Illumisoft Lighting Corp.

(formerly Gstaad Capital Corp.)

Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2026 and 2025

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2026.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Illumisoft Lighting Corp.
(formerly Gstaad Capital Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

As at	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash	**$ 3,428,954**	$ 27,639
Accounts receivable (Note 4)	**78,510**	127,231
Sales tax recoverable	**59,631**	25,339
Inventory (Note 5)	**406,643**	394,164
Notes receivable	**15,000**	15,000
Prepaid expenses	**310,803**	35,793
Total current assets	**4,299,541**	625,166
Non-current assets		
Deposit (Note 11)	**28,027**	28,027
Equipment (Note 6)	**62,766**	66,068
Intangible assets (Note 7)	**673,670**	724,698
Right-of-use assets (Note 8)	**878,706**	975,322
Goodwill	**569,020**	569,020
Total non-current assets	**2,212,189**	2,363,135
Total assets	**$ 6,511,730**	$ 2,988,301
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 806,796**	$ 627,660
Current portion of lease liabilities (Note 11)	**148,117**	172,833
Deferred revenue	**–**	44,223
Due to related parties (Note 9)	**182,366**	776,726
Loans payable (Note 10)	**205,943**	514,897
Total current liabilities	**1,343,222**	2,136,339
Non-current liabilities		
Lease liabilities (Note 11)	**775,595**	842,498
Total liabilities	**2,118,817**	2,978,837
Shareholders' equity		
Share capital (Note 12)	**8,156,270**	1,185,116
Shares issuable (Note 12)	**–**	100,000
Equity reserve (Notes 12 and 13)	**218,556**	–
Deficit	**(3,981,913)**	(1,275,652)
Total shareholders’ equity	**4,392,913**	9,464
Total liabilities and shareholders’ equity	**$ 6,511,730**	$ 2,988,301

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

“Ehsan Agahi” — Director

“Michael Johnson” — Director

See accompanying notes to the condensed interim consolidated financial statements

Illumisoft Lighting Corp.
(formerly Gstaad Capital Corp.)
Condensed Interim Consolidated Statements of Net and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	**Six Months Ended June 30, 2026**	Six Months Ended June 30, 2025
Revenue	**$ 85,503**	$ –	**$ 262,749**	$ –
Cost of sales				
Materials	**59,179**	–	**235,676**	–
Salaries and benefits	**93,750**	–	**184,711**	–
	152,929	–	**420,387**	–
Gross margin (loss)	**(67,426)**	–	**(157,638)**	–
Expenses				
Advertising and promotion	**6,171**	17,312	**6,957**	19,948
Amortization of right-of-use assets (Note 8)	**48,442**	–	**96,780**	–
Amortization of intangible assets (Note 7)	**25,515**	–	**51,028**	–
Consulting fees	**89,023**	–	**146,790**	–
Depreciation of equipment (Note 6)	**1,651**	–	**3,302**	–
Investor relations	**7,787**	–	**7,787**	–
Management fees (Note 9)	**228,086**		**228,086**	
Office and administration	**130,352**	1,451	**176,853**	2,417
Professional fees	**108,401**	657	**186,557**	4,623
Rent	**28,303**	–	**57,344**	–
Research and development	**163,795**	–	**163,795**	–
Salaries and benefits	**12,323**	–	**41,346**	–
Share-based compensation (Notes 9 and 13)	**143,388**	–	**143,388**	–
Transfer agent and filing fees	**40,759**	–	**40,759**	–
Travel and business development	**40,921**	14,386	**44,383**	44,343
Total expenses	**(1,074,917)**	(33,806)	**(1,395,155)**	(71,331)
Loss before other income (expense)	**(1,142,343)**	(33,806)	**(1,552,793)**	(71,331)
Other Income (Expense)				
Accretion expense (Note 10)	**(8,519)**	–	**(30,249)**	–
Interest expense (Notes 9, 10 and 11)	**(20,678)**	–	**(55,994)**	–
Interest income	**37,211**	1,807	**39,257**	2,473
Listing expense (Note 3)	**(1,098,022)**	–	**(1,098,022)**	–
Unrealized loss on foreign exchange	**(8,460)**	–	**(8,460)**	–
Total other income (expense)	**(1,098,468)**	1,807	**(1,153,468)**	2,473
Net and comprehensive loss	**(2,240,811)**	(31,999)	**(2,706,261)**	(68,858)
Loss per share – basic and diluted	**$ (0.05)**	**$ (0.03)**	**$ (0.09)**	$ (0.08)
Weighted average number of shares outstanding – basic and diluted	**40,783,793**	**1,266,673**	**30,746,782**	906,083

See accompanying notes to the condensed interim consolidated financial statements

Illumisoft Lighting Corp.
(formerly Gstaad Capital Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian Dollars)

	Common shares		Equity	Shares	Subscriptions		Total shareholders'
	Number	Amount	reserves	issuable	received	Deficit	equity
Balance, December 31, 2024	6	$ –	$ –	$ –	$ 60,000	$ (36,266)	$ 23,734
Pre-Arrangement shares issued for cash	1,266,667	95,000	–	–	–	–	95,000
Subscriptions received	–	–	–	–	285,000	–	285,000
Net loss and comprehensive loss	–	–	–	–	–	(68,858)	(68,858)
Balance, June 30, 2025	1,266,673	95,000	–	–	345,000	(105,124)	334,876
Balance, December 31, 2025	20,461,805	1,185,116	–	100,000	–	(1,275,652)	9,464
Pre-Arrangement shares issued for cash	356,667	107,000	–	–	–	–	107,000
Pre-Arrangement shares issued for acquisition of intellectual property	2,000,000	100,000	–	(100,000)	–	–	–
Eliminate share capital of Claranova	(22,818,472)	–	–	–	–	–	–
Recapitalization of Illumisoft Lighting Corp.	1,881,667	–	–	–	–	–	–
Issuance of shares to former shareholders of Claranova	22,818,472	564,500	–	–	–	–	564,500
Shares issued pursuant to the conversion of subscription receipts	21,473,250	6,441,975	–	–	–	–	6,441,975
Share issuance costs	–	(242,321)	34,554	–	–	–	(207,767)
Fair value of stock options granted to finder pursuant to Arrangement	–	–	40,614	–	–	–	40,614
Fair value of stock options granted	–	–	143,388	–	–	–	143,388
Net loss and comprehensive loss	–	–	–	–	–	(2,706,261)	(2,706,261)
Balance, June 30, 2026	46,173,389	$ 8,156,270	$ 218,556	$ –	$ –	$ (3,981,913)	$ 4,392,913

See accompanying notes to the condensed interim consolidated financial statements

Illumisoft Lighting Corp.)
(formerly Gstaad Capital Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Operating Activities		
Net loss	**$ (2,706,261)**	$ (68,858)
Items not affecting cash:		
Accretion expense	**30,249**	–
Accrued interest, net	**8,369**	(2,474)
Amortization of intangible assets	**51,028**	–
Amortization of right-of-use asset	**96,780**	–
Depreciation of equipment	**3,302**	–
Fair value of stock options granted to finder pursuant to Arrangement	**40,614**	–
Interest on lease liabilities	**33,450**	–
Non-cash listing expense	**852,800**	–
Share-based compensation	**143,388**	–
Changes in non-cash working capital items:		
Accounts receivable	**48,721**	–
Sales tax recoverable	**(19,475)**	–
Inventory	**(12,479)**	–
Prepaid expenses	**(273,510)**	–
Due to related parties	**43,098**	–
Accounts payable and accrued liabilities	**(116,587)**	(51,567)
Deferred revenue	**(44,223)**	–
Net cash used in operating activities	**(1,820,736)**	(122,899)
Investing Activities		
Advances to Illumisoft prior to acquisition	**–**	(117,000)
Issuance of notes receivable	**–**	(195,001)
Cash acquired upon amalgamation with Illumisoft	**6,423,167**	–
Purchase of equipment	**–**	(2,025)
Net cash provided by (used in) investing activities	**6,423,167**	(314,026)
Financing Activities		
Proceeds from loans payable	**60,000**	–
Repayment of loans payable	**(379,413)**	–
Repayment of loans from related parties	**(655,703)**	–
Shares issued for cash	**107,000**	95,000
Share issuance costs	**(207,767)**	–
Lease payments	**(125,233)**	–
Subscriptions received	**–**	285,000
Net cash (used in) provided by financing activities	**(1,201,116)**	380,000
Change in cash	**3,401,315**	(56,925)
Cash, beginning of period	**27,639**	59,997
Cash, end of period	**$ 3,428,954**	$ 3,072

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Illumisoft Lighting Corp. (formerly Gstaad Capital Corp.) (the "Company" or "Illumisoft") was incorporated under the Business Corporations Act (British Columbia) on December 20, 2010, and was classified as a capital pool corporation as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. The principal business of the Company was the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business (the "Qualifying Transaction") subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. On April 21, 2026, the Company completed its Qualifying Transaction (Note 3) and changed its name to Illumisoft Lighting Corp. Subsequent to the completion of its Qualifying Transaction, the principal business of the Company is the design, manufacture and supply of commercial and architectural LED lighting products. The Company's common shares trade under the new name on the TSXV under the trading symbol "UVC". Effective August 19, 2026, the Company's shares commenced trading on the OTCQB Venture Market in the United States under the trading symbol FUVCF. The Company's primary office is located at Suite 2000 – 1111 West Georgia Street, Vancouver BC V6E 4G2.

On April 21, 2026, Illumisoft closed the acquisition of all of the outstanding shares of Claranova Technologies Inc. ("Claranova") by way of a three-cornered amalgamation pursuant to an amended and restated definitive amalgamation agreement dated February 2, 2026 (the "Arrangement"). Pursuant to the Arrangement, Claranova was acquired by and became a wholly-owned subsidiary of Illumisoft. At the time of completion of the Arrangement, Illumisoft had 24,700,139 common shares issued and outstanding which included 22,818,472 common shares issued to former Claranova shareholders.

Upon closing of the Arrangement, the former Claranova shareholders owned 92.38% of the common shares of the Company, and as a result, the transaction is considered a reverse acquisition of the Company by Claranova. All previous common shares were exchanged at a ratio of one share of Claranova for one share of Illumisoft. For accounting purposes, Claranova is considered the acquirer and the Company, the acquiree. Accordingly, the condensed interim consolidated financial statements are in the name of Illumisoft; however, they are a continuation of the financial statements of Claranova (Note 3).

On May 21, 2026, the Company incorporated its wholly-owned subsidiary Lyfecore Axiom Technology Corp. in the Province of British Columbia, Canada. On May 29, 2026, the Company incorporated its wholly-owned subsidiary Illumisoft Technologies USA Corp. in the State of Nevada, USA.

The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2026 the Company had a working capital of $2,956,319 (December 31, 2025 - working capital deficiency of $1,511,173) and has accumulated a deficit of $3,981,913 (December 31, 2025 - $1,275,652). During the six months ended June 30, 2026, the Company had a net loss of $2,706,261 (2025 - $68,858) and had negative cash flows from operations of $1,820,736 (2025 - $122,899). The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and meet its corporate administrative expenses is dependent upon continued financial support through equity and/or debt financing until the Company is able to achieve profitable operations. No assurance can be given that the Company will be successful in achieving profitable operations or obtaining the required additional financing in order to support its operations and to proceed with its plans to expand. Failure to meet operational or financing goals could result in material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of presentation and statement of compliance

These consolidated financial statements have been prepared on a historical cost basis, and are expressed in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" ("IAS 34") using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. Accordingly, these condensed interim consolidated financial statements follow the same accounting principles and methods of application as the annual audited financial statements for the year ended December 31, 2025 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the annual audited financial statements for the year ended December 31, 2025. Results for the period ended June 30, 2026, are not necessarily indicative of future results.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 31, 2026.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Claranova Technologies Inc., Illumisoft Lighting Canada Inc. ("Illumisoft Canada"), Lyfecore Axiom Technology Corp., and Illumisoft Technologies USA Corp. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results of each subsidiary will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases.

(c) Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- SR&ED recognition
- Recognition of deferred income tax assets and measurement of income tax expense
- Going concern assessment (see Note 1)
- Business combinations

(d) Standards, amendments and interpretations issued but not yet effective

The Company is currently evaluating the impact of the following amendments on its financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The new standard replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

(Expressed in Canadian dollars – prepared by Management)

3. REVERSE ACQUISITION

As described in Note 1, on April 21, 2026, pursuant to an Arrangement between Illumisoft and Claranova, Illumisoft acquired all of the issued and outstanding shares of Claranova. On closing of the Arrangement, the former shareholders of Claranova received an aggregate of 22,818,472 common shares of Illumisoft for all of the outstanding common shares of Claranova. Illumisoft shareholders retained 1,881,667 common shares on completion of the Arrangement. Illumisoft also issued a debenture in exchange for an outstanding debenture of Claranova in the principal amount of $333,333 that was repayable on May 4, 2026 (Note 10).

The transaction constituted a reverse acquisition of Illumisoft and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As Illumisoft did not qualify as a business according to the definition in IFRS 3, *Business Combination*, this reverse acquisition did not constitute a business combination; rather the transaction was accounted for as an asset acquisition by the issuance of shares of the Company, for the net assets of Illumisoft and its public listing. Accordingly, the Arrangement has been accounted for at the fair value of the equity instruments granted by the shareholders of Claranova to the shareholders of Illumisoft. The sum of the fair value of the consideration paid (based on the fair value of the Claranova shares just prior to the reverse acquisition) less the Illumisoft net assets acquired, has been recognized as a listing expense in loss for the six months ended June 30, 2026.

For accounting purposes, Claranova was treated as the accounting parent company (legal subsidiary) and Illumisoft had been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As Claranova was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed interim consolidated financial statements at their historical carrying value. The results of operations of Illumisoft are included in these condensed interim consolidated financial statements from the date of the reverse acquisition of April 21, 2026. The following represents management's estimate of the fair value of the Illumisoft net assets acquired as at April 21, 2026 as a result of the reverse acquisition:

		Total
Cost of acquisition:		
Shares retained by public company shareholders (1,881,667 x $0.30 per share)	$	564,500
Purchase price allocation:		
Cash and restricted cash		6,423,167
Amounts receivable		14,817
Loan receivable from Claranova		25,692
Prepaids		1,500
Accounts payable and accrued liabilities		(295,723)
Subscription receipts		(6,457,753)
		(288,300)
Allocated to listing expense		852,800
	$	564,500

The Arrangement was measured at the fair value of the shares that the Company would have had to issue to shareholders of Illumisoft to give shareholders of Illumisoft the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Claranova acquiring Illumisoft. The fair value of the common shares was determined based on the Claranova share value and is considered as a significant estimate and judgement.

During the six months ended June 30, 2026, a listing fee of $852,800 was charged to profit or loss as a listing expense to reflect the difference between the fair value of the amount paid (being 1,881,667 shares held by the original shareholders of Illumisoft valued at $0.30 per share) and the fair value of the net assets received from Illumisoft in accordance with in IFRS 2 *Share-based Payment*.

In connection with the Arrangement, Illumisoft completed a concurrent financing of 21,473,250 subscription receipts ("Subscription Receipts") at $0.30 per Subscription Receipt for gross proceeds of $6,441,975, which was included in subscription receipts in its current liabilities. Upon completion of the Arrangement, the Subscription Receipts were automatically converted into shares of the Company (Note 12).

(Expressed in Canadian dollars – prepared by Management)

3. REVERSE ACQUISITION (continued)

In connection with the Arrangement, the Company incurred finder's fees of $157,500 and issued of 500,000 stock options to the finder with a fair value of $40,614, which are exercisable at $0.30 per share for a term of 2 years from the closing of the Arrangement. The fair value of the stock options warrants were estimated using the Black-Scholes option pricing model with the following assumptions: Expected life - 2 years, volatility – 44,.89%, risk-free rate – 2.84%, and dividend yield – 0%. In addition, the Company incurred legal fees in connection with the Arrangement of $47,108 which was recognized as a listing expense during the six months ended June 30, 2026.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	June 30, 2026	December 31, 2025
Accounts receivable	**$ 78,510**	$ 45,162
SR&ED tax credit receivable	**–**	82,069
Total accounts receivable	**$ 78,510**	$ 127,231

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

5. INVENTORY

Inventory consists of the following:

	June 30, 2026	December 31, 2025
Parts	**$ 235,425**	$ 262,599
Finished goods	**171,218**	131,565
Total inventory	**$ 406,643**	$ 394,164

6. EQUIPMENT

	Furniture and equipment	**Leasehold improvements**	**Computers**	**Total**
Cost				
Balance at December 31, 2025 and June 30, 2026	$ 52,719	$ 8,960	$ 7,503	$ 69,182
Accumulated depreciation				
Balance at December 31, 2025	419	715	1,980	3,114
Depreciation	608	753	1,941	3,302
Balance at June 30, 2026	1,027	1,468	3,921	6,416
Carrying amount				
Balance at December 31, 2025	$ 52,300	$ 8,245	$ 5,523	$ 66,068
Balance at June 30, 2026	**$ 51,692**	**$ 7,492**	**$ 3,582**	**$ 62,766**

Specialty lab equipment with a carrying cost of $49,202 is not in use and not depreciated as of June 30, 2026.

(Expressed in Canadian dollars – prepared by Management)

7. INTANGIBLE ASSETS

	Brand name	Intellectual property	Customer relationships	Total
Cost				
Balance at December 31, 2025, and June 30, 2026	$ 107,028	$ 621,410	$ 318,784	$ 1,047,222
Accumulated amortization and Impairment				
Balance at December 31, 2025	8,919	300,322	13,283	322,524
Amortization	10,703	24,386	15,939	51,028
Balance at June 30, 2026	19,622	324,708	29,222	373,552
Carrying amount				
Balance at December 31, 2025	$ 98,109	$ 321,088	$ 305,501	$ 724,698
Balance at June 30, 2026	**$ 87,406**	**$ 296,702**	**$ 289,562**	**$ 673,670**

On November 7, 2025, Claranova acquired intellectual property relating to an antimicrobial ultraviolet device for $180,000 in cash and 2,000,000 pre-Arrangement common shares with a fair value of $100,000 which were issued during the six months ended June 30, 2026. The arrangement also includes a 1% royalty on future revenues within specified thresholds. The acquired intellectual property relates to early stage Far UVC technology that is not commercialized and is not expected to generate revenue in the near term. As at June 30, 2026, the Company had not committed to or funded a development plan to advance this asset. The Company may evaluate potential development opportunities related to this technology in future periods.

8. RIGHT-OF-USE ASSETS

The Company leases warehouse and office space (Note 11). The Company has recognized right-of-use assets in respect of these leases, which is included in right-of-use assets on the consolidated statement of financial position.

The following table summarizes the right-of-use assets during the six months ended June 30, 2026:

	Warehouse and office space
Cost	
Balance at December 31, 2025	$ 1,049,403
Addition	164
Balance at June 30, 2026	$ 1,049,567
Accumulated amortization	
Balance at December 31, 2025	74,081
Amortization	96,780
Balance at June 30, 2026	170,861
Carrying amount	
Balance at December 31, 2025	$ 975,322
Balance at June 30, 2026	**$ 878,706**

(Expressed in Canadian dollars – prepared by Management)

9. RELATED PARTY TRANSACTIONS

Transactions with related parties not disclosed elsewhere in these financial statements are as follows:

Amounts due to related parties

	June 30, 2026	December 31, 2025
Officers and directors	$ **122,366**	$ 154,161
Company controlled by officers and directors	**60,000**	622,565
	$ **182,366**	$ 776,726

Amounts due to officers and directors include related party loans with a principal of $33,314 (December 31, 2025 - $117,650) which are unsecured, bear interest at 5% per annum on the principal balance outstanding and are due on demand.

Related party loans in the amount of $60,000 (December 31, 2025 - $622,565) relating to amounts due to a company under the control of certain officers and directors, are unsecured, bear interest at 12% per annum on the principal balance outstanding and are due on demand. During the six months ended June 30, 2026, the Company recognized accrued interest of $17,236, and repaid principal and accrued interest of $579,801. Illumisoft Canada and the lender have a general security agreement with Illumisoft Canada's accounts receivable, inventory, equipment, and other assets pledged as collateral.

All other amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key management compensation

Key management personnel consist of Directors and Officers of the Company. The following table reflects compensation of key management personnel during the six months ended June 30:

	June 30, 2026	June 30, 2025
Management fees	$ **228,086**	$ –
Salaries and benefits	**–**	66,236
Share-based compensation	**91,976**	–
	$ **320,062**	$ 66,236

10. LOANS PAYABLE

	June 30, 2026	December 31, 2025
Balance, beginning of period	$ **514,897**	$ –
Additions	**60,000**	418,333
Original issuance discount	**–**	(33,333)
Debt issuance costs	**–**	(10,000)
Assumed upon acquisition of Illumisoft Canada	**–**	317,395
Assumed upon acquisition of Illumisoft	**(25,692)**	–
Interest expense	**5,902**	3,329
Accretion expense	**30,249**	13,084
Repayments	**(379,413)**	(193,911)
Balance, end of period	$ **205,943**	$ 514,897

(Expressed in Canadian dollars – prepared by Management)

10. LOANS PAYABLE (continued)

During the year ended December 31, 2025, the Company assumed loans and accrued interest of $317,395 upon acquisition of Illumisoft, of which $175,000 of principal is unsecured, bears interest at 12% per annum and was due and repaid upon completion of the sale of Illumisoft and $135,000 of principal is unsecured, bears interest at 5% per annum and is due on demand. In addition, during the year ended December 31, 2025, the Company received a total of $85,000 of loans which are unsecured, bear interest at 5% per annum, and are due on demand. During the year ended December 31, 2025, the Company repaid loan principal and accrued interest totaling $193,911. During the six months ended June 30, 2026, the Company repaid loan principal and accrued interest totaling $46,080.

On November 4, 2025, the Company entered into a debenture in the principal amount of $333,333 with a 10% original issue discount such that the aggregate amount funded was $300,000. The debenture bears no interest, other than where there is an event of default in which case penalty interest of 18% per annum will apply, and was repayable on May 4, 2026. In connection with the debenture, the Company issued 200,000 common shares with a fair value of $10,000 to the lender, which was recorded as debt issuance costs. During the six months ended June 30, 2026, the Company repaid the loan of $333,333 and recognized accretion expense of $30,249.

During the six months ended June 30, 2026, the Company completed a private placement of 200,001 units of securities of the Company at $0.60 per unit. Each unit consists of one common share of the Company and a principal amount of $0.30 of debt evidenced by an unsecured promissory note of the Company. Of the offering price of $0.60 per unit, $0.30 per unit is payable pursuant to the terms of the promissory note. The $60,000 principal is unsecured, bears interest at 10% per annum and was due on June 30, 2026.

11. LEASE LIABILITIES

Lease liabilities consist of two leases for warehouse and office space, which expire on November 30, 2026 and January 31, 2032, respectively. The leases have been discounted using an interest rate of 7% as estimated incremental borrowing rates of the Company for similar assets. The Company paid a security deposit in connection with one of the leases of $28,027. The following table summarizes information about the lease liability during the six months ended June 30, 2026, and year ended December 31, 2025:

	June 30, 2026	December 31, 2025
Balance, beginning of period	**$ 1,015,331**	$ –
Additions	**–**	45,360
Assumed upon acquisition of Illumisoft	**–**	1,004,043
Interest expense	**33,614**	29,173
Less: lease payments	**(125,233)**	(63,245)
Balance, end of period	**$ 923,712**	$ 1,015,331

The Company's future minimum lease payments for the office space and warehouse leases is as follows:

2026	$ 111,766
2027	189,735
2028	192,370
2029	196,059
2030	200,012
2031 and later	222,675
Total lease payments	1,112,617
Amounts representing interest over the term of the leases	(188,905)
Present value of net lease payments	$ 923,712
Current portion of lease liabilities	148,117
Long-term portion of lease liabilities	775,595
Present value of net lease payments	$ 923,712

(Expressed in Canadian dollars – prepared by Management)

12. SHARE CAPITAL

Common shares

Authorized: Unlimited number of common shares without par value.

Issued share capital during the six months ended June 30, 2026

(a) On March 19, 2026, the Company issued 200,001 units at $0.60 per unit for gross proceeds of $120,001 and 156,666 pre-Arrangement common shares at $0.30 per share for gross proceeds of $47,000. Each unit consisted of one pre-Arrangement common share of the Company and a principal amount of $0.30 per unit of debt evidenced by an unsecured promissory note of the Company. Of the offering price of $0.60 per unit, $0.30 is attributed to the purchase of the pre-Arrangement common share and $0.30 shall be repayable pursuant to the terms of the promissory note (Note 10).

(b) On March 27, 2026, the Company issued 2,000,000 pre-Arrangement common shares with a fair value of $100,000 pursuant to the acquisition of intellectual property, which were recognized as shares issuable at December 31, 2025 (Note 7).

(c) On April 21, 2026, a reverse acquisition transaction was completed by way of a three-cornered amalgamation and Illumisoft issued 22,818,472 common shares in exchange for all of the issued and outstanding shares of Claranova (Note 3).

(d) On April 21, 2026, the Company issued 21,473,250 common shares upon the automatic conversion of Subscription Receipts (Note 3). In connection with the issuance, the Company paid a finder's fee of $127,617, issued 425,390 finder's warrants with a fair value of $34,554, and incurred legal fees in connection with the issuance of $80,150 for total share issuance costs of $242,341. Each finder's warrant will be exercisable at $0.30 per share for a term of 2 years from the closing of the transaction. The fair value of the finder's warrants have been estimated using the Black-Scholes option pricing model with the following assumptions: Expected life - 2 years, volatility – 44.89%, risk-free rate – 2.84%, and dividend yield – 0%.

13. STOCK OPTIONS

The Company has adopted a "rolling" equity incentive plan (the "Plan") pursuant to which the Company was authorized to grant stock options, restricted share units, performance share units, and deferred share units ("Awards") of up to 10% of its issued and outstanding shares, from time to time. The Plan is administered by the Board of Directors. Awards granted under the Plan have a maximum term of 10 years, and vest at the discretion of the Board of Directors. The maximum number of shares of the Company's common stock available for issuance under the New Plan is 10% of the Company's issued and outstanding shares on the date on which an Award is granted. The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price	
Outstanding, December 31, 2025	–	$	–
Granted	3,040,000		0.30
Granted to finder pursuant to Arrangement (Note 3)	500,000		0.30
Outstanding, June 30, 2026	3,540,000	$	0.30
Exercisable, June 30, 2026	500,000	$	0.30

(Expressed in Canadian dollars – prepared by Management)

13. STOCK OPTIONS (continued)

The following table summarizes information about stock options outstanding and exercisable at June 30, 2026:

Exercise price	Expiry date	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$0.30	April 21, 2036	3,540,000	500,000	9.82

On April 21, 2026, the Company granted 3,040,000 stock options to directors, officers, employees and consultants of the Company, which are exercisable at $0.30 per share until April 21, 2036, and vest in equal quarterly amounts over a 2 year period commencing on July 21, 2026. During the six months ended June 30, 2026, the Company recognized share-based compensation expense of $143,388 (2025 – $nil) in equity reserves, of which $87,259 (2025 – $nil) pertains to directors and officers of the Company (Note 9). The grant date fair value of stock options was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price of $0.30; risk-free interest rate of 3.50%; expected life of 10 years; expected volatility of 44.89% and dividend yield of nil.

14. WARRANTS

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2025	–	$ –
Issued	425,390	0.30
Outstanding, June 30, 2026	425,390	$ 0.30

As at June 30, 2026, the following share purchase warrants were outstanding:

Exercise price	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
$0.30	April 21, 2028	425,390	1.81
		425,390	

15. CAPITAL MANAGEMENT

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company defines capital as total shareholders' equity and debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or acquire/dispose of assets. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the six months ended June 30, 2026.

(Expressed in Canadian dollars – prepared by Management)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, due to related parties, and loans payable. All financial instruments are classified as amortized cost. The fair value of these financial instruments approximates their carrying value due to their short-term nature except for loans payable where the fair value approximates its carrying value due to being subject to market rate interest.

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and liquidity risk. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows. The most significant financial risks to which the Company is exposed are described below.

Credit risk

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

It is management's opinion that the Company is not exposed to significant credit risk. The Company's financial assets exposed to credit risk are cash and accounts receivables and maximum exposure is equal to the carrying values of these assets, totaling $3,507,464 at June 30, 2026 (December 31, 2025 – $154,870). Credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Accounts receivables consist of amounts due from a small number of customers within Canada. Credit risk is mitigated by requiring significant customers to prepay for their purchase.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Concentration of credit risk

Concentration of credit risk is the risk of reliance upon a select number of customers which significantly impact the financial performance of the Company. The Company recorded sales from 3 customers of the Company representing 100% (2025 – 0%) of total revenue during the six months ended June 30, 2026. Of the Company's trade receivables outstanding at June 30, 2026 and December 31, 2025, 100% and 93% are held with 3 customers of the Company, respectively.

Interest risk

Interest risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its loans payable and amounts due to related parties. This risk is immaterial as at June 30, 2026 and December 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash inflows and outflows in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. There has been no change to management's assessment of liquidity risk compared with the prior year.

The Company has financial liabilities of $2,307,722 (December 31, 2025 – $3,106,765) of which $1,306,871 (December 31, 2025 – $2,106,113) are due within 1 year.

	Due within 1 year	Due within 2-5 years	After 5 years	Total
Accounts payable and accrued liabilities	$ 806,796	$ –	$ –	$ 806,796
Due to related parties	182,366	–	–	182,366
Loans payable	205,943	–	–	205,943
Lease liability (undiscounted)	111,766	778,176	222,675	1,112,617
Total	$ 1,306,871	$ 778,176	$ 222,675	$ 2,307,722

17. SEGMENTED INFORMATION

The Company's chief operating decision makers currently review the operating results of the Company as a single reportable operating segment, being the manufacture and distribution light fixture products, which operates in one geographic region, being Canada.

18. COMMITMENT

Illumisoft Canada entered a purchase commitment of $60,600 to purchase driver component parts by October 18, 2026.