

The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for the condensed consolidated interim financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the condensed consolidated interim statements of financial position.

## 3. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The condensed consolidated interim financial statements for the three month period ended December 31, 2025 are expressed in Canadian dollars, which is also the functional currency of the Company. They have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). They do not include all of the information and disclosures required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's consolidated financial statements for the years ended September 30, 2025 and 2024.

*(Expressed in Canadian dollars)*

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies used in the Company's financial statements for the years ended September 30, 2025 and 2024.

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management. The judgments, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were consistent with those applied in the Company's consolidated financial statements for the years ended September 30, 2025 and 2024.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on February 27, 2026.

## 4. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

| | **December 31, 2025** | September 30, 2025 |
|---|---|---|
| | **$** | $ |
| Trade receivables | **150,377** | 67,438 |
| Allowance for expected credit loss | **(13,441)** | (13,652) |
| Net trade receivables | **136,936** | 53,786 |
| Sales taxes receivable | **23,843** | 29,217 |
| Total trade and other receivables | **160,779** | 83,003 |

These amounts are all due within a short-term period and the net carrying values reasonably approximate the fair value of the receivables.

Allowance for expected credit loss

| | **Three months ended December 31, 2025** | Year ended September 30, 2025 |
|---|---|---|
| | **$** | $ |
| Balance, beginning of the period | **(13,652)** | (13,238) |
| Adjustment to expected credit loss | **211** | (414) |
| Balance, end of the period | **(13,441)** | (13,652) |

*(Expressed in Canadian dollars)*

## 5. INVENTORY

Inventory consists of the following:

| | **December 31, 2025** | September 30, 2025 |
|---|---|---|
| | **$** | $ |
| Parts | **308,601** | 295,586 |
| Finished goods | **171,850** | 164,602 |
| Total inventory | **480,451** | 460,188 |

## 6. PROPERTY AND EQUIPMENT

| | Solar Panels Modules | Electronics | Moulds | Equipment | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Cost** | | | | | |
| Balance, September 30, 2025 | 34,068 | 17,050 | 68,186 | 190,728 | 310,032 |
| Net exchange differences | (527) | (263) | (1,081) | (3,429) | (5,300) |
| **Cost, December 31, 2025** | **33,541** | **16,787** | **67,105** | **187,299** | **304,732** |
| **Accumulated depreciation** | | | | | |
| Balance, September 30, 2025 | 19,812 | 10,862 | 48,419 | 147,423 | 226,516 |
| Depreciation | 854 | 428 | 1,753 | 7,338 | 10,373 |
| Net exchange differences | (331) | (165) | (853) | (3,074) | (4,423) |
| **Accumulated depreciation, December 31, 2025** | **20,335** | **11,125** | **49,319** | **151,687** | **232,466** |
| **Net Book Value, December 31, 2025** | **13,206** | **5,662** | **17,786** | **35,612** | **72,266** |

| | Solar Panels Modules | Electronics | Moulds | Equipment | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Cost** | | | | | |
| Balance, September 30, 2024 | 33,034 | 16,533 | 66,064 | 183,998 | 299,629 |
| Net exchange differences | 1,034 | 517 | 2,122 | 6,730 | 10,403 |
| **Cost, September 30, 2025** | **34,068** | **17,050** | **68,186** | **190,728** | **310,032** |
| **Accumulated depreciation** | | | | | |
| Balance, September 30, 2024 | 15,885 | 8,897 | 40,014 | 111,066 | 175,862 |
| Depreciation | 3,426 | 1,715 | 7,032 | 31,334 | 43,507 |
| Net exchange differences | 501 | 250 | 1,373 | 5,023 | 7,147 |
| **Accumulated depreciation, September 30, 2025** | **19,812** | **10,862** | **48,419** | **147,423** | **226,516** |
| **Net Book Value, September 30, 2025** | **14,256** | **6,188** | **19,767** | **43,305** | **83,516** |

*(Expressed in Canadian dollars)*

## 7. RIGHT OF USE ASSETS

| | Office (USA) | Office Equipment | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Cost** | | | |
| Balance, September 30, 2025 | 849,640 | 28,376 | 878,016 |
| Net exchange differences | (13,122) | - | (13,122) |
| **Cost, December 31, 2025** | **836,518** | **28,376** | **864,894** |
| **Accumulated depreciation** | | | |
| Balance, September 30, 2025 | 647,483 | 28,376 | 675,859 |
| Depreciation | 31,967 | - | 31,967 |
| Net exchange differences | (10,552) | - | (10,552) |
| **Accumulated depreciation, December 31, 2025** | **668,898** | **28,376** | **697,274** |
| **Net Book Value, December 31, 2025** | **167,620** | **-** | **167,620** |

| | Office (USA) | Office Equipment | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Cost** | | | |
| Balance, September 30, 2024 | 823,884 | 28,376 | 852,260 |
| Net exchange differences | 25,756 | - | 25,756 |
| **Cost, September 30, 2025** | **849,640** | **28,376** | **878,016** |
| **Accumulated depreciation** | | | |
| Balance, September 30, 2024 | 504,097 | 28,376 | 532,473 |
| Depreciation | 128,224 | - | 128,224 |
| Net exchange differences | 15,162 | - | 15,162 |
| **Accumulated depreciation, September 30, 2025** | **647,483** | **28,376** | **675,859** |
| **Net Book Value, September 30, 2025** | **202,157** | **-** | **202,157** |

## 8. LINE OF CREDIT

The company has a $75,000 line of credit with the Royal Bank of Canada, with interest payable on any outstanding balance at the rate of prime plus 1.78%. The line of credit does not have a maturity date. As at December 31, 2025, $75,000 was drawn on the line of credit ($75,000 as at September 30, 2025). The line of credit is secured with a general security agreement over the Company’s property. The amount is included in accounts payable and accrued liabilities.

## 9. LONG TERM DEBT

Under the Canada Emergency Bank Account (“CEBA”) program, part of the Government of Canada’s economic response plan to help Canadian businesses deal with the COVID-19 pandemic, the Company received loans totaling $60,000, with $40,000 received in fiscal 2020 and another $20,000 received in fiscal 2021.

*(Expressed in Canadian dollars)*

In January 2024, the Company received a refinancing loan in the amount of $40,000 from the financial institution that facilitated the CEBA loan (the "Refinancing Loan") and repaid $40,000 of the CEBA loan. In doing so, the Company qualified for partial loan forgiveness in the amount of $20,000, effectively settling the balance of the CEBA loan. The Refinancing Loan bears interest at the rate of prime plus 2.84% and is repayable in monthly instalments of approximately $850 over 60 months. As at December 31, 2025, the balance of the loan is $26,100 ($28,145 as at September 30, 2025).

## 10. SHARE CAPITAL

### Authorized

An unlimited number of common shares (voting, participating and without par value)

### Issued and fully paid

| | Number of shares | $ |
|---|---|---|
| **Balance, September 30, 2024** | **99,265,592** | **12,804,512** |
| Shares issued in settlement of accounts payable (1) | 1,477,660 | 73,883 |
| **Balance, September 30, 2025** | **100,743,252** | **12,878,395** |
| Shares issued for cash (2) | 6,000,000 | 300,000 |
| Shares issued in settlement of amounts due to related parties (3) | 3,000,000 | 150,000 |
| Share issuance costs | - | (20,195) |
| **Balance, December 31, 2025** | **109,743,252** | **13,308,200** |

(1) On September 11, 2025, the Company settled outstanding indebtedness to a consultant in the amount of $73,883, through the issuance of 1,477,660 units of the Company. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.05 until September 11, 2027. The value of the units ($73,883) was allocated entirely to share capital ($73,883), based on the closing price of the Company's shares on the day prior to the debt settlement, after which there was no residual amount to allocate to warrants.

(2) On November 10, 2025, the Company completed a private placement for gross proceeds of $300,000. The private placement was comprised of 6,000,000 units at a price of $0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 until November 10, 2027. In connection with the financing, the Company paid cash finders' fees of $10,200 and issued, as additional consideration, 204,000 broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.08 until November 10, 2027. The proceeds from the financing ($300,000) were allocated entirely to share capital ($300,000), after which there was no residual amount to allocate to warrants. The warrants issued as commissions have been recorded at a value of $8,364 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.07, risk-free interest rate of 2.45%, expected life of warrants of 2 years, annualized volatility of 131% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. The underlying expected stock price volatility is based on historical data of the Company's shares. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate

*(Expressed in Canadian dollars)*

with the expected life of the warrants. The Company incurred other share issuance costs of $1,631 which have been presented as a reduction of share capital.

(3) On November 10, 2025, the Company settled outstanding indebtedness to Thombeth Holdings Inc., a company owned by an officer/director of the Company, in the amount of $150,000, through the issuance of 3,000,000 units of the Company. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.08 until November 10, 2027. The value of the units ($150,000) was allocated entirely to share capital ($150,000), based on the closing price of the Company's shares on the day prior to the debt settlement, after which there was no residual amount to allocate to warrants.

## 11. WARRANTS

The following table reflects the continuity of outstanding warrants:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| | | $ |
| **Balance, September 30, 2024** | **11,205,225** | **0.11** |
| Issued | 1,477,660 | 0.05 |
| Expired | (5,594,115) | 0.12 |
| **Balance, September 30, 2025** | **7,088,770** | **0.10** |
| Issued | 9,204,000 | 0.08 |
| **Balance, December 31, 2025** | **16,292,770** | **0.09** |

As at December 31, 2025, the following warrants were issued and outstanding:

| Number of warrants | Issue date value | Exercise price | Expiry date |
|---|---|---|---|
| | $ | $ | |
| 1,477,660 | - | 0.05 | September 11, 2027 |
| 6,000,000 | - | 0.08 | November 10, 2027 |
| 3,000,000 | - | 0.08 | November 10, 2027 |
| 204,000 | 8,364 | 0.10 | November 10, 2027 |
| 4,444,443 | 66,667 | 0.10 | August 1, 2026 |
| 1,111,111 | 11,111 | 0.15 | September 25, 2026 |
| 55,556 | 3,500 | 0.15 | September 25, 2026 |
| **16,292,770** | **89,642** | | |

*(Expressed in Canadian dollars)*

As at September 30, 2025, the following warrants were issued and outstanding:

| Number of warrants | Issue date value | Exercise price | Expiry date |
|---|---|---|---|
| | $ | $ | |
| 1,477,660 | - | 0.05 | September 11, 2027 |
| 4,444,443 | 66,667 | 0.10 | August 1, 2026 |
| 1,111,111 | 11,111 | 0.15 | September 25, 2026 |
| 55,556 | 3,500 | 0.15 | September 25, 2026 |
| **7,088,770** | **81,278** | | |

## 12. STOCK OPTIONS

The following table reflects the continuity of outstanding stock options:

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| | | $ |
| **Balance, September 30, 2024** | **14,142,949** | **0.15** |
| Expired | (250,000) | 0.05 |
| **Balance, September 30, 2025** | **13,892,949** | **0.15** |
| Granted (1) | 4,945,000 | 0.06 |
| **Balance, December 31, 2025** | **18,837,949** | **0.13** |

(1) On October 7, 2025, 4,945,000 stock options were granted to Directors, Officers and consultants at an exercise price of $0.06 per share, which all vested immediately and expire on October 7, 2030.

As at December 31, 2025, the following stock options were outstanding and exercisable:

| | Outstanding | | | Exercisable | |
|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding | Weighted average remaining contractual life | Weighted average outstanding exercise price | Number vested | Weighted average vested exercise price |
| | | (in years) | $ | | $ |
| $0.09 | 4,945,000 | 4.77 | 0.06 | 4,945,000 | 0.06 |
| $0.09 | 5,632,949 | 3.52 | 0.09 | 5,632,949 | 0.09 |
| $0.18 | 5,875,000 | 1.13 | 0.18 | 5,875,000 | 0.18 |
| $0.23625 | 2,385,000 | 0.16 | 0.23625 | 2,385,000 | 0.23625 |
| | **18,837,949** | **2.69** | **0.13** | **18,837,949** | **0.13** |

*(Expressed in Canadian dollars)*

As at September 30, 2025, the following stock options were outstanding and exercisable:

| Range of exercise prices | Outstanding: Number outstanding | Outstanding: Weighted average remaining contractual life | Outstanding: Weighted average outstanding exercise price | Exercisable: Number vested | Exercisable: Weighted average vested exercise price |
|---|---|---|---|---|---|
| | | (in years) | $ | | $ |
| $0.09 | 5,632,949 | 3.78 | 0.09 | 5,632,949 | 0.09 |
| $0.18 | 5,875,000 | 1.38 | 0.18 | 5,875,000 | 0.18 |
| $0.23625 | 2,385,000 | 0.41 | 0.23625 | 2,385,000 | 0.23625 |
| | **13,892,949** | **2.20** | **0.15** | **13,892,949** | **0.15** |

The following table reflects the weighted-average fair value of stock options granted during the three month period ended December 31, 2025 and the year ended September 30, 2025 and the related Black-Scholes option pricing model inputs that were used in the calculations:

| | **Three months ended December 31, 2025** | Year ended September 30, 2025 |
|---|---|---|
| Stock options granted | 4,945,000 | - |
| Weighted average fair value | $0.05 | - |
| Weighted-average exercise price | $0.06 | - |
| Weighted-average market price at date of grant | $0.055 | - |
| Expected life of stock options (years) | 5 | - |
| Expected stock price volatility | 131% | - |
| Risk-free interest rate | 2.73% | - |
| Expected dividend yield | 0% | - |

The underlying expected stock price volatility is based on historical data of the Company's shares over a period commensurate with the expected life of the options.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

Stock-based compensation of $232,415 (all of which relate to equity-settled stock-based payment transactions) was included in the consolidated statements of loss and comprehensive loss for the three month period ended December 31, 2025 (2024 - $Nil) and credited to contributed surplus.

*(Expressed in Canadian dollars)*

## 13. SUPPLEMENTAL CASH FLOW INFORMATION

| | Three months ended December 31, 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Changes in non-cash working capital are as follows: | | |
| Trade and other receivables | **(79,437)** | 98,488 |
| Amounts due from related parties | **-** | 9,978 |
| Inventory | **(27,852)** | 282,821 |
| Prepaid expenses | **158,420** | 29,051 |
| Accounts payable and accrued liabilities | **(209,240)** | (219,159) |
| Customer deposits | **2,060** | (8,544) |
| Amounts due to related parties | **447,390** | 64,804 |
| | **291,341** | 257,439 |

## 14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade receivables, amounts due from related parties, accounts payable and accrued liabilities, lease obligation, amounts due to related parties and long-term debt. The fair value of these financial instruments approximates their carrying value due to their short-term nature except for long-term debt where the fair value approximates its carrying value due to being subject to market rate interest.

The classification of financial instruments is as follows:

| As at | **December 31, 2025** | September 30, 2025 |
|---|---|---|
| | **$** | $ |
| **Financial assets** | | |
| Amortized cost | | |
| Cash | **47,472** | 108,674 |
| Trade receivables | **136,936** | 53,786 |
| Amounts due from related parties | **24,046** | 24,046 |
| Total financial assets | **208,454** | 186,506 |
| **Financial liabilities** | | |
| Amortized cost | | |
| Accounts payable and accrued liabilities | **(1,840,317)** | (2,063,929) |
| Lease obligation | **(225,158)** | (267,439) |
| Amounts due to related parties | **(1,197,225)** | (902,781) |
| Long-term debt | **(26,100)** | (28,145) |
| Total financial liabilities | **(3,288,800)** | (3,262,294) |

## 15. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 14. The main types of risks are interest rate risk, currency risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing exposure to financial markets. Long-term investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

*Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets exposed to interest rate risk include cash held in interest bearing bank accounts with variable interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments with maturities of 360 days or less from the original date of acquisition. As at December 31, 2025, the Company had cash balances of $47,472 and interest income derived from these investments during the three month period ended December 31, 2025 was $145 (2024 - $Nil). The Company has limited exposure to financial risk arising from fluctuations in variable interest rates earned on cash given that the amount of interest earned by the Company is not significant.

*Currency risk*

Through its subsidiary, Braille Battery Inc., the Company operates internationally and is therefore subject to foreign currency risk. The Company reports its financial results in Canadian dollars, however most of the Company's revenue is transacted in US dollars. The Company incurs expenses in both Canadian and US dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

*Credit risk*

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. A customer is considered to be in default when the trade receivable ages beyond 30 days. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

It is management's opinion that the Company is not exposed to significant credit risk. The Company's financial assets exposed to credit risk are cash and trade receivables and maximum exposure is equal to the carrying values of these assets, totalling $184,408 at December 31, 2025 ($162,460 at September 30, 2025). Credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Trade receivables consist of amounts due from a large number of customers in the automotive industry and from various geographical areas. Credit risk is mitigated by requiring new customers to either prepay for their purchase or to apply for short term credit by going through the Company's credit evaluation and monitoring system.

*(Expressed in Canadian dollars)*

None of the Company's financial assets are secured by collateral or other credit enhancements. Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash inflows and outflows in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. As at December 31, 2025, the Company had a working capital deficiency of $2,249,311, including cash of $47,472 and current liabilities of $3,294,584, due within the next 12 months. During the three month period ended December 31, 2025, the Company had negative net cash flows from operations of $304,889. There has been no change to management's assessment of liquidity risk compared with the prior period.

The Company has financial liabilities of $3,288,800 of which $3,215,272 are due within twelve months and $73,528 are due in 1 to 5 years.

*Capital management*

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company manages its 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 issue new shares through equity offerings or acquire/dispose of assets. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than those of the TSX Venture Exchange ("TSXV") which require adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2025, the Company was non-compliant with respect to the above TSXV capital requirement. Any impact of non-compliance is at the discretion of the TSXV. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the three month period ended December 31, 2025.

## 16. RELATED PARTY TRANSACTIONS

Transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Amounts due from related parties

| As at | **December 31, 2025** | September 30, 2025 |
|---|---|---|
| | **$** | $ |
| Grafoid Inc. | **24,046** | 24,046 |

*(Expressed in Canadian dollars)*

Amounts due to related parties

| As at | **December 31, 2025** | September 30, 2025 |
|---|---|---|
| | **$** | $ |
| Focus Graphite Inc. | **3,065** | 3,065 |
| Grafoid Inc. | **48,054** | 48,054 |
| Thombeth Holdings Inc. | **906,995** | 761,153 |
| JJJY Holdings Inc. | **239,111** | 90,509 |
| | **1,197,225** | 902,781 |

*Thombeth Holdings Inc.*

As at December 31, 2025, included in amounts due to related parties was $906,995 due to Thombeth Holdings Inc. ("Thombeth"), a company owned by an officer/director of the Company ($761,153 as at September 30, 2025). The amount relates to multiple loans made to the Company for the purpose of providing short-term working capital. The loans bear interest at rates ranging from 0% to 12% and are all payable on demand.

During the three month period ended December 31, 2025, the Company was charged $62,761 (2024 - $62,919) by Thombeth for consulting fees. As at December 31, 2025, included in accounts payable and accrued liabilities is an amount of $281,352 ($261,588 as at September 30, 2025) due to Thombeth.

*JJJY Holdings Inc.*

As at December 31, 2025, included in amounts due to related parties was $239,111 due to JJJY Holdings Inc. ("JJJY"), a company owned by a director of the Company ($90,509 as at September 30, 2025). The amount relates to multiple loans made to the Company for the purpose of providing short-term working capital. The loans are non-interest bearing and are payable on demand.

*9176055 Canada Inc.*

During the three month period ended December 31, 2025, the Company was charged $19,062 (2024 - $19,062) by 9176055 Canada Inc. ("9176055"), a company owned by an officer of the Company, for consulting fees. As at December 31, 2025, included in accounts payable and accrued liabilities is amount of $28,720 ($19,540 as at September 30, 2025) due to 9176055.

Key management compensation

The following table reflects compensation of key management personnel (Directors and Officers of the Company):

| | Three months ended December 31, | |
|---|---|---|
| | **2025** | 2024 |
| | **$** | $ |
| Consulting fees | **81,823** | 81,981 |
| Stock-based compensation | **145,700** | - |
| | **227,523** | 81,981 |

*(Expressed in Canadian dollars)*

## 17. COMMITMENTS

*Leases*

The Company's future minimum lease payments for office rent and equipment rental are as follows:

| | Within 1 year | 1 to 5 years | After 5 years | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Office (USA) | 179,051 | 60,496 | - | 239,547 |
| Office Equipment | - | - | - | - |
| **Total** | **179,051** | **60,496** | **-** | **239,547** |

## 18. LEASE OBLIGATION

| | $ |
|---|---|
| **Balance, September 30, 2024** | **397,134** |
| Interest expense | 33,305 |
| Lease payments | (176,080) |
| Net exchange differences | 13,080 |
| **Balance, September 30, 2025** | **267,439** |
| Interest expense | 6,004 |
| Lease payments | (44,826) |
| Net exchange differences | (3,459) |
| **Balance, December 31, 2025** | **225,158** |
| Current | 177,730 |
| Long-term | 47,428 |
| | **225,158** |

## 19. WARRANTY PROVISION

The Company offers a two-year warranty on most of its products. Usually, warranty claims are settled within the first year and are covered entirely by Company. After the first year, the Company offers coverage on a prorated basis, depending on when the claim is made in the second year. The calculation of the warranty provision is based on historical warranty claims by customers. As at December 31, 2025, included within current liabilities on the Company's consolidated statement of financial position is a warranty provision of $56,144 ($57,025 as at September 30, 2025), which represents an estimate of expected warranty claims in the future.

## 20. CONTINGENCIES

The Company may, from time to time, be involved in various claims, legal proceedings or complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of any such actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

During the year ended September 30, 2025, the Company was subject to two legal settlements for a total of $191,101.

As at December 31, 2025, a legal claim brought against the Company in fiscal 2021 by a former officer of the Company remains ongoing. Pleadings are closed and productions have been exchanged. However, the parties have not completed examinations for discovery. As such, it is too early to evaluate this claim.