FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Principal Technologies Inc. (the "**Company**")
Registered Office Address: Suite 2500, 700 West Georgia Street
Vancouver, BC, V7Y 1B3

Item 2 Date of Material Change

July 9, 2026

Item 3 News Release

The Company disseminated a news release announcing the material change described herein through the news dissemination services of Cision (Canada NewsWire) on July 9, 2026, and a copy was subsequently filed on SEDAR+.

Item 4 Summary of Material Change

The Company announced that it has closed its non-brokered private placement financing with the issuance of 2,200,027 common shares of the Company (the "**Common Shares**") at a price of $0.50 per Common Share for aggregate gross proceeds of $1,100,013.50.

The Company also announced that it has settled an aggregate of $1,218,370.75 in outstanding debt through the issuance of an aggregate of 2,436,741 common shares of the Company (the "**Debt Settlement Shares**") at a deemed value of $0.50 per Debt Settlement Share.

Item 5 Full Description of Material Change

Item 5.1 Full Description of Material Change

The Company announced that, further to its news release of June 3, 2026, the Company has closed its non-brokered private placement financing (the "**Offering**") with the issuance of 2,200,027 Common Shares at a price of $0.50 per Common Share for aggregate gross proceeds of $1,100,013.50.

The proceeds from the Offering will be used toward the Company's research and development funding obligations and for general working capital purposes. No finder's fees were paid in respect of the Offering.

The Common Shares are subject to a statutory hold period expiring November 10, 2026, being the date that is four months and one day from the date of issuance in accordance with applicable Canadian securities legislation. The Offering remains subject to final acceptance by the TSX Venture Exchange.

<u>Debt Settlements</u>

The Company also announced that it has settled an aggregate of $1,218,370.75 in outstanding debt through the issuance of an aggregate of 2,436,741 common shares of the Company at a deemed value of $0.50 per Debt Settlement Share (the "**Debt Settlement Transactions**").

Pursuant to the Debt Settlement Transactions, the Company settled an aggregate of $186,100 owed to arm's-length creditors for services provided, and $1,032,270.75 owed to two non-arm's-length creditors to satisfy repayment of previously issued promissory notes of the Company in the aggregate principal amount of $1,003,100 plus accrued interest in the amount of $29,170.75.

The Debt Settlement Shares issued pursuant to the Debt Settlement Transactions are also subject to a statutory hold period expiring November 10, 2026, being the date that is four months and one day from the date of issuance in accordance with applicable securities legislation. The Debt Settlement Transactions remain subject to final acceptance by the TSX Venture Exchange.

Related Party Participation in the Debt Settlement Transactions

The participation of two significant shareholders of the Company, namely Roman Leydolf and Markus Mair (through a corporation he owns and controls) in the Debt Settlement Transactions, constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Pursuant to the Debt Settlement Transactions, Roman Leydolf received 1,076,508 common shares of the Company at a deemed value of $0.50 per Debt Settlement Share in full satisfaction of indebtedness of $538,254.05 owed by the Company and Markus Mair (through a corporation he owns and controls) received 988,033 common shares of the Company at a deemed value of $0.50 per Debt Settlement Share in full satisfaction of indebtedness of $494,016.70 owed by the Company. The Company relied on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, on the basis that neither the fair market value of the securities issued to such insiders, nor the consideration for such securities, exceeded 25% of the Company's market capitalization.

The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing in order to complete the Debt Settlement Transactions in an expeditious manner. The Debt Settlement Transactions were reviewed and approved by the Company's Board of Directors.

The Common Shares and Debt Settlement Shares described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to available exemptions therefrom. This release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

For further information, please contact Jerry Trent, Chief Executive Officer and Director of the Company, at 587-225-2599 or via email to Office@principal-technologies.com.

Item 9 Date of Report

July 10, 2026