

Maritime Launch Services Inc.
Condensed Interim Consolidated Financial
Statements
For the Three and Nine-month Period Ended September 30, 2025
(Unaudited)

Notice to Reader

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, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

Maritime Launch Services Inc.
Condensed Interim Consolidated Financial Statements
For the Three and Nine-month Period Ended September 30, 2025
(Unaudited)

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Maritime Launch Services Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

	Notes	September 30, 2025	December 31, 2024
Assets			
Current assets			
Cash		\$ 83,365	\$ 69,808
Short-term investment		5,000	5,000
Accounts and other receivables		69,717	17,217
Sales tax receivable		16,072	53,589
Prepaid expenses and deposits		90,239	56,677
Total current assets		264,393	202,291
Land, spaceport under construction, and equipment	6	13,582,504	13,754,615
Right-of-use assets	7	125,465	149,032
Intangible assets	5	9,250	-
Total assets		\$ 13,981,612	\$ 14,105,938
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 4,128,855	\$ 4,483,807
Deferred revenue		155,000	-
Current portion of lease liabilities	7	35,687	31,584
Shareholder Loan	8	-	230,525
Convertible debentures	9	15,956,035	12,519,575
Total current liabilities		20,275,607	17,265,491
Non-current liabilities			
Due to Atlantic Canada Opportunities Agency	10	73,806	39,784
Lease liabilities	7	74,535	110,151
Total liabilities		20,423,948	17,415,426
Shareholders' (Deficit) Equity			
Share capital	11	19,022,731	15,516,488
Warrants reserve	12	165,404	699,659
Contributed surplus		3,198,028	2,395,960
Deficit		(28,828,499)	(21,921,595)
Total shareholders' (Deficit) Equity		(6,442,336)	(3,309,488)
Total liabilities and shareholders' (deficit) equity		\$13,981,612	\$ 14,105,938
Going Concern (Note 2)			
Commitments (Note 14)			
Subsequent Events (Note 15)			

Approved on behalf of the Board:

(signed) Stephen Matier Director

(signed) Sasha Jacob Director

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

Maritime Launch Services Inc.
Condensed Interim Consolidated Statements of Income (Loss) and
Comprehensive Income (Loss)
(Unaudited)

	Notes	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
Revenues					
Revenue		\$ -	\$ 49,220	\$ -	\$ 49,220
Operating expenses					
Administration		\$ 39,355	\$ 20,480	\$ 116,644	\$ 216,870
Professional services		292,217	102,160	849,605	934,110
Stock based compensation	11(b)	(68,827)	107,000	230,409	391,800
Amortization	6,7	9,010	8,820	26,730	26,780
Wages and salaries		264,450	283,250	857,216	942,710
Loss from operations		(536,205)	(472,490)	(2,080,604)	(2,463,050)
Other income (expense)					
Fair value adjustment on derivatives*	9(c)	(5,300,384)	305,420	(4,899,980)	189,110
Gain on redemption of convertible debentures	7(a)	96,989	-	96,989	-
Gain on extinguishment of convertible debentures	7(a)	-	340,970	-	340,970
Other income		-	14,670	-	14,670
Interest and accretion expense	7, 9(c)	(4,316)	(233,390)	(13,668)	(488,790)
Foreign exchange gain (loss)		(1,954)	(86,850)	(9,641)	(190,880)
		(5,209,665)	340,820	(4,826,300)	(134,920)
Loss and comprehensive loss for the period		\$ (5,745,870)	\$ (131,670)	\$ (6,906,904)	\$ (2,597,970)
Loss per share					
Weighted average shares outstanding		492,667,894	419,247,328	467,794,357	416,113,525
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

*Presentation of comparative period results have been amended to conform with the current period presentation. The change being grouping the "Fair value adjustment on derivatives" with "Other Income (expense)" as it was previously grouped in "Operating expenses".

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

Maritime Launch Services Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

	Notes	Common Shares	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total shareholders' equity
Balance, as at December 31, 2023		410,484,741	\$ 14,443,564	\$ 814,982	\$ 5,303,860	\$ (19,131,048)	\$ 1,431,358
Loss and comprehensive loss for the year		-	-	-	-	(2,597,970)	(2,597,970)
Shares issued to settle debt	9	3,500,000	367,500	-	-	-	367,500
Exercise of warrants		3,268,000	297,424	(115,323)	-	-	182,101
Shares issued to settle extension fee on convertible debenture amendment		2,250,000	135,000	-	-	-	135,000
Shares issued on conversion of 2023 convertible debentures		2,000,000	273,000	-	-	-	273,000
Equity component derecognized on extinguishment of convertible debentures		-	-	-	(3,426,000)	3,426,000	-
Stock based compensation	9	-	-	-	391,800	-	391,800
Balance, as at September 30, 2024		421,502,741	\$ 15,516,488	\$ 699,659	\$ 2,269,660	\$ (18,303,018)	\$ 182,789
Balance, as at December 31, 2024		421,502,741	\$ 15,516,488	\$ 699,659	\$ 2,395,960	\$ (21,921,595)	\$ (3,309,488)
Income and comprehensive income for the year		-	-	-	-	(6,906,904)	(6,906,904)
Cash proceeds received from financing transaction	11	25,368,500	1,268,425	-	-	-	1,268,425
Shares issued for services – salaries and board fees	11	4,170,000	208,500	-	-	-	208,500
Shares issued for services - Finders Fee for financing transaction	9, 11	2,559,920	89,597	37,404	-	-	127,001
Adjustment on Finders Fee paid in shares related to financing transaction (non-cash)	9, 11	-	(127,001)	-	-	-	(127,001)
Shares issued for extension fee on convertible debenture amendment	9(a)	4,830,105	241,505	-	-	-	241,505
Shares issued on conversion of convertible debentures	9, 11	10,200,000	539,114	-	-	-	539,114
Shares issued to settle PIK interest payable as at December 7, 2024 and June 7, 2025	9, 11	7,275,918	327,416	-	-	-	327,416
Shares issued on conversion of shareholder loans	8, 11	6,630,500	331,525	-	-	-	331,525
Shares issued on exercise of stock options	11	10,833,332	541,667	-	-	-	541,667
Expiration of warrants (April 2025)		-	-	(571,659)	571,659	-	-
Stock based compensation	11(b)	-	-	-	230,409	-	230,409
Shares issued on RDX Subscription Agreement		1,709,923	85,496	-	-	-	85,496
Balance, as at September 30, 2025		495,080,940	\$ 19,022,732	\$ 165,404	\$ 3,198,028	\$ (28,828,499)	\$ (6,442,336)

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

Maritime Launch Services Inc. Consolidated Statements of Cash Flows

For the nine-month period ended September 30	2025	2024
Cash flows used in operating activities		
Income (Loss) and comprehensive income (loss) for the year	\$ (6,906,904)	\$ (2,936,190)
Adjustments for:		
Amortization	26,730	26,780
Interest and accretion expense	7,992	192,673
Shares issued for services	208,500	367,500
Stock-based compensation	230,409	391,800
Warrants issued in payment of Finder's Fee	89,597	-
Gain on extinguishment of convertible debentures	(96,989)	(340,870)
Convertible debentures - fair value adjustment	4,899,979	189,110
	<u>(1,540,686)</u>	<u>(2,109,197)</u>
Changes in non-cash working capital balances		
Accounts receivable and sales tax receivable	(14,983)	11,619
Prepaid expenses and deposits	(33,562)	13,662
Accounts payable and accrued liabilities	(118,519)	788,435
Deferred Revenue	155,000	-
	<u>(12,064)</u>	<u>813,716</u>
Total Cash flows used in operating activities	<u>(1,552,750)</u>	<u>(1,295,480)</u>
Cash flows provided by (used in) investing activities		
Costs incurred for spaceport under construction	(66,145)	(81,919)
Purchase of Spaceport Canada intellectual property	(10,000)	-
	<u>(76,145)</u>	<u>(81,919)</u>
Cash flows provided by (used in) financing activities		
Payments on lease liabilities	(48,127)	(47,850)
Proceeds from financing transaction	1,505,828	-
Proceeds from cash exercise of stock options	541,667	-
Proceeds from warrants exercised	-	182,101
Redemption of 2021 convertible debentures	(500,000)	(100,000)
Proceeds from Atlantic Canada Opportunities Agency	42,084	-
Proceeds from Shareholder Loans	101,000	-
	<u>1,642,452</u>	<u>34,251</u>
Increase (Decrease) in cash during the period	<u>13,557</u>	<u>(1,343,148)</u>
Cash, beginning of period	<u>69,808</u>	<u>1,367,267</u>
Cash, end of period	<u>\$ 83,365</u>	<u>\$ 24,119</u>

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

Maritime Launch Services Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine-month period ended September 30, 2025

1. Nature of Business

Maritime Launch Services Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) and, through its wholly owned subsidiaries, owns a fully permitted and licensed site for the establishment of Canada's first commercial Spaceport from which to launch satellites via small and medium sized launch vehicles (rockets), into low earth orbit, located in Canso, Nova Scotia.

2. Going Concern

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information, which is at least, but is not limited to, twelve months from the end of the reporting period.

At September 30, 2025, the Company has insufficient sources of operating cash flows to meet its ongoing needs. The shortfall in operating cashflows have historically been funded from the issuance of share capital, convertible debentures and the exercise of warrants and stock options and as such, the Company's ability to continue as a going concern is dependent upon the ability to obtain financing to be able to secure adequate bonding for future projects. It is not possible at this time to predict the outcome of these matters. The Company incurred a net comprehensive loss of \$6,906,904 for the nine-month period ended September 30, 2025 compared to a total comprehensive loss of \$2,597,970 for the nine-month period ended September 30, 2024 including the impacts of non-cash transactions. Loss from operations, excluding non-cash transactions, for the nine-month period ended September 30, 2025 was \$1,823,465 (2024: loss of \$2,368,500) As a result of continued operating losses, there is material uncertainty that may cast significant doubt as to whether the Company will have the ability to continue as a going concern without having to raise additional capital.

These condensed interim consolidated financial statements do not reflect the material adjustments to carrying values of assets and liabilities, and the reported expenses, that would be necessary if the going concern assumption was inappropriate. **See Subsequent Events (Note 15)**

Maritime Launch Services Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)

For the Three and Nine-month period ended September 30, 2025

3. Basis of Preparation

Basis of Consolidation

The unaudited condensed interim consolidated financial statements of the Company include the accounts of Maritime Launch Services (Nova Scotia) Ltd., a wholly owned subsidiary incorporated in Nova Scotia, along with its wholly owned subsidiary, Spaceport Canada Inc., incorporated in Ontario (acquired March 20, 2025) and Maritime Launch USA Inc., a wholly owned subsidiary of Maritime Launch Services Inc., incorporated in Delaware U.S. in November 2021. All transactions and balances between these companies have been eliminated on consolidation.

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee and in accordance with International Financial Accounting Standard ("IAS" 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and in accordance with the accounting policies the Company adopted in its annual consolidated financial statements for the year ended December 31, 2024, and.

The financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations (collectively "IFRS") and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2024.

Items included in these unaudited condensed interim consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These unaudited condensed interim consolidated financial statements are presented in Canadian Dollars ("CDN"), which is also the functional currency of the Company and its subsidiaries.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 13, 2025.

Maritime Launch Services Inc.
Notes to Condensed Interim Consolidated Financial Statements
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For the Three and Nine-month period ended September 30, 2025

4. Critical Accounting Estimates and Judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

Convertible Debentures

Estimates were required to be made by management in determining the fair value of the 2021 convertible debentures prior to Amendment 3 as there was an allocation between the host debt and conversion feature on the date of initial recognition, as well as when these convertible debentures were modified by Amendment 2 during fiscal 2023. The determination of the fair value of these instruments required estimates to be made by management inclusive of the fair market interest rate of the Company, and the relevant inputs to the Barrier Option Pricing model including the Company's share price, expected share volatility, and the probability weighted scenarios.

Estimates were required by management on the issuance date and at each reporting date are also required to be made by management in determining the fair value of the 2023 convertible debentures and Amendment 3 of the 2021 convertible debentures as they are being accounted for at FVTPL. Management used the Convertible Debt valuation based on a partial differential equation model to estimate the value allocation on the issue date and to estimate the fair value at each reporting date thereafter. The significant estimates in this model relate to the fair market interest rate of the Company and the volatility of the share price. Refer to note 9.

Shares Issued in Exchange for Services

The Company has issued common shares in exchange for services received. In accordance with IFRS 2, in most instances such shares must be valued as the fair value of the services received. Significant judgment is required to determine the fair value of the services, which can include a comparison to similar services received which were settled in cash.

Depreciation and Amortization

Depreciation and amortization methods for equipment and right of use assets are based on management's judgment of the most appropriate method to reflect the pattern of an asset's future economic benefit expected to be consumed by the Company. Among other factors, these judgments are based on industry standards, manufacturers' guidelines and Company specific history and experience.

Maritime Launch Services Inc.
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4. Critical Accounting Estimates and Judgements (Continued)

Stock Based Compensation and Share Based Payments

Estimating fair value for share-based payment transactions requires judgment in determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This also requires estimation of the most appropriate inputs to the valuation model including the expected life of the share option or warrant, volatility, dividend yield and share price.

Determination of Incremental Borrowing Rate

When the Company enters into leases as a lessee and where the interest rate implicit in a lease cannot be readily determined, the Company determines its incremental borrowing rate in order to measure its lease liability. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In estimating its incremental borrowing rate, the Company considers the term of the lease, the nature of the leased asset, and its level of indebtedness with reference to market risk-free interest rates.

Judgments

Amendment 3 of 2021 Convertible Debentures

Judgment was required to determine whether the amendment discussed in the Estimates and Judgements represented a significant modification that should be accounted for as an extinguishment of the original financial liability by estimating the present value of the amended liability, using the original effective interest rate, and comparing to the carrying value of the original liability at the amendment date to determine whether the 10% quantitative test was met.

Maritime Launch Services Inc.
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4. Critical Accounting Estimates and Judgements (Continued)

2023 Convertible Debentures and 2021 Convertible Debentures, post Amendment 3

Judgment was required to determine whether the 2023 convertible debentures and the 2021 convertible debentures, subsequent to Amendment 3, in the Estimates and Judgements included embedded derivatives and the appropriate classification of the financial instrument and the warrants issued to the convertible debenture holders as a part of the issuance.

Judgment was also required in the determination of the appropriate valuation model to be used for the value allocation on the issue date and whether the value resulting from that model resulted in the determination that the transaction price was not the fair value of the financial instrument on that date. The determination of the appropriate assumptions for the model selected also required significant judgment by management. Refer to note 9(b).

The ongoing fair value measurement of these convertible debentures also required judgment with respect to the appropriate valuation model and the assumptions to be used at each valuation date.

Income Taxes

Judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Impairment of spaceport under construction

Judgment was required to assess whether there was any impairment indicators related to the spaceport under construction in accordance with IAS 36, Impairment of assets. Management considered both external and internal sources of information in making its assessment as to whether there were any indicators of impairment.

Capitalization of Property and Equipment

The capitalization of property and equipment under IFRS is based on management's judgment as to whether all criteria under IAS 16 have been met. Significant judgment is required to assess whether expenditures should be capitalized, particularly with regards to the assessment of the point in time when it becomes probable that the property and equipment under construction will generate future economic benefits that will ultimately flow into the Company.

Maritime Launch Services Inc.
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5. Acquisition of Spaceport Canada Inc.

On March 20, 2025, the Company, via its wholly owned subsidiary, Maritime Launch Services (Nova Scotia) Ltd. acquired all of the issued and outstanding shares of Spaceport Canada Inc., a company incorporated in the province of Ontario, for a purchase price of \$10,000.

Spaceport Canada Inc. is an intellectual property holding company that has not previously had any active operations. The assets owned are the trademark, copyright and associated registered domains for the name "Spaceport Canada". The company has allocated the full purchase price of the transaction to the value of the intellectual property and will amortize the assets over a term of 10 years.

Maritime Launch Services Inc.
Notes to Condensed Interim Consolidated Financial Statements
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For the Three and Nine-month period ended September 30, 2025

6. Land, Spaceport under Construction, and Equipment

Cost			
	Cost	Additions	Total
Land	\$ 80,012	\$ -	\$ 80,012
Computer Equipment	16,922	-	16,922
Furniture and Equipment	19,373	-	19,373
Spaceport under Construction	13,661,750	(169,696)	13,492,054
Intangible Assets	-	10,000	10,000
	\$ 13,778,057	\$ (159,696)	\$ 13,618,361

Amortization			
	Accumulated Amortization	Amortization	Total
Land	\$ -	\$ -	-
Computer Equipment	(13,826)	(1,022)	(14,848)
Furniture and Equipment	(9,616)	(1,392)	(11,008)
Spaceport under Construction	-	-	-
Intangible Assets	-	(750)	(750)
	\$ (23,442)	\$ (3,163)	\$ (26,605)

Net Book Value		
	September 30, 2025	December 31, 2024
Land	\$ 80,012	\$ 80,012
Computer Equipment	2,074	3,096
Furniture and Equipment	8,365	9,757
Spaceport under Construction	13,492,054	13,661,750
Intangible Assets	9,250	-
	\$ 13,591,755	\$ 13,754,615

During the nine-month period ended September 30, 2025, the Company capitalized borrowing costs of \$8,622 (September 30, 2024 - \$835,245).

During the nine-month period ended September 30, 2025, the reduction in Spaceport under Construction additions of (\$169,696) was the result of a cost adjustment from a specific vendor for work performed in a prior period, and due to the present value adjustment for the ACOA loan (\$16,684).

Maritime Launch Services Inc.
Notes to Condensed Interim Consolidated Financial Statements
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7. Right-of-Use Assets and Lease Liabilities

(a) The following table presents the right-of-use assets for the Company:

	September 30, 2025	December 31, 2024
Balance, January 1	\$ 149,031	\$ 180,127
Additions	-	-
Depreciation	(23,567)	(31,096)
Balance	\$ 125,465	\$ 149,031

The Company's leases are for office space, a vehicle, and land for operating and developing the Spaceport. The initial terms of the leases were 5.3 years, 5 years, and 20 years (with a renewal term of a further year 20 years), respectively. The Company has estimated an annual incremental borrowing rate of 18% on the office space and 17% on the land. The annual borrowing rate specified in the vehicle lease agreement was 8%. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain to exercise the renewal option. The land lease can be cancelled by either the lessee or the lessor by providing 60 days written notice to the other party, and the annual rent is subject to adjustments by the lessor from time to time.

(b) The following table presents lease liabilities for the Company:

	September 30, 2025	December 31, 2024
Balance, January 1	\$ 141,735	\$ 174,410
Additions	-	-
Payments	(48,127)	(59,300)
Interest incurred	16,615	26,625
Balance	\$ 110,223	\$ 141,735
Current	35,687	31,584
Non-current	74,536	110,151
Total	\$ 110,223	\$ 141,735

Maritime Launch Services Inc.
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For the Three and Nine-month period ended September 30, 2025

7. Right-of-Use Assets and Lease Liabilities (Continued)

(c) The following table presents the contractual undiscounted cash flows for lease liabilities as at September 30, 2025, and December 31, 2024:

	Total Undiscounted Lease Payments	
	2025	2024
Less than one year	\$ 55,235	\$ 53,131
Beyond one year	\$ 491,577	\$ 540,174
Total undiscounted lease payments	\$ 546,812	\$ 593,305

Total cash outflow for the nine-month period ended September 30, 2025, was \$48,127 (nine-month ended September 30, 2024 - \$47,850).

8. Shareholder Loan

Shareholder loans of \$230,525 were advanced and outstanding as at December 31, 2024. In the three-month period ended March 31, 2025, shareholders loaned an additional \$101,000 to the Company. Also, during the three-month period ended March 31, 2025, all shareholder loans outstanding were converted to common shares at a rate of \$0.05 per share as part of the Company's financing transaction (see Note 11). There was no further shareholder loans advanced and no balances owing as at September 30, 2025.

Maritime Launch Services Inc.
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9. Convertible Debentures

(a) Issuance of Convertible Debentures in 2021 and subsequent amendments

On May 7, 2021, the Company issued unsecured convertible debentures (the “2021 convertible debentures”) for proceeds of \$7,500,000. These convertible debentures were extended, and the terms were amended on March 29, 2022 (“Amendment 1”), on May 5, 2023 (“Amendment 2”) and on August 7, 2024 (“Amendment 3”).

Amendment 3 of the 2021 Convertible Debentures

Pursuant to Amendment 3, the maturity date of the convertible debentures was extended from May 7, 2024 to December 7, 2024. As a result of this amendment, the terms of 2021 convertible debentures were aligned with the terms of the 2023 convertible debentures (refer to Note 8(b) for the terms that relate to these debentures as a result).

Consistent with the 2023 convertible debentures, the host liability, the PIK interest, the conversion feature and the early repayment option have been considered as one hybrid instrument and the Company has elected to measure this financial instrument at FVTPL. The amendments included in Amendment 3 were determined to be significant modifications of the terms of the convertible debentures; accordingly, Amendment 3 was accounted for as an extinguishment on August 7, 2024.

On August 7, 2024, the Company determined the fair value of the amended 2021 convertible debentures using a Convertible Debt valuation based on a partial differential equation model with a market yield estimate at 35% on the repayment features and a volatility of 60%. The fair value of the early repayment options was deemed to be nil as the Company does not intend to exercise its option to early repay. As a part of the 3rd amendment to the 2021 convertible debentures, the Company issued 2,250,000 common shares with a fair value of \$135,000 to certain holders as an extension fee. A gain of \$340,967 was recognized as a result of the extinguishment, net of the extension fee.

At December 31, 2024, the Company determined the fair value of the amended 2021 convertible debentures and interest payable in cash using a Convertible Debt valuation based on a partial differential equation model with a market yield estimate at 32.5% on the repayment features and a volatility of 65%. The maturity date for the fair value determination was December 7, 2026, as a result of a maturity date extension agreement completed with the holders of the convertible debentures announced on March 5, 2025 (see “Debenture Extension” below).

There was an increase in the fair value of the amended 2021 convertible debentures from the date of issuance to December 31, 2024 of \$2,342,258 and therefore the Company recognized that amount in change in fair value of the hybrid contract.

Refer to the table below for the continuity of the subsequent to initial recognition following Amendment 3.

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9. Convertible Debentures (Continued)

(b) Issuance of Convertible Debentures in 2023

On December 8, 2023, the Company issued unsecured convertible debentures (the “2023 convertible debentures”) for proceeds of \$2,282,000 payable on December 8, 2024, unless earlier converted or repaid (see “Debenture Extension” above). The 2023 convertible debentures bear interest at 10% per annum payable in cash quarterly as well as interest payable in common shares of the Company (paid in kind, referred to as “PIK” interest), consisting of 5% of the outstanding 2023 convertible debentures, calculated at a price of \$0.12 per common share (the “conversion price”), payable at the earlier of the end of term or early repayment. The Company may choose to prepay the 2023 convertible debentures. Upon a prepayment, the holders may elect, solely at the option of each holder, to be repaid in cash with an early repayment bonus of 10% of the principal amount outstanding, or to convert the principal and any accrued, unpaid interest into common shares at the conversion price. The 2023 convertible debentures have anti-dilution rights such that if the Company issues, offers, sells, grants any option or rights to purchase, or otherwise dispose of any equity securities, for consideration on a share basis that is less than the conversion price, the conversion price will be adjusted to such lower price. This anti-dilution right resulted in the number of shares issuable on conversion, and for PIK, being variable and therefore representing embedded derivatives. The early repayment features were also determined to be embedded derivatives due to the fact the amount repaid early does not approximate the amortized cost at the time of repayment.

The host liability instrument, the PIK interest, the conversion feature and the early repayment option have been considered as one hybrid instrument and the Company has elected to measure this financial instrument at FVTPL.

Each 2023 convertible debenture is accompanied by one common share purchase warrant for each whole \$0.48 principal amount. Each warrant is exercisable at a price of \$0.15 any time prior to December 8, 2028. The warrants represent an equity classified instrument and expire on December 7, 2028.

c) Debenture Extensions and subsequent transactions

On March 5, 2025, the Company announced the closing of an extension agreement with the holders of all of its issued and outstanding convertible debentures (both the 2021 (amended) and 2023 issued debentures).

As a condition of the extension, the Company redeemed \$500,000 in 2021 (amended) debenture principal value from a debenture holder and issued 4,830,105 common shares from Treasury to the remaining debenture holders (both 2021 (amended) and 2023 debentures), as an extension fee. The Company will be required to redeem an additional \$500,000 in debentures should it complete any future equity financing with proceeds in excess of \$3,000,000.

All terms of the debentures (both 2021(amended) and 2023), with the exception of the conversion price, including cash interest rate of 10% and PIK interest at 5% remain unchanged. The share conversion price has been adjusted to \$0.05 as a result of the anti-dilution down round protection.

Cash interest will compound annually and be paid in full upon maturity, however the PIK interest will be paid semi-annually (June and December) through the issuance of common shares from Treasury.

Maritime Launch Services Inc.
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9. Convertible Debentures (Continued)

On February 25, 2025, The Company also issued 2,706,978 common shares as payment for \$324,837 of PIK interest owing at December 7, 2024, at a conversion price of \$0.12 per share, in accordance with the terms of the debenture agreements in place at that time. Future share issuances as payment of PIK will be done at a conversion price of \$0.05 per share.

On March 31, 2025, one of the holders of convertible debentures, elected to convert \$50,000 of principal balance to 1,000,000 common shares at a conversion price of \$0.05 per share (Note 11).

During the three-month period ended June 30, 2025, one of the holders of convertible debentures, elected to convert \$310,000 of principal balance to 6,200,000 common shares at a conversion price of \$0.05 per share (Note 11).

In June 2025, the Company issued 4,568,940 shares at price of \$0.05 as payment for \$228,447 in PIK interest outstanding as at June 7, 2025 on the 2021(amended) and 2023 convertible debentures.

During the three-month period ended September 30, 2025, one of the holders of convertible debentures, elected to convert \$150,000 of principal balance to 3,000,000 common shares at a conversion price of \$0.05 per share (Note 11)

On September 30, 2025, the Company determined the fair value of the host liability and interest payable in cash using a Convertible Debt valuation based on a partial differential equation model with a market yield estimated at 32.5% on the repayment features and a volatility of 75%. The maturity date for the fair value determination was December 7, 2026.

An increase in the fair value of the 2021(amended) and 2023 convertible debentures from December 31, 2024, to September 30, 2025 of \$4,899,979 (September 30, 2024 – \$189,110 net increase).

The following table shows the continuity of the 2023 convertible debenture and the 2021 convertible debenture subsequent to Amendment 3:

	2023 Convertible Debentures	2021 Convertible Debentures	Total
Balance at December 31, 2023	\$ 2,282,000		\$ 2,282,000
Conversion of debentures	(273,000)		(273,000)
Recognition of convertible debentures per Amendment 3		7,449,615	7,449,615
Increase in fair value	718,702	2,342,258	3,060,960
Balance at December 31, 2024	\$ 2,727,702	9,791,873	\$ 12,519,575
Conversion of debentures		(539,114)	(539,114)
Redemption of debentures		(596,989)	(596,989)
Payment of PIK interest through issuance of shares (Note 11)	(102,631)	(224,785)	(327,416)
Increase in fair value	1,208,636	3,691,343	4,899,979
Balance at September 30, 2025	\$ 3,833,707	12,122,328	\$ 15,956,035

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At September 30, 2025, the outstanding cash value of all issued convertible debentures plus accrued and capitalized cash interest is \$10,116,569 plus \$163,653 of accrued PIK interest (settled in shares).

Subsequent to period end, all outstanding debentures (principal, capitalized plus accrued cash interest and PIK interest payable) were converted to shares, at a price of \$0.05 per share, and have been fully retired. **See Subsequent Events (Note 15)**

10. Due to Atlantic Canada Contributions Agency

The Company entered a Contribution Agreement with Atlantic Canada Opportunities Agency (ACOA), for funding towards site preparation for the installation of specialized tracking and communication equipment in Guysborough, Nova Scotia. ACOA will fund 50% of eligible costs to a maximum of \$120,000 in the form of a non-interest-bearing repayable contribution. Repayment of the contribution in 60 monthly installments of \$2,000 (based on receiving the maximum contribution of \$120,000), commences in December 1, 2025. As at September 30, 2025, the Company had received total funding to date of \$108,000. The fair value of the funding presented on the balance sheet of \$73,806 (2024 - \$39,784) was determined using an incremental borrowing rate of 15%. The difference between the cash received and the fair value of the funding was recognized as a reduction to the cost of the spaceport under construction.

11. Share Capital

Authorized

An unlimited number of shares without par value of the following classes:

Common shares voting and participating.

(a) *Issued and outstanding shares*

The following table provides a continuity of share capital as presented in these financial statements:

	Number	Common Shares Amount
Balance as at December 31, 2023	410,484,741	\$ 14,443,564
Shares issued in exchange for services	3,500,000	367,500
Shares issued on conversion of convertible debentures	2,000,000	273,000
Shares issued on exercise of warrants	3,268,000	297,424
Shares issued to settle extension fee on convertible debentures amendment	2,250,000	135,000
Balance as at September 30, 2024	421,502,741	\$ 15,516,488
Balance as at December 31, 2024	421,502,741	\$ 15,516,488

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11. Share Capital (Continued)

	Common Shares	
	Number	Amount
Balance as at December 31, 2024	421,502,741	\$ 15,516,488
Shares issued in exchange for services	4,170,000	208,500
Shares issued on conversion of convertible debentures	10,200,000	539,114
Shares issued as payment of Finder's Fee in connection with the financing transaction	2,560,000	89,597
Shares issued to settle extension fee on convertible debentures amendment (Note 9(a))	4,830,106	241,505
Cash received on financing transaction	25,368,500	1,268,425
Valuation adjustment on Finder's Fee issued shares and warrants (non-cash)	-	(127,001)
Shares issued to settle PIK interest payable as at December 7, 2024	2,706,978	121,814
Shares issued to settle PIK interest payable as at June 7, 2025	4,568,940	205,602
Shares issued on conversion of shareholder loans	6,630,500	331,525
Shares issued on exercise of stock options	10,833,332	541,667
Shares issued on RDX Subscription Agreement	1,709,923	85,496
Gain on redemption/conversion of debentures	-	29,114
Balance as at September 30, 2025	495,081,020	\$ 19,022,731

On February 28, 2025, the Company announced the completion of a financing transaction in which it issued 25,368,500 shares at a price of \$0.05 per share (cash proceeds of \$1,268,425), a further 6,630,500 shares upon the conversion of shareholder loans (\$331,525) at a price of \$0.05 per share and a further 4,170,000 shares at \$0.05 (value of \$208,500) as payment for services owed to management and Directors.

On February 28, 2025, the Company issued 2,706,978 shares at \$0.12 per share (value of \$324,837) as payment of PIK interest owing at December 31, 2024, in relation to the issued and outstanding convertible debentures.

On March 5, 2025, the Company issued further 2,560,000 shares at \$0.05 per share (value of \$127,800) as a Finder's fee in relation to the February 28, 2025, financing transaction.

On March 5, 2025, the Company announced the closing of a debenture extension transaction in which it issued 4,830,106 shares at \$0.05 per share (value of \$241,505) to holders of its debentures as an extension fee.

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11. Share Capital (Continued)

On March 31, 2025, a debenture holder elected to convert \$50,000 of outstanding principal to 1,000,000 shares at a conversion price of \$0.05 per share.

On April 10, 2025, a debenture holder elected to convert \$50,000 of outstanding principal to 1,000,000 shares at a conversion price of \$0.05 per share.

On May 31, 2025, a debenture holder elected to convert \$50,000 of outstanding principal to 1,000,000 shares at a conversion price of \$0.05 per share.

On June 3, 2025, a debenture holder elected to convert \$100,000 of outstanding principal to 2,000,000 shares at a conversion price of \$0.05 per share.

On June 9, 2025, a debenture holder elected to convert \$110,000 of outstanding principal to 2,200,000 shares at a conversion price of \$0.05 per share.

On June 7, 2025, the Company issued 4,568,940 shares at \$0.05 per share (value of \$205,602) as payment of PIK interest owing at June 7, 2025, in relation to the issued and outstanding convertible debentures (both the 2021 and 2023 convertible debentures).

On June 8, 2025, and June 27, 2025, stock option holders chose to exercise their options, pursuant to the terms and strike price of the options, for proceeds of \$250,000 in exchange the Company issued 5,000,000 common shares.

On July 3, 2025, and July 16, 2025, stock option holders chose to exercise their options, pursuant to the terms and strike price of the options, for proceeds of \$250,000 in exchange the Company issued 5,000,000 common shares .

On July 23, 2025, a debenture holder elected to convert \$150,000 of outstanding principal to 3,000,000 shares at a conversion price of \$0.05 per share.

On August 11, 2025, the Company issued 1,709,923 shares at \$0.05 per share (value of \$85,496) as part of the RDX Subscription Agreement.

On September 15, 19, 24 and 25, 2025, stock option holders chose to exercise their options, pursuant to the terms and strike price of the options, for proceeds of \$91,666 in exchange the Company issued 1,833,332 common shares.

(b) Stock option plan

The Company has established a stock option plan, last approved by shareholders at the 2024 Annual General Meeting. Under the plan, eligible directors, key employees, and consultants of the Company are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted. The Board is also authorized to determine the terms of the grant including the time or times when each option shall vest, the duration of the exercise period, and any performance vesting or other exercise conditions. The Board may make available a number of common shares it considers appropriate, not exceeding 10% of the common shares outstanding from time to time.

The weighted average fair value of options granted during the nine-month period ended September 30, 2025, was \$0.029 (nine-month period ended September 30, 2024, was \$0.076) per option, estimated using the Black-Scholes option pricing model. The expected life of the options is equivalent to the life of the options granted. Expected volatility is based on historical price volatility for comparable publicly traded companies over terms consistent with the expected life. The stock options granted during the periods vest based on a combination of certain performance and service conditions.

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11. Share Capital (Continued)

The following assumptions were used to determine the fair value of the options granted in the nine-month periods ended September 30, 2025, and 2024:

	September 30, 2025	September 30, 2024
Weighted average grant date share price	\$0.047	\$0.110
Exercise price	\$0.054	\$0.124
Expected price volatility	75%	90%
Expected option life	4.73 years	5 years
Expected dividend yield	0%	0%
Risk-free interest rate	2.80%	3.69%
Forfeiture rate	0%	0%

The following table presents the stock option activity for the six months ended September 30, 2025, and 2024:

	September 30, 2025		September 30, 2024	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	28,350,000	0.164	28,350,000	0.167
Granted	17,583,327	0.054	2,250,000	0.124
Expired	-	-	(2,250,000)	0.167
Exercised	(10,833,332)	0.050	-	-
Outstanding, end of period	35,099,995	0.144	28,350,000	0.164
Exercisable, end of period	22,312,495	0.124	13,387,500	0.152

During the three-month period ending September 30, 2025, the Company issued 6,666,664 options to various advisors at a strike price of \$0.05 and 1,833,332 options at a strike price of \$0.07 for a term of 5 years. During this same period, 6,833,332 options were exercised for gross proceeds of \$341,667.

Options issued during the nine-months period ended September 30, 2025, vested immediately upon granting of the option. The weighted average remaining contractual life as at September 30, 2025, is 2.32 years (September 30, 2024 – 2.73 years). At September 30, 2025, 14,408,107 stock options remain available for future grants pursuant to the Company's stock option plan.

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12. Warrants

Warrant activity for period ended September 30, 2025, and 2024 was as follows:

	September 30, 2025		September 30, 2024	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance, beginning of year	26,721,095	0.11	29,989,095	0.11
Granted	2,559,920	0.05	-	-
Exercised	-	-	(3,268,000)	0.056
Expired	(20,381,930)	0.12	-	-
Outstanding, end of period	8,899,085	0.11	26,721,095	0.12
Exercisable, end of period	8,899,085	0.11	26,721,095	0.12

In conjunction with the February 2025 financing transaction the Company issued 2,559,920 warrants, with an exercise price of \$0.05, as a Finder's fee. The warrants have a term of 3 years from issue date. The estimated fair value of the warrants was determined to be \$0.029 per warrant, estimated using the Black-Scholes option pricing model and the total calculated value of the Finders Warrants of \$53,574 was expensed.

In April 2025, a total of 20,381,930 warrants, previously issued by the Company, expired without being exercised.

13. Related Party Transactions

(a) The Company has entered into the following transactions with related parties:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
Operating expenses				
Compensation attributable to the CEO and CFO	\$ 138,240	\$ 150,553	\$ 399,154	\$ 378,613
Director's fees	48,000	48,000	144,000	144,000
Non-cash stock-based compensation attributable to the CEO and CFO	31,400	47,500	93,500	180,451

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

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13. Related Party Transactions (Continued)

(b) At the end of the period, the balances owing to related parties are as follows:

	September 30, 2025	December 31, 2024
Due to related parties		
Management	\$ 30,627	\$ 175,155
Directors	\$ 206,019	\$ 175,780

These balances are payable, unsecured and non-interest bearing. Balances due to management relate to expense reimbursements payable, deferred wages, and due to Directors relate to unpaid director's fees and expense reimbursement. All balances owing to Management and Directors have been paid subsequent to period end.

14. Commitments

On April 2, 2018, the Company entered into a contract (the "Contract") with a supplier for the design, development, and documentation of certain technical elements of its Spaceport, pursuant to which it is committed to incur total capital expenditures of EURO €6,900,000. As of September 30, 2025, and pursuant to the Contract, the Company has made total payments of EURO €2,500,000 (December 31, 2024 - EURO €2,500,000).

On September 8, 2025, the Company, and the Supplier have reached a revised agreement regarding the timing and completion of the remaining contract services and deliverables. The remaining value of the services to be provided are EURO €4,400,000. Payments of EURO €1,000 per month will commence in September 2025 through December 2025. In January 2026 a payment of EURO €76,000 is due, followed by monthly payments of EURO €10,000 from February 2026 to August 2026, then increasing to EURO €1,062,500 per month from September 2026 to December 2026. As of the date of these financial statements, all payments have been made in accordance with the contract revision.

15. Subsequent Events

Cash Balance

As of the date of this MD&A, and as a result of the transactions detailed below, the Company has a cash balance of \$10,101,600

Stock Options

Subsequent to quarter end the Company has issued 291,660 stock options at a strike price of \$0.08 (share price on the day of issuance)

Reaction Dynamics Equity Subscription

On October 1, 2025, the Company issued 1,187,444 shares, at a price of \$0.072 per share, to Reaction Dynamics upon receipt of the \$85,496 quarterly subscription installment.

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EDC Senior Credit Facility

On October 24, 2025 the Company announced the closing of a senior secured credit facility financing with the Export Development Corporation of Canada (“EDC”) for \$10 million. The purpose of the facility is to fund ongoing construction and development of the Spaceport Nova Scotia facility.

Terms of the agreement are as follows: variable interest rate of CORRA (currently at 2.52%) plus a margin of 7.00%. Upfront Fees of \$250,000 at the time of closing; 35% of the 7% margin on the undrawn facility (payable quarterly); and an arranging fee of 6.25% of future revenues up to a maximum of \$2.5 million.

The debt is serviced with interest only payments (quarterly in arrears). The current balance drawn on the facility as of the date of this MD&A is \$4.783 million

The facility has a maturity date of June 1, 2026, however, can be extended up to 24 additional months based upon achieving certain conditions precedent.

MDA Equity Investment

On November 3, 2025, the Company announced the closing of an equity investment from MDA Space in the amount of \$10 million at share price of \$0.223 per share (44,843,049 common shares issued).

The investment also included an Investor Rights Agreement, granting MDA the right to appoint one representative to the Board of the Company and participation rights in future financings.

Retirement of all issued Convertible Debentures

As a result of the MDA investment, at a price of \$0.223 per share a mandatory conversion or redemption event was triggered pertaining to the convertible debentures.

On November 12, 2025, the holders of all issued and outstanding Convertible Debentures (total principal and interest value of \$10,442,214) elected to convert their debentures to common shares at a price of \$0.05 per share (as per the terms of the debenture agreements) for an issuance of 208,507,164 shares. Following the issuance of these shares, the Company now has 749,955,801 common shares issued and outstanding.