

**Maritime Launch  
Services Inc.**  
**Consolidated Financial  
Statements**

For the Years Ended December 31, 2025  
and December 31, 2024

To the Shareholders of Maritime Launch Services Inc. :

## Opinion

We have audited the consolidated financial statements of Maritime Launch Services Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Convertible Debentures assessment**

### *Key Audit Matter Description*

As described in Note 9 of the consolidated financial statements, the Company entered into a financing arrangements on May 7, 2021, the terms of which were amended on March 29, 2022, May 8, 2023, August 7, 2024 and March 2025. Additionally, the Company also entered into another financing arrangement on December 8, 2023 the terms of which were amended on March 5, 2025. The modification of the convertible debenture has been accounted for as a modification of the existing convertible debentures. In November 2025, all the convertible debenture holders elected to convert the principal and accrued capitalized or unpaid interest into common shares.

The convertible debentures were measured at fair value through profit and loss and the Company exercised significant judgemental in estimating the fair value of the hybrid instrument.

The determination of the fair value of the hybrid instrument and the fair value adjustment on conversion of the convertible debentures was significant to our audit and therefore considered as a key audit matter.

### *Audit Response*

We responded to this matter by performing procedures in relation to the valuation of the convertible debenture. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained and assessed the amendments entered into for the convertible debentures.
- We obtained management's analysis and assessment of the accounting treatment of the convertible debentures to ensure it followed the appropriate guidance.
- We obtained an understanding of the valuation methodology and inputs used by management and evaluated management's key assumptions.
- With the assistance of our internal valuation specialists, we evaluated the reasonability of the fair values determined by management at conversion date.
- We recalculated the continuity schedules, including the amounts allocated upon conversion to common shares and the fair value adjustment as of the conversion date, and compared the results to management's calculations.

## **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zahra Alnoor Bhanji.

Mississauga, Ontario

March 27, 2026

*MNP* LLP

Chartered Professional Accountants

Licensed Public Accountants

**Maritime Launch Services Inc.**  
**Consolidated Financial Statements**  
For the Years Ended December 31, 2025, and December 31, 2024

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**Contents**

**Consolidated Financial Statements**

Consolidated Statements of Financial Position	<b>2</b>
Consolidated Statements of Loss and Comprehensive Loss	<b>3</b>
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	<b>4</b>
Consolidated Statements of Cash Flows	<b>5</b>
Notes to Consolidated Financial Statements	<b>6 - 38</b>

## Maritime Launch Services Inc. Consolidated Statements of Financial Position

December 31	Notes	2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 9,440,945	\$ 69,808
Short-term investment		5,000	5,000
Accounts and other receivable		50,031	17,217
Sales tax receivable		319,291	53,589
Prepaid expenses and deposits		124,124	56,677
<b>Total current assets</b>		<b>9,939,391</b>	202,291
Land, spaceport under construction, and equipment	5	14,892,259	13,754,615
Right-of-use assets	6	117,570	149,032
Intangible assets	4	9,000	-
<b>Total assets</b>		<b>\$ 24,958,220</b>	\$ 14,105,938
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	15	\$ 2,092,772	\$ 4,483,807
Current portion of lease liabilities	6	31,219	31,584
Shareholder Loan	8	-	230,525
Convertible debentures	9	-	12,519,575
EDC Loan Payable	11	4,324,847	-
<b>Total current liabilities</b>		<b>6,448,838</b>	17,265,491
<b>Non-current liabilities</b>			
Deferred revenue	7	207,500	-
Due to Atlantic Canada Opportunities Agency	10	74,608	39,784
Lease liabilities	6	72,362	110,151
<b>Total liabilities</b>		<b>6,803,308</b>	17,415,426
<b>Shareholders' Equity (Deficiency)</b>			
Share capital	12	83,801,071	15,516,488
Warrants reserve	13	165,404	699,659
Contributed surplus		2,822,355	2,395,960
Deficit		(68,633,918)	(21,921,595)
<b>Total Shareholders' Equity (Deficiency)</b>		<b>18,154,912</b>	(3,309,488)
<b>Total liabilities and shareholders' equity (deficiency)</b>		<b>\$ 24,958,220</b>	\$ 14,105,938

Commitments (Note 18)

Subsequent Events (Note 21)

Approved on behalf of the Board:

(signed) Stephen Matier Director

(signed) Sasha Jacob Director

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

**Maritime Launch Services Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**

<b>For the years ended December 31</b>	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>			
Lease Income		\$ 14,980	\$ -
<b>Operating expenses</b>			
Administration		\$ 298,331	\$ 381,647
Professional services		1,299,667	1,087,012
Stock based compensation	12(c), 15	744,008	518,100
Amortization	5, 6	35,553	35,508
Wages and salaries	15	1,461,778	1,382,616
<b>Loss from operations</b>		<b>(3,824,357)</b>	<b>(3,404,883)</b>
<b>Other income (expense)</b>			
Fair value adjustment on convertible debentures	9	\$ (43,258,647)	\$ (3,060,960)
Gain on redemption of convertible debentures	9	96,989	-
Gain on extinguishment of convertible debentures	9	-	340,967
Interest and accretion expense	6, 10, 11	(285,821)	(111,081)
Foreign exchange gain (loss)		(12,146)	19,410
<b>Loss before income taxes</b>		<b>(47,283,982)</b>	<b>(6,216,547)</b>
<b>Loss and comprehensive loss for the year</b>		<b>\$ (47,283,982)</b>	<b>\$ (6,216,547)</b>
<b>Loss per share</b>			
<b>Weighted average shares outstanding</b>		<b>509,168,544</b>	417,462,479
Basic and diluted loss per share		\$ (0.09)	\$ (0.01)

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

**Maritime Launch Services Inc.**  
**Consolidated Statements of Changes in Shareholders' (Deficiency) Equity**

	Notes	Common Shares	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total shareholders' (deficiency) equity
<b>Balance, as at December 31, 2023</b>		410,484,741	\$ 14,443,564	\$ 814,982	\$ 5,303,860	\$ (19,131,048)	\$ 1,431,358
Loss and comprehensive loss for the year		-	-	-	-	(6,216,547)	(6,216,547)
Shares issued for services		3,500,000	367,500	-	-	-	367,500
Shares issued on conversion of 2023 Convertible Debentures	9	2,000,000	273,000	-	-	-	273,000
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
Equity component derecognized on extinguishment of convertible debentures		-	-	-	(3,426,000)	3,426,000	-
Stock based compensation	12(c)	-	-	-	518,100	-	518,100
<b>Balance, as at December 31, 2024</b>		<b>421,502,741</b>	<b>\$ 15,516,488</b>	<b>\$ 699,659</b>	<b>\$ 2,395,960</b>	<b>\$ (21,921,595)</b>	<b>\$ (3,309,488)</b>
Loss and comprehensive loss for the year		-	-	-	-	(47,283,982)	(47,283,982)
February private placement – cash proceeds	12	25,368,500	1,268,425	-	-	-	1,268,425
Finders Fee for February private placement	12, 13	-	(127,001)	-	-	-	(127,001)
Common shares and warrants issued for Finder's fees	13, 16	2,560,000	89,597	37,404	-	-	127,001
Shares issued for services (salaries and board fees accrued)	15, 16	4,170,000	208,500	-	-	-	208,500
Shares issued for extension fee on convertible debenture amendment	9	4,830,105	193,204	-	-	-	193,204
Shares issued on conversion of convertible debentures	9, 16	10,200,000	539,114	-	-	-	539,114
Shares issued to settle PIK interest payable	9, 16	7,275,918	313,881	-	-	-	313,881
Convertible debenture conversion and extinguishment	9	208,844,288	54,328,238	-	-	-	54,328,238
Shares issued on conversion of shareholder loans	8, 16	6,630,500	331,525	-	-	-	331,525
Stock option exercises	12(c)	11,124,992	882,612	-	(317,613)	-	564,999
Expiration of warrants (April 2025)	13	-	-	(571,659)	-	571,659	-
Stock based compensation	12(c)	-	-	-	744,008	-	744,008
Shares issued pursuant to Subscription Agreement	12(b)	3,205,288	256,488	-	-	-	256,488
November 2025 Private Placement	9, 12	44,843,049	10,000,000	-	-	-	10,000,000
<b>Balance, as at December 31, 2025</b>		<b>750,555,382</b>	<b>\$ 83,801,071</b>	<b>\$ 165,404</b>	<b>\$ 2,822,355</b>	<b>\$ (68,633,918)</b>	<b>\$ 18,154,912</b>

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

## Maritime Launch Services Inc. Consolidated Statements of Cash Flows

For the years ended December 31	2025	2024
<b>Cash flows used in operating activities</b>		
Loss and comprehensive loss for the year	\$ (47,283,982)	\$ (6,216,547)
Adjustments for:		
Amortization	35,553	35,508
Interest and accretion expense	288,888	(403,126)
Stock-based compensation	744,008	518,100
Shares issued for services	-	367,500
Shares issued for extension fee on convertible debenture amendment	193,204	-
Gain on extinguishment of convertible debentures	-	(340,967)
Gain on redemption of convertible debentures	(96,989)	-
Convertible debentures - fair value adjustment	43,258,647	3,060,960
	<u>(2,860,671)</u>	<u>(2,978,572)</u>
Changes in non-cash working capital balances		
Accounts receivable and sales tax receivable	(298,516)	14,649
Prepaid expenses and deposits	(67,447)	65,413
Accounts payable and accrued liabilities	(905,125)	1,295,377
Deferred Revenue	207,500	-
	<u>(1,063,588)</u>	<u>1,375,439</u>
	<u>(3,924,259)</u>	<u>(1,603,133)</u>
<b>Cash flows provided by (used in) investing activities</b>		
Costs paid for spaceport under construction	(2,529,580)	(38,568)
Purchase of Spaceport Canada intellectual property	(10,000)	-
Decrease in short-term investments	-	25,000
	<u>(2,539,580)</u>	<u>(13,568)</u>
<b>Cash flows provided by (used in) financing activities</b>		
Payments on lease liabilities	(38,154)	(59,300)
Proceeds from February 2025 Private Placement	1,268,425	-
Proceeds from cash exercise of stock options	564,999	-
Proceeds from warrants exercised	-	182,101
Redemption of 2021 convertible debentures	(500,000)	(100,000)
Proceeds from Atlantic Canada Opportunities Agency	40,084	65,916
Proceeds from Shareholder Loans	101,000	230,525
Proceeds from EDC Loan net of transaction costs	4,142,134	-
Proceeds from November 2025 Private Placement	10,000,000	-
Proceeds pursuant to Subscription Agreement	256,488	-
	<u>15,834,976</u>	<u>319,242</u>
<b>Increase (decrease) in cash during the year</b>	<b>9,371,137</b>	<b>(1,297,459)</b>
<b>Cash, beginning of year</b>	<b>69,808</b>	<b>1,367,267</b>
<b>Cash, end of year</b>	<b>\$ 9,440,945</b>	<b>\$ 69,808</b>

Supplementary cashflow information (Note 16).

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

**December 31, 2025**

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### 1. Nature of Business

Maritime Launch Services Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) and, through a wholly owned subsidiary, owns a fully-permitted 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. The address of the Company's principal place of business is 1883 Upper Water St., Suite 303, Halifax, Nova Scotia, B3J 1S9.

On April 27, 2022, the Company's shares were listed and commenced trading on the Cboe Canada (formerly NEO Exchange) under the symbol "MAXQ". On August 23, 2022, the Company received approval to trade on the OTCQB Venture Market under the symbol "MAXQF." The address of the Company's registered head office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, M4C 2V9.

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### 2. Material Accounting Policies

#### Basis of Consolidation

The consolidated financial statements of the Company include the accounts of Maritime Launch Services (Nova Scotia) Ltd., a wholly owned subsidiary incorporated in Nova Scotia, and its wholly owned subsidiaries Maritime Launch USA Inc. and Spaceport Canada Inc. All transactions and balances between these companies have been eliminated on consolidation.

#### Basis of Preparation

These Consolidated Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The preparation of consolidated financial statements in compliance with IFRS accounting standards requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in the notes to follow.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 27, 2026.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 2. Material Accounting Policies (Continued)

#### **Basis of Measurement**

These consolidated financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policy or note disclosures to follow.

#### **Foreign Currency**

##### *Functional and Presentation Currency*

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

##### *Foreign Currency Transactions*

Transactions entered into by the Company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the closing rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

#### **Financial Instruments**

The Company initially recognizes all financial instruments on the date the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are originally recognized at fair value. Depending on classification, financial instruments are subsequently measured at either fair value or amortized cost. Fair value is determined as explained in Note 19.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

**December 31, 2025**

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### 2. Material Accounting Policies (Continued)

The following sections identify the Company's financial assets and liabilities and how they are classified:

#### ***Financial Assets***

The Company classifies its financial assets into one of the categories below depending on the business model in which they are held and the characteristics of their contractual cash flows.

#### ***Financial Assets at Amortized Cost***

Financial assets at amortized costs incorporate financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Financial assets at amortized cost comprise of cash, short-term investments and accounts receivable.

#### ***Financial assets at Fair Value through Other Comprehensive Income ("FVTOCI")***

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVTOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

#### ***Financial Assets at Fair Value through Profit or Loss ("FVTPL")***

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

#### ***Financial Liabilities***

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognized at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs.

The 2023 and 2021 post Amendment 3 liability host and embedded derivatives related to the convertible debentures were accounted for at fair value through profit or loss. The warrants that were issued along with the convertible debentures are classified as equity instruments.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

**December 31, 2025**

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### 2. Material Accounting Policies (Continued)

#### *Other Financial Liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized as well as through the amortization process.

The following are classified as other financial liabilities: accounts payable and accrued liabilities, shareholder loans, due to Atlantic Canada Opportunities Agency (“ACOA”) and Export Development Canada (“EDC”) Loan Payable.

#### **Internally Generated Intangible Assets (Development Costs)**

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalized development costs are amortized over the periods the Company expects to benefit from selling the products developed. The amortization expense is included within the administration expenses in the consolidated statements of loss and comprehensive loss.

Development expenditures not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in the consolidated statements of loss and comprehensive loss as incurred. To date, only expenditures, that have been fully reimbursed by government grants, have met the requirements for capitalization.

#### **Spaceport Under Construction and Equipment**

Equipment is measured at historical cost, less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Equipment is amortized over its estimated useful life of the asset calculated as follows:

	<b>Basis</b>	<b>Rate</b>
Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of loss and comprehensive loss in the period the asset is derecognized.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 2. Material Accounting Policies (Continued)

#### *Spaceport under Construction*

Initial costs related to the spaceport under construction are capitalized when they meet the criteria in IAS 16 Property, Plant & Equipment ("IAS 16") which are (a) it is probable the future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. To date, the costs have been directly attributable costs related to initial site preparation and are measured at their fair value. The cost model is being used to account for the spaceport under construction. Depreciation will commence when the spaceport is available for use. The Company capitalizes the proportionate cost of general borrowings, which are the convertible debentures, to the spaceport under construction. Land has been determined to have an indefinite life and will not be depreciated.

#### **Impairment of Non-Financial Assets**

At each reporting period-end, the Company reviews the carrying amounts of its non-financial assets to determine if there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Lease Income**

##### *Launch pad and Ground station Leases*

##### *Operating leases*

For operating leases, lease income is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Lease payments that are variable and not dependent on an index or rate are recognised in the period in which they are earned.

##### *Non-lease components*

Lease contracts may include non-lease components, such as maintenance, launch or other services. The consideration in the contract is allocated between lease and non-lease components based on their relative standalone prices.

Amounts allocated to non-lease components are recognised as revenue in accordance with IFRS 15 – Revenue from Contracts with Customers, as the related services are provided.

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 2. Material Accounting Policies (Continued)

#### *Lease modifications*

Lease modifications are accounted for in accordance with IFRS 16. Modifications to operating leases are recognised as a new lease from the effective date of the modification if the modification grants an additional right of use at a price commensurate with its standalone selling price. Other modifications are recognised prospectively.

#### **Revenue Recognition**

Revenue is recognized when control of the underlying goods or services for a particular performance obligation is transferred to a customer by applying the following 5 steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when, or as, the entity satisfies a performance obligation.

#### *Launch Services*

Revenue from launch-related services will be recognized in accordance with the 5 steps noted above based on the contractual provision of each sale. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as deferred revenue, a contract liability. Where the Company receives advance payments from customers and will deliver the services in excess of one year from the signing of the contract, there could be a significant financing component, in which case, the rate selected would be that commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. Revenue will be recognized in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 2. Material Accounting Policies (Continued)

#### Convertible Debentures

Modifications of the terms of convertible debentures are analyzed in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"), and accounted for as an extinguishment of the original financial liability, including the related derivative liability, and recognition of a new financial liability and derivative liability, where appropriate, where the modification is determined to be substantial. On issuance or recognition of Convertible Debentures following an extinguishment, the Company analyzes the terms to determine whether the conversion features represent equity or a derivative liability. The 2021 convertible debentures, following the 3<sup>rd</sup> amendment in 2024 and the 2023 Convertible Debentures, included anti-dilution rights with down round protection (Note 9), that resulted in the holder being entitled to a variable number of common shares. The Company elected to irrevocably designate the entire hybrid financial instrument, being the convertible debentures, at FVTPL. The warrants issued to the convertible debenture holders as a part of the financing represent an equity classified instrument. At the time of issuance, the Company determined the fair value of the liability host and embedded derivatives and allocated the residual to equity.

Redemptions of convertible debentures for cash consideration result in the recognition of a gain or loss on redemption which is the difference between the cash consideration paid and the fair value of the convertible debenture at the time of redemption. Conversions of the convertible debentures into common shares including the conversions that resulted in their retirement (Note 9) result in the fair value of the convertible debentures at the time of conversion being transferred to equity.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 2. Material Accounting Policies (Continued)

#### Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has not elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives removed. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset, or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statements of loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

#### Income Taxes

##### *Current Income Taxes*

Current income taxes assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income taxes assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 2. Material Accounting Policies (Continued)

#### *Deferred Income Taxes*

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for taxable temporary differences arising on the initial recognition of temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred taxes assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

#### **Stock Based Compensation**

The Company grants common stock options to its employees, officers, directors and advisors under its stock option plan. Stock-based compensation plans are accounted for on a fair value basis.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model which determines volatility based on comparable publicly traded companies' volatility for a similar term as the expected life of the options.

Options and shares granted to non-employees in exchange for services are valued at the fair value of the services incurred by the Company, unless the fair value cannot be estimated reliably, in which case the services are valued based on the fair value of the equity instruments granted.

Stock based compensation costs, measured at grant date based on the fair value of all options granted and recognized over the service period involved, are recorded as expenses on the consolidated statements of loss and comprehensive loss and credited to contributed surplus. The consideration paid by holders upon exercise of the options and the estimated fair value of the options exercised are added to share capital.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

**December 31, 2025**

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### 2. Material Accounting Policies (Continued)

#### Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Loss per Share

Basic loss per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common stock outstanding during the year.

Diluted loss per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common stock outstanding, adjusted for the effects of all dilutive potential common stock. The weighted average number of common stock outstanding is increased by the number of additional common stock that would have been issued by the Company assuming exercise of all options and equity instruments with exercise prices below the average market price for the year. The effect on diluted loss per share of the exercise of stock options and warrants described in Note 12 and Note 13 would be anti-dilutive.

#### New Standards, Interpretations, and Amendments

##### *a) New Standards, Interpretations, and Amendments Effective Beginning January 1, 2025:*

There were no standards that were effective beginning January 1, 2025.

##### *b) New Standards, Interpretations, and Amendments Not Yet Effective:*

The following amendments are effective for annual reporting period beginning January 1, 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7)

The following standard is effective for annual reporting period beginning January 1, 2027:

- IFRS 18, Presentation and Disclosure in Financial Statements

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## **Maritime Launch Services Inc. Notes to Consolidated Financial Statements**

**December 31, 2025**

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### **2. Material Accounting Policies (Continued)**

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of loss and comprehensive loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Company is currently assessing the effect of this new accounting standard.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 3. 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 by management on the issuance date and at each reporting date in determining the fair value of the 2023 Convertible Debentures and Amendment 3 of the 2021 Convertible Debentures as they were being accounted for at FVTPL for periods up to their conversion in November 2025, which was measured at the fair value of the common shares they converted into. At December 31, 2024, 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. Volatility judgments were based on historical volatility of the Company and comparable companies in the aerospace industry as opposed to only the Company's volatility. This volatility was used instead of the Company's volatility alone. Refer to Note 9.

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 3. Critical Accounting Estimates and Judgements (Continued)

#### *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.

#### *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.

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.

#### *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**

#### *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.

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 prior to their extinguishment at the time of conversion to common shares (Note 9).

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### **3. Critical Accounting Estimates and Judgements (Continued)**

#### *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 were 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.

#### *Going concern assessment*

The Company regularly reviews and makes assessment of its ability to continue as a going concern. This assessment relies on significant judgements and assumptions, taking into account known future information, including whether events or conditions create material uncertainties that may cast significant doubt on the ability to continue as a going concern.

In assessing the Company's ability to continue as a going concern, management applied judgement as to the Company's ability, and has reasonable expectation it will be able, to fund operating and contractual service requirements for the next 12 months.

### **4. 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 Consolidated Financial Statements**

**December 31, 2025**

**5. Land, Spaceport under Construction, and Equipment**

<b>Cost</b>			
	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	1,140,735	14,802,485
	<b>\$ 13,778,057</b>	<b>\$ 1,140,735</b>	<b>\$ 14,918,792</b>

<b>Amortization</b>			
	Accumulated Amortization	Amortization	Total
Land	\$ -	\$ -	-
Computer Equipment	(13,826)	(1,281)	(15,107)
Furniture and Equipment	(9,616)	(1,810)	(11,426)
Spaceport under Construction	-	-	-
	<b>\$ (23,442)</b>	<b>\$ (3,091)</b>	<b>\$ (26,533)</b>

<b>Net Book Value</b>			
	<b>December 31, 2025</b>	December 31, 2024	
Land	<b>\$ 80,012</b>	\$ 80,012	
Computer Equipment	<b>1,815</b>	3,096	
Furniture and Equipment	<b>7,947</b>	9,757	
Spaceport under Construction	<b>14,802,485</b>	13,661,750	
	<b>\$ 14,892,259</b>	\$ 13,754,615	

During the year ended December 31, 2025, the Company capitalized borrowing costs of \$11,424 (December 31, 2024 - \$908,886).

## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

### 6. Right-of-Use Assets and Lease Liabilities

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

	<b>December 31, 2025</b>	December 31, 2024
Balance, January 1	\$ 149,032	\$ 180,127
Additions	-	-
Depreciation	<b>(31,462)</b>	(31,096)
<b>Balance</b>	<b>\$ 117,570</b>	\$ 149,032

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:

	<b>December 31, 2025</b>	December 31, 2024
Balance, January 1	\$ 141,735	\$ 174,410
Additions	-	-
Payments	<b>(59,354)</b>	(59,300)
Interest incurred	<b>21,200</b>	26,625
<b>Balance</b>	<b>\$ 103,581</b>	\$ 141,735
Current	<b>31,219</b>	31,584
Non-current	<b>72,362</b>	110,151
<b>Total</b>	<b>\$ 103,581</b>	\$ 141,735

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

	Total Undiscounted Lease Payments	
	<b>2025</b>	2024
Less than one year	\$ 49,344	\$ 53,131
Beyond one year	<b>486,000</b>	540,174
<b>Total undiscounted lease payments</b>	<b>\$ 535,344</b>	\$ 593,305

Total cash outflow for the year ended December 31, 2025, was \$59,354 (year ended December 31, 2024 - \$59,300).

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 7. Deferred Revenue

Deferred revenue (i.e. contract liabilities) represents cash received from customers in excess of revenue recognized on uncompleted contracts.

In August 2025, the Company secured its first revenue contract for Launch Services, which includes the construction of a launch pad and services related to a successful orbital launch, which may require several launch attempts. These are considered to be one performance obligation as the customer cannot benefit from the services either on its own or together with other resources that are readily available to them. The contract is fixed price with the only variable consideration relating to a refund liability in the event of contract termination as a result of a material breach of the contract. The expected amount of any refund, based on the risk the Company will materially breach the contract, is measured at each period-end. The Company determined that the contract did not contain a significant financing component. Revenue will be recognized at the point in time when there is a successful launch as none of the criteria are met to recognize revenue over time. Payments received during the year of \$207,500 have been recorded as deferred revenue. Deferred revenue is classified as long-term as the related services are not expected to be performed within the next 12 months.

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### 8. Shareholder Loan

During the year, shareholders loaned \$101,000 (2024 - \$230,525). The shareholder loans of \$331,525 outstanding were converted to common shares at a rate of \$0.05 per share as part of the Company's February 2025 Private Placement resulting in the issuance of 6,630,500 shares.

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### 9. Convertible Debentures

The Company had 2021 and 2023 Convertible Debentures outstanding during Fiscal 2024 which were extinguished and retired on November 12, 2025, following the closing of the November 3, 2025, private placement at a share price of \$0.223 triggering a conversion event per the terms of the debentures. Debenture holders were given a choice of receiving the cash balance of all principal and accrued and outstanding interest or receiving payment in shares (\$0.05 conversion price) in lieu of receiving cash or some combination of cash and shares. All debenture holders elected to convert 100% of the outstanding balance to shares.

#### *2021 Convertible Debentures*

During Fiscal 2021, the Company issued the 2021 Convertible Debentures (the "2021 Convertible Debentures") which were amended three times with the 3<sup>rd</sup> amendment ("Amendment 3") occurring on August 7, 2024. The amendment in Fiscal 2024 aligned the terms of the 2021 Convertible Debentures with those of the 2023 Convertible Debentures (see below). Consistent with the 2023 Convertible Debentures, the host liability, the PIK interest, the conversion feature and the early repayment option were considered as one hybrid instrument which the Company elected to measure at FVTPL. Amendment 3 was determined to be a significant modification to the terms of the convertible debenture and accordingly it was accounted for as an extinguishment on August 7, 2024. A gain on extinguishment of \$340,967 was recognized at the time.

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 9. Convertible Debentures (Continued)

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 were deemed to be nil as the Company does not intend to exercise its option to early repay. As a part of the 3<sup>rd</sup> 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. The fair value of the PIK interest payable was determined based on the number of common shares it would convert into and the fair value of the common shares on December 31, 2024.

#### *2023 Convertible Debentures*

On December 8, 2023, the Company issued unsecured convertible debentures (the “2023 Convertible Debentures”) for proceeds of \$2,282,000 which were payable on December 8, 2024, unless earlier converted or repaid. The 2023 convertible debentures bore 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 had the option 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 had anti-dilution rights such that if the Company issued, offered, sold, granted any option or rights to purchase, or otherwise disposed of any equity securities, for consideration on a share basis that is less than the conversion price, the conversion price would 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 was 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.

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 9. Convertible Debentures (Continued)

On December 31, 2024, 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 65%. The maturity date for the fair value determination was December 7, 2026. The fair value of the PIK interest payable was determined based on the number of common shares it would convert into and the fair value of the common shares on December 31, 2024.

On March 5, 2025, the Company entered an agreement with the holders of all of its issued and outstanding Convertible Debentures (both the 2021 and 2023 Convertible Debentures) to extend the due date of the Convertible Debentures to December 2026. As a condition of the extension, the Company redeemed \$500,000 of the 2021 Convertible Debentures that had a fair value of \$596,989 at the time, resulting in a gain of \$96,989. The Company also issued 4,830,105 common shares from Treasury to the remaining debenture holders (both 2021 and 2023 Convertible Debentures), as an extension fee of \$193,204, which was expensed.

All terms of the debentures (both 2021 and 2023 Convertible Debentures), 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.

During Fiscal 2025, there were also conversions of 2021 Convertible Debentures as set out in the continuity table below. No gain or losses were recorded on conversions of 2021 Convertible Debentures; the fair value at time of conversion (carrying value due to FVTPL measurement) was recorded as an increase to share capital. PIK interest of \$233,903 (2024 - \$-), measured based on the fair value of the common shares issued, was paid through the issuance of common shares during Fiscal 2025.

With respect to the 2023 Convertible Debentures, PIK interest of \$79,978 (2024 - \$-), measured based on the fair value of the common shares issued, was paid through the issuance of common shares.

The private placement completed in November 2025, at a share price of \$0.223 triggered a conversion or prepayment event for both the 2021 and 2023 Convertible Debentures. All of the holders elected to convert the principal and any accrued, capitalized or unpaid interest into common shares at the conversion price of \$0.05 per share resulting in the issuance of 208,844,288 common shares. The fair value of the Convertible Debentures was measured immediately prior to their conversion based on the fair value of the common shares on that date. An increase in the fair value of the 2021 Convertible Debentures and 2023 Convertible Debentures of \$32,856,508 (2024 - \$2,342,258) and \$10,402,139 (2024 - \$718,702) respectively was recognized in change in fair value of the hybrid contract.

**Maritime Launch Services Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

**9. Convertible Debentures (Continued)**

The following is the continuity of the convertible debentures for Fiscal 2024 and 2025:

	<b>2023 Convertible Debentures</b>	<b>2021 Convertible Debentures (post Amendment 3)</b>	<b>Total</b>
<b>Balance at December 31, 2023</b>	<b>\$ 2,282,000</b>	<b>\$ -</b>	<b>\$ 2,282,000</b>
Conversion of debentures	(273,000)		(273,000)
Recognition of convertible debentures per Amendment 3	-	7,449,615	7,449,615
Increase (decrease) in fair value	718,702	2,342,258	3,060,960
<b>Balance at December 31, 2024</b>	<b>\$ 2,727,702</b>	<b>\$ 9,791,873</b>	<b>\$ 12,519,575</b>
Conversion of debentures during the year	-	(539,114)	(539,114)
Redemption of debentures during the year	-	(596,989)	(596,989)
Payment of PIK interest through the issuance of shares during the year	(79,978)	(233,903)	(313,881)
Increase in fair values	10,402,139	32,856,508	43,258,647
Conversion of debentures and extinguishment - November 12, 2025	(13,049,863)	(41,278,375)	(54,328,238)
<b>Balance at December 31, 2025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## **Maritime Launch Services Inc.**

### **Notes to Consolidated Financial Statements**

**December 31, 2025**

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#### **10. Due to Atlantic Canada Contributions Agency**

On September 17, 2024, 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 on December 1, 2025. As at December 31, 2025, the Company had received funding of \$108,000 (2024 - \$65,916). The fair value of the funding presented on the balance sheet of \$74,608 (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.

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#### **11. EDC Senior Credit Facility**

On October 24, 2025, the Company entered a non-revolving secured term loan credit facility ("loan agreement") in the maximum amount of \$10,000,000 with Economic Development Canada. The first \$4,768,871 was received at the time of closing and no further disbursements under the loan agreement have been made as of March 27, 2026. The loan is to be used to fund the design, engineering, financing, development, acquisition, ownership, construction, equipping, testing, repair, operation, maintenance, commercialization, and use of the spaceport. The outstanding principal bears interest at a variable rate based on the Canadian Overnight Repo Rate Average (CORRA) plus 7% per annum, payable quarterly and matures on June 1, 2026, and may be extended by the Company (Note 21). The loan is secured by all underlying assets of the Company. Commitment fees, at an annual rate of 35% of the Margin (of 7%) on the undrawn portion are payable quarterly (with the first quarter being capitalized to loan principal). Arranging fees determined based on 6.25% of Gross Business Revenue are payable on receipt of the revenue, subject to a maximum of \$2,500,000. The Company is required to set up and maintain a separate Restricted Account which will be funded with amounts from the contract with the Department of National Defence (Note 21).

During Fiscal 2025, transaction costs of \$627,008 were incurred related to the issuance of the loan which includes up-front fees of \$245,000. The loan was initially recognized at fair value and is subsequently being measured at amortized cost based on an effective interest rate of 20.7%. Interest of \$106,176 was accrued and is included in accounts payable and accrued liabilities and commitment fees of \$22,863 were accrued and included in the loan balance. Accretion of issuance costs of \$160,921 was recorded during the year.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

**December 31, 2025**

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### 12. Share Capital

#### *(a) Authorized*

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

Common shares voting and participating.

On January 24, 2024, the Company issued 3,500,000 common shares at a price of \$0.105 per share (closing price on the day of the share issuance) as payment for financing advisory services. The value of the shares issued, and cost of the services, provided were \$367,500.

On April 8, 2024, a debenture holder exercised their option to convert their debentures with a principal amount of \$240,000 (and approximate fair value of \$273,000) into 2,000,000 common shares, in accordance with the terms of the convertible debenture (note 9).

On May 31, 2024, a warrant holder chose to exercise their warrants, pursuant to the terms and strike price of the warrants, for proceeds of \$27,800 in exchange the Company issued 500,000 common shares (Note 13).

On July 17, 2024, and August 15, 2024, a warrant holder chose to exercise their warrants, pursuant to the terms and strike price of the warrants, for proceeds of \$50,400 and \$48,608, respectively. In exchange the company issued 900,000 and 868,000 common shares, respectively (Note 13).

On August 14, 2024, the Company issued 2,250,000 common shares to certain holders of the Debentures in settlement of an extension fee in connection with the Amendment 3 to the 2021 convertible debentures (note 9).

On September 12, 2024, a warrant holder chose to exercise their warrants, pursuant to the terms and strike price of the warrants, for proceeds of \$56,000 in exchange the Company issued 1,000,000 common shares (Note 13).

On February 28, 2025, the Company announced the completion of a private placement 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. In connection with the private placement, the Company issued common shares and warrants to the finders. Finder's fees of \$127,001 were recognized as share issuance costs and recorded as a reduction of the private placement proceeds.

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.

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 12. Share Capital (Continued)

#### *(b) Subscription Agreement*

On August 10, 2025, the Company entered into two separate agreements with a customer. The first agreement for Launch services (Note 7) and the second, a subscription agreement for the purchase of common shares. Pursuant to the subscription agreement, the subscriber subscribed for \$1,025,954 worth of common shares. The purchase price per common share is the greater of (i) the 20 trading day volume weighted average closing price immediately preceding each quarter-end subscription date, or (ii) if any convertible debentures of the Company remain outstanding and provide for a reduction of the conversion price if the Company issues shares below the conversion price of \$0.05, then the conversion price of the convertible debentures at the time of subscription. In the event the customer pauses its payments under the revenue contract or terminates the contract, it results in termination of the subscription agreement. The Company recognizes subscriptions as they occur. During the year the Company issued 3,205,288 common shares in exchange for cash consideration of \$256,488 pursuant to this subscription agreement.

#### *(c) Stock option plan*

The Company has a stock option plan. 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 year ended December 31, 2025, was \$0.028 (year ended December 31, 2024 - \$0.097) 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.

## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

### 12. Share Capital (Continued)

The following assumptions were used to determine the fair value of the options granted in the year ended December 31, 2025, and 2024:

	December 31, 2025	December 31, 2024
Weighted average grant date share price	<b>\$0.048</b>	\$0.130
Exercise price	<b>\$0.055</b>	\$0.124
Expected price volatility	<b>75%</b>	94%
Expected option life	<b>4.8 years</b>	5 years
Expected dividend yield	<b>0%</b>	0%
Risk-free interest rate	<b>2.8%</b>	3.59%
Forfeiture rate	<b>0%</b>	0%

The following table presents the stock option activity for the year ended December 31, 2025, and 2024:

	December 31, 2025		December 31, 2024	
	Number	WAEP <sup>(1)</sup> \$	Number	WAEP <sup>(1)</sup> \$
Balance, beginning of year	<b>28,350,000</b>	<b>0.164</b>	28,350,000	0.167
Granted	<b>17,874,987</b>	<b>0.055</b>	2,250,000	0.124
Exercised	<b>(11,124,992)</b>	<b>0.051</b>	-	-
Expired	<b>(750,000)</b>	<b>0.035</b>	(2,250,000)	0.167
Outstanding, end of year	<b>34,349,995</b>	<b>0.146</b>	28,350,000	0.164
Exercisable, end of year	<b>34,124,995</b>	<b>0.145</b>	14,512,500	0.167

(1) The weighted average exercise price ("WAEP") represents the weighted average price at which the outstanding options may be exercised.

Certain options granted during the year ended December 31, 2025, and 2024 are subject to certain performance and service based vesting conditions. The weighted average remaining contractual life as at December 31, 2025, is 2.1 years (December 31, 2024 – 2.5 years). At December 31, 2025, 40,705,527 stock options remain available for future grants pursuant to the Company's stock option plan. Stock based compensation incurred as of December 31, 2025 was \$744,008 (December 31, 2024 - \$518,100).

## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

### 13. Warrants

Warrant activity, for year ended December 31, 2025, and 2024 was as follows:

	December 31, 2025		December 31, 2024	
	Number of Warrants	WAEP <sup>(1)</sup> \$	Number of Warrants	WAEP <sup>(1)</sup> \$
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)	0.11	-	-
Outstanding, end of year	8,899,085	0.11	26,721,095	0.11
Exercisable, end of year	8,899,085	0.11	26,721,095	0.11

(1) The weighted average exercise price ("WAEP") represents the weighted average price at which the outstanding warrants may be exercised.

In conjunction with the February private placement, 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 2 years from issue date. The estimated fair value of the warrants was determined to be \$0.015 per warrant, estimated using the Black-Scholes option pricing model and the total calculated value of the Finders Warrants of \$37,404 was recorded as a share issue cost.

The following assumptions were used to determine the fair value of the warrants granted in the year ended December 31, 2025:

	December 31, 2025
Grant date share price	\$0.035
Warrant premium	\$0.015
Exercise price	\$0.050
Expected price volatility	94%
Expected warrant life	2 years
Expected dividend yield	0%
Risk-free interest rate	2.8%
Forfeiture rate	0%

## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

### 14. Income Taxes

- a) The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 29.00% (2024 - 29.0%) to the effective tax rate is as follows:

	2025	2024
Loss before income taxes	\$ (47,283,982)	\$ (6,216,547)
Combined basic federal and provincial tax rates	29.00%	29.00%
Expected income tax recovery	\$ (13,712,355)	\$ (1,802,799)
Fair value adjustment on derivatives	12,982,130	887,678
Stock based compensation	215,762	150,249
Other non-deductible items	566	(108,901)
Share issue costs booked in equity	-	-
Capitalized accretion expenses	-	-
Book to filing adjustments and other	(296,925)	(709,040)
Change in tax benefits not recognized	810,821	1,582,813
Income tax recovery	\$ -	\$ -

The Company's income tax (recovery) is allocated as follows:

	2025	2024
Current tax (recovery) expense	\$ -	\$ -
Deferred tax (recovery) expense	-	-
	\$ -	\$ -

- b) The following table summarizes the components of deferred tax:

<b>Deferred income tax assets</b>	2025	2024
Lease liability	\$ 30,039	\$ 41,103
Convertible debentures	-	517,004
Spaceport under construction and equipment	-	-
Share issuance costs – 20(1)(e)	438,424	-
Non-capital losses – Canada	99,320	-
Deferred tax assets	\$ 567,783	\$ 558,107
<b>Deferred income tax liabilities</b>	2025	2024
Spaceport under construction and equipment	\$ (395,237)	\$ (522,083)
Right-of-use Asset	(34,095)	(36,024)
Long-term Debt	(138,451)	-
Deferred tax liabilities	\$ (567,783)	\$ (558,107)
<b>Net deferred income tax asset (liability)</b>	\$ -	\$ -

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 14. Income Taxes (Continued)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

c) Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible approximate temporary differences:

	2025	2024
Spaceport under construction and equipment	\$ -	\$ 1,194,801
Share issue costs	-	757,419
Non-capital losses carried forward – Canada	<b>20,209,000</b>	15,647,000
Non-capital losses carried forward – USA	<b>1,461,900</b>	1,319,386
	<b>\$ 21,670,900</b>	<b>\$ 18,918,606</b>

The Company's Canadian non-capital income tax losses expire as noted in the table below. The Company's U.S. non-capital income tax losses can be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the unused tax losses can be utilized.

The Company's unrecognized Canadian and U.S. non-capital losses, the benefit of which has not been recognized on the consolidated financial statements, expire as follows:

2038	\$	1,490,000
2039		1,381,000
2040		210,000
2041		2,400,000
2042		3,434,000
2043		3,431,000
2044		3,393,000
2045		4,470,000
	<b>\$</b>	<b>20,209,000</b>

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

### 15. Related Party Transactions

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

<b>Operating expenses</b>	<b>2025</b>	<b>2024</b>
Management compensation attributable to the Chief Executive Officer and Chief Financial Officer	\$ 697,308	\$ 509,321
Director's fees	194,022	192,000
Non-cash stock-based compensation attributable to the Chief Executive Officer and Chief Financial Officer	93,600	204,723
	<b>\$ 984,930</b>	<b>\$ 906,044</b>

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.

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Due to related parties</b>		
Management	\$ 81,122	\$ 175,155
Directors	\$ -	\$ 175,780

These balances are payable and are unsecured and non-interest bearing. Balances due to management relate to expense reimbursements payable, accrued vacation, and due to Directors relate to unpaid director's fees.

### 16. Supplementary Cashflow Information

*The following non-cash transactions occurred during Fiscal 2025 and 2024:*

PIK Interest Paid through share issuance	\$ 313,881	\$ -
Shares issued on conversion of 2021 Convertible Debentures	539,114	273,000
Shares issued to settle liabilities	208,500	-
Exercise of stock options – SBC transferred to common shares	317,613	-
Shares issued to settle Shareholder Loans	331,525	-
Finders' fees on private placement – issuance cost paid in shares/warrants	(37,404)	-
Shares issued on conversion and extinguishment of convertible debentures	54,328,238	-
Spaceport costs in Accounts Payable	\$ 1,256,904	\$ 2,640,489
Interest capitalized to Spaceport	11,424	908,886
Present value adjustment (loan discount) recognized on initial measurement of ACOA	(16,684)	-
Spaceport non-cash transactions	<b>\$ 5,260</b>	<b>\$ 908,886</b>

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 17. Capital Management

The Company has defined its capital as shareholders' equity (deficiency) (2024 – convertible debentures and shareholders' (deficiency) equity). The capital structure of the Company consists of shareholders' equity of \$18,154,912 (2024 convertible debentures and shareholders' deficiency: \$9,210,087).

The Company's objectives when managing capital are to:

- a) safeguard the Company's ability to continue as a going concern;
- b) ensure access to sufficient funding for the completed development of the Spaceport
- c) maintain appropriate cash reserves on hand to support continued operations and shareholder returns, generate benefits for its other stakeholders, and maintain the most optimal capital structure possible with a view to keeping capital costs to a minimum; and
- d) invest cash on hand in highly liquid, highly rated financial instruments.

The Company's objectives and strategy described above have not changed since last year. These objectives and strategy are reviewed on a continuous basis.

Annual budgets are developed and monitored to ensure the Company's capital is maintained at an appropriate level. The Company monitors and assesses its financial performance in order to ensure that its net debt levels are prudent taking into account the anticipated direction of the business cycle. The Company's capital is not subject to any externally imposed capital requirements.

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### 18. 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 December 31, 2025, and pursuant to the Contract, the Company has made total payments of EURO €2,504,000 (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. See *Subsequent Event* note.

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 19. Financial Instruments and Risk Management

#### Fair Value Measurements

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal, and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions, and maturities. Inputs used in determining fair value measurements are categorized into three different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

Level 1: Quote prices in active markets for identified items;

Level 2: Observable direct and indirect inputs other than Level 1 inputs;

and Level 3: Unobservable inputs (i.e. not derived from market data).

The 2023 and 2021 Convertible Debentures represented a Level 3 fair value measurement at December 31, 2024. Refer to Note 9 for the details on the models used for the fair value measurement and the relevant unobservable inputs.

The fair value of the balance owing to ACOA approximates its carrying value as there has been no significant change in the incremental borrowing rate assessed. The fair value of the Loan payable to EDC approximates its carrying value as it bears a market interest rate.

The fair value of all other financial instruments approximates their carrying amounts due to the relatively short period to maturity.

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# Maritime Launch Services Inc.

## Notes to Consolidated Financial Statements

December 31, 2025

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### 19. Financial Instruments and Risk Management (Continued)

#### Risk Management

The Company is exposed through its operations to the following financial risks:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk
  - i. Foreign exchange risk
  - ii. Interest rate risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### *(a) Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and short-term investments.

The Company mitigates its risk by maintaining its funds with large reputable financial institutions, from which management believes the risk of loss to be minimal. The Company's management considers that all the above financial assets are of good credit quality.

#### *(b) Liquidity Risk*

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, lease liabilities, Due to ACOA the EDC Loan Payable and commitments. The Company limits its exposure to this risk by closely monitoring its cash flow.

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**Maritime Launch Services Inc.**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**19. Financial Instruments and Risk Management (Continued)**

The following table presents the contractual maturities of the liabilities as of:

<b>December 31, 2025</b>					
	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Thereafter</b>
Accounts payable and accrued liabilities	\$ 2,092,772	\$ -	\$ -	\$ -	\$ -
Lease liabilities	49,344	13,500	13,500	13,500	445,500
Due to ACOA	23,400	21,600	21,600	21,600	19,800
EDC Loan Payable	4,959,541	-	-	-	-
	<hr/>				
	\$ 7,125,057	\$ 35,100	\$ 35,100	\$ 35,100	\$ 465,300
	<hr/>				
<b>December 31, 2024</b>					
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Thereafter</b>
Accounts payable and accrued liabilities	\$ 4,483,807	\$ -	\$ -	\$ -	\$ -
Lease liabilities	53,131	44,174	23,500	13,500	459,000
Convertible debentures	10,078,292	-	-	-	-
Due to ACOA	-	8,620	7,957	7,957	15,250
	<hr/>				
	\$ 14,615,230	\$ 52,794	\$ 31,457	\$ 21,457	\$ 474,250
	<hr/>				

**20. Comparative information**

Certain comparative figures have been reclassified to conform to the current year presentation. The change being grouping the "Fair value adjustment on derivatives" with "Other Income (expense)" as it was previously grouped in "Operating expenses".

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## Maritime Launch Services Inc. Notes to Consolidated Financial Statements

**December 31, 2025**

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### 21. Subsequent Events

#### Yuzhnoye Agreement

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 December 31, 2025, and pursuant to the Contract, the Company has made total payments of EURO €2,504,000 (December 31, 2024 - EURO €2,500,000).

On January 26, 2026, the Company and the Supplier 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 EUR €4,396,000. Payments of EUR €8,000 per month will commence in January 2026 through March 2027 and a final payment of EUR €4,276,000 will be made on April 1, 2027. As of the date of these financial statements, all payments have been made in accordance with the contract revision.

#### Stock Options

On January 26, 2026, the Company issued 750,000 stock options with a strike price of \$0.39 with an expiry date of January 25, 2031.

In January 2026, several options holders elected to exercise their stock options. A total of 3,333,330 options were exercised for common shares for gross proceeds of \$180,000.

On March 17, 2026, an option holder elected to exercise their stock options. A total of 876,550 options were exercised for \$0.167 per common share for gross proceeds of \$146,384.

On March 24, 2026, an option holder elected to exercise their stock options. A total of 333,333 options were exercised for \$0.07 per common share for gross proceeds of \$23,333.

#### EDC Senior Credit Facility

With the completion and fulfillment of certain conditions per the facility agreement the Company became eligible for a maturity extension and on February 24, 2026, the Company requested, and was granted, a maturity date extension. Previously the maturity date was June 1, 2026, and has now been extended to January 4, 2027. All other terms and conditions of the loan remain unchanged.

#### Department of National Defense Agreement

On March 16, 2026, the Company announced the signing of a long-term customer agreement with the Department of National Defense for the leasing of a launch pad at Spaceport Nova Scotia with total contract value of \$200 million. The contract has a ten-year term from April 1, 2025, to March 31, 2035, with lease fees at \$20 million per year, with the first payment of \$20 million due on March 31, 2026 and then subsequent payments of \$5 million on the last day of each calendar quarter starting June 30, 2026 (total of \$35 million to be received in the 2026 calendar year).

The company expects to recognize revenue from this contract over the remaining nine years of term, starting April 1, 2026, at a rate of \$22,222,222 per annum (\$1,851,852 per month).