TARGETED MICROWAVE SOLUTIONS

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2025 and 2024
(Unaudited)

NOTICE OF NO-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements have been prepared by Management and have not been subject to a review by the Company’s external independent auditors.

Targeted Microwave Solutions Inc.
Condensed interim consolidated statements of financial position
As at June 30, 2025 and December 31, 2024
Expressed in U.S. Dollars
(Unaudited)

		June 30, 2025		December 31, 2024
ASSETS				
Current				
Cash	**$**	**-**	$	-
Sales tax receivable		**1,358**		1,142
Total assets	**$**	**1,358**	$	1,142
LIABILITIES				
Current				
Accounts payable (note 5)	**$**	**284,934**	$	264,195
Accrued liabilities		**24,484**		33,651
Loans payable (notes 3 and 5)		**150,460**		150,460
Total liabilities		**459,878**		448,306
SHAREHOLDERS' (DEFICIENCY) EQUITY				
Share capital (note 4)		**11,858,641**		11,858,641
Share-based payment reserve (note 4)		**4,094,987**		4,094,987
Accumulated deficit		**(16,370,619)**		(16,359,263)
Equity attributable to shareholders of the company		**(416,991)**		(405,635)
Non-controlling interest		**(41,529)**		(41,529)
		(458,520)		(447,164)
Total liabilities and shareholder’s (deficiency) equity	**$**	**1,358**	$	1,142

Going concern (note 2b)

Approved on behalf of the Board:

“Christopher Cherry”
Director

“Lyle McLennan”
Director

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

Targeted Microwave Solutions Inc.
Condensed interim consolidated statements of comprehensive loss
For the three and six months ended June 30, 2025 and 2024
Expressed in U.S. dollars, except number of shares
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2025	2024	**2025**	2024
Expenses				
Foreign exchange loss (gain)	**$ 789**	$ 1,156	**$ 874**	$ 1,271
Office, rent and other	**1,048**	1,756	**2,048**	3,756
Investor relations, filing and compliance fees	**2,878**	1,451	**4,641**	3,990
Professional fees	**2,047**	3,000	**3,793**	6,500
Net loss and comprehensive loss	**6,762**	7,363	**11,356**	15,517
Net loss and comprehensive loss attributable to:				
Shareholders of the company	**$ 6,762**	$ 7,363	**$ 11,356**	$ 15,517
Non-controlling interest	**-**	-	**-**	-
Net loss and comprehensive loss	**$ 6,762**	$ 7,363	**$ 11,356**	$ 15,517
Loss per share, basic and diluted	**(0.00)**	(0.00)	**(0.00)**	(0.00)
Weighted average number of shares outstanding				
Basic and diluted	**128,024,439**	128,024,439	**128,024,439**	128,024,439

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

Targeted Microwave Solutions Inc.

Condensed interim consolidated statements of cash flows

For the six months ended June 30, 2025 and 2024

Expressed in U.S. dollars

(Unaudited)

	Six months ended June 30	
	2025	2024
Cash provided by (used in):		
Operating Activities		
Net loss for the period	**$ (11,356)**	$ (15,517)
Changes in non-cash working capital:		
Sales tax receivable	**(140)**	(132)
Accounts payable and accrued liabilities	**11,496**	15,649
Net cash generated (used) in operating activities	**-**	-
Net increase (decrease) in cash	**-**	-
Cash, beginning of period	**-**	-
Cash (overdraft), end of period	**$ -**	$ -

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

Targeted Microwave Solutions Inc.

Condensed interim consolidated statements of changes in equity (deficiency)

As at June 30, 2025 and 2024

Expressed in U.S. dollars, except number of shares

(Unaudited)

	Shares	Amount	Share-based payment reserves	Deficit	Attributable to company shareholders	Non-controlling interest	Total
Balance, January 1, 2024	128,024,439	$11,858,641	$ 4,094,987	$ (16,334,047)	$ (380,419)	$ (41,529)	$ (421,948)
Loss for the period	-	-	-	(15,517)	(15,157)	-	(15,157)
Balance, June 30, 2024	128,024,439	$11,858,641	$ 4,094,987	$ (16,349,564)	$ (395,936)	$ (41,529)	$ (437,465)
Balance, January 1, 2025	128,024,439	$11,858,641	$ 4,094,987	$ (16,359,263)	$ (405,635)	$ (41,529)	$ (447,164)
Loss for the period	-	-	-	(11,356)	(11,536)	-	(11,356)
Balance, June 30, 2025	128,024,439	$11,858,641	$ 4,094,987	$ (16,370,619)	$ (417,171)	$ (41,529)	$ (458,520)

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

1. NATURE OF OPERATIONS

Targeted Microwave Solutions Inc. (the "Company" or "TMS") was incorporated on April 10, 2015 under the British Columbia Business Corporation Act and is domiciled in Canada. The Company is a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Company's shares are listed for trading on the NEX board of the Toronto Stock Exchange, Venture ("TSX-V") under the Tier 2 symbol "TMS.H". The Company's head office is located at 2300 - 1066 West Hastings St., Vancouver, BC, Canada, V6E 3X2. The registered and records office is located at Royal Centre, Suite 1500, 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7.

The Company is an industrial clean technology company in the business of developing patented microwave-based application technologies to dry, decontaminate, physically upgrade and fully eliminate or reduce environment harming emissions. The technology has specific application to mass-scale use of industrial aggregates, energy producing biomass, low-rank coals and other materials for use by power utilities and industrial companies. The Company formerly completed the construction and commissioning of a commercial scale pilot plant facility ("King William Plant") located in King William, Virginia, USA where it previously tested advances in research and development of its microwave-based technology. The Company disposed of the King William Plant in June of 2018. The Company had a research and development office in Gaithersburg, Maryland, which was closed in July of 2017.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on August 29, 2025.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis since inception, except for those assets and liabilities that are measured at fair value at the end of each reporting period. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

(c) Going concern

These consolidated financial statements were prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon its ability to continue to raise financing and to set a viable path forward since the Company has terminated all employees, closed its US offices and disposed of the King William Plant and related assets.

The Company has incurred operating losses, working capital deficits, negative operating cash flows and an accumulated deficit as outlined in the table below. Since inception, the Company had no source of operating revenues and expects to incur further losses as it identifies a viable path forward. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. Realization values may be substantially different from the carrying values shown. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company will have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

As of June 30, 2025, and 2024, the Company reported the following:

	June 30, 2025	June 30, 2024
Net loss for the period	$ (11,356)	$ (15,517)
Working capital deficit	$ (458,520)	$ (437,465)
Accumulated deficit	$ (16,370,619)	$ (16,349,564)

(d) Functional currency and presentation currency

These consolidated financial statements are presented in United States dollars ("US dollars"), the Company's presentation currency. The functional currency of the Company and all of its subsidiaries is the US dollar.

(e) Critical accounting judgements, estimates and assumptions

The Company's management makes judgements in the process of applying the Company's accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of the consolidated financial statements requires that the Company's management makes assumptions and estimates of effects of uncertain future events on carrying amounts of the Company's assets and liabilities, as well as expenses at the end of the reporting period. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The Company is also required to make critical judgements in applying certain of the Company's accounting policies. The critical judgements and estimates applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand the financial statements.

The material accounting policy information used in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2024. The primary accounting policy information used in the preparation of these consolidated financial statements are as follows:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and the its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee.

Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. All intercompany transactions and balances have been eliminated. The principal subsidiaries of the Company and geographic locations at June 30, 2025 were as follows:

Expressed in U.S. dollars, except number of shares

	Country of Incorporation	Ownership Interest	Functional Currency
Targeted Microwave Solutions USA Inc.	USA	100%	US Dollars
TMS-MD, Inc.	USA	100%	US Dollars
Targeted Microwave Solutions Hong Kong Limited	Hong Kong	51%	US Dollars

(b) Non-controlling interest

Non-controlling interest, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the shareholders of the parent and the non-controlling interests based on their respective ownership interests.

(c) Functional currency translation

The functional currency of the parent entity and its subsidiaries is the US dollar. The presentation currency of the consolidated financial statements is the US dollar. Accordingly, in preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("Foreign Currencies") are initially translated at the spot rate at the date of transaction. At the end of each reporting period, Foreign Currency balances are translated as follows: (i) monetary assets and liabilities denominated in Foreign Currencies are translated using the exchange rates prevailing at the balance sheet date; (ii) non-monetary assets denominated in Foreign Currencies that are measured at other than fair value are translating using the rates of exchange at the transaction dates; (iii) non-monetary assets denominated in Foreign Currencies that are measured at fair value are translated using the rates of exchange at the dates those fair values are determined; and (iv) income statement items are translated using the average monthly exchange rates. Exchange gains and losses are recognized on a net basis in earnings or loss from operations.

4. LOAN PAYABLE

		Total
Loan payable at June 30, 2025 and 2024	$	150,460

The loan bears no interest, is unsecured and is repayable on demand (note 6).

5. SHARE CAPITAL AND SHARE-BASED PAYMENTS

(a) Authorized

The Company has unlimited common shares without par value authorized.

(b) Issued and outstanding

There was no activity during the period ended June 30, 2025 and 2024.

(c) Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

6. RELATED PARTY TRANSACTIONS

(a) Related party transactions

At June 30, 2025, the Company owed a total of $95,588 (December 31, 2024 - $95,588) to a former officer which was included in accounts payable. These amounts were unsecured, non-interest bearing and have no fixed terms of repayment.

The Company received loans from former related parties and owed a total of $150,460 at June 30, 2025 (December 31, 2024 - $150,460) (note 4).

(b) Compensation of directors and other key management personnel

Compensation paid or payable to the Company's directors and key management for services provided during the period ended June 30, 2025 was $nil (June 30, 2024 - $nil). Key management is defined by the Company as the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and their controlled companies.

7. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash, accounts payable and loan payable.

(a) Fair value of financial instruments

The carrying values of cash, accounts payable and loans payable approximate their fair values because of their current nature.

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 - Quoted prices in active markets for identical, unrestricted assets or liabilities;

Level 2 – Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (supported by little or no market activity).

Cash is measured using Level 1 inputs.

8. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company is exposed to a variety of financial risks as a result of its financial instruments, including market risk, credit risk and liquidity risk. The overall risk management strategy seeks to reduce potential adverse effects on the financial performance. Risk management is carried out under policies approved by the Board of Directors. The risks associated with the financial instruments and the policies on how these risks are mitigated are set out below.

Expressed in U.S. dollars, except number of shares

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise the funds required through future equity financings, asset sales or sales from contracts, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by preparing and reviewing forecasted expenditure and cash flow budgets. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further development of the Company’s plans.

The Company had a consolidated cash balance of $nil as at June 30, 2025 (December 31, 2024 - $nil) with a working capital deficit of $458,520 (December 31, 2024 – $447,164). As such, the Company is exposed to liquidity risk. In order to address this liquidity risk, the Company is actively seeking additional financing in the form of debt or equity (or both). Should the Company be unsuccessful in raising funds, it may not be able to satisfy its existing financial obligations or fund future growth. Liquidity risk is assessed as high.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial obligations as at June 30, 2025:

	Within 1 year	2 to 5 years	Over 5 years	June 30, 2025	December 31, 2024
Accounts payable	$ 284,934	$ -	$ -	$ 284,934	$ 264,195
Accrued liabilities	24,484	-		24,484	33,651
Loan payable	150,460	-	-	150,460	150,460
	$ 459,878	$ -	$ -	$ 459,878	$ 448,306

(b) Capital management

The Company's objectives of capital management are to safeguard its ability to support the Company's normal operating requirements on an ongoing basis and support any potential go-forward strategies for the Company. The Company manages its capital structure and make adjustments based on the funds available. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company’s operations are currently not generating cash flow, and as such, the Company is dependent on external financing to fund its activities. In order to carry out research and development, which is currently suspended, and fund administrative costs, the Company will use its existing working capital, and raise additional amounts as needed.

Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund its operations. There is no certainty with respect to the Company’s ability to raise capital.

Management reviews its capital management approach on an ongoing basis. At June 30, 2025, the Company expects that it will be able to meet its obligations based on the Company’s ability to obtain funding from investors. At June 30, 2025, there was no externally imposed capital and requirements to which the Company is subject.

(c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company’s financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash because these are the only financial instruments that are impacted by interest, based on variable market interest rates. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and amounts owing being non-interest bearing.

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from holding cash with major financial institutions. Cash is held in highly-rated financial institutions and risk of loss is considered to be low. At June 30, 2025, the maximum exposure to credit risk is $nil (December 31, 2024 - $nil).

(e) Currency risk

Currency risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. Financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them which results in exchange gains and losses which may impact net income or loss.