



CVW Sustainable Royalties Inc.
(Previously CVW CleanTech Inc.)

Condensed Interim Financial Statements
For the periods ended March 31, 2026 and 2025

(Unaudited)

Note to reader

In accordance with National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, CVW Sustainable Royalties Inc. discloses that the Company's independent auditor has not reviewed these condensed interim financial statements for the three months ended March 31, 2026 and 2025.

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Condensed Interim Statements of Financial Position

Unaudited, expressed in Canadian dollars

	Notes	As at March 31, 2026 \$	As at December 31, 2025 \$
Assets			
Current assets			
Cash and cash equivalents		51,675,181	4,045,407
Prepaid expenses and other assets		110,350	61,697
Trade and other receivables	4	66,361	48,925
Subscriptions receivable		-	37,500
Total current assets		51,851,892	4,193,529
Long-term assets			
Property, plant and equipment	5	7,900	9,572
Royalty debenture	6	16,287,784	15,898,050
Royalty asset	7	2,500,000	-
Deferred financing costs		77,858	-
Total long-term assets		18,873,542	15,907,622
Total assets		70,725,434	20,101,151
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		859,630	599,839
Current portion of lease liabilities	8	1,841	1,766
Total current liabilities		861,471	601,605
Non-current liabilities			
Lease liabilities	8	-	598
Total liabilities		861,471	602,203
Equity			
Share capital	9	136,285,027	106,402,157
Contributed surplus		42,929,908	21,796,117
Shares to be issued		-	170,573
Deficit		(109,350,972)	(108,869,899)
Total equity		69,863,963	19,498,948
Total liabilities and equity		70,725,434	20,101,151
<i>Commitments</i>	15		
<i>Subsequent events</i>	19		

Approved by the Board of Directors

(signed) "Darren Morcombe", Director

(signed) "Jennifer Kaufield", Director

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited, expressed in Canadian dollars

	Notes	Three months ended March 31, 2026 \$	Three months ended March 31, 2025 \$
Change in fair value of royalty debenture	6	389,734	353,500
Expenses			
Compensation and benefits	13	383,064	371,247
Professional fees		159,383	77,429
Director fees	13	71,288	64,646
Transfer agent and regulatory fees		64,038	37,220
Consulting fees		55,028	96,277
Investor communication and marketing		34,627	89,056
Office and administration		15,174	51,944
Engineering and analysis		-	26,177
Stock-based compensation	10	307,761	470,397
Amortization	5	1,672	1,964
Total expenses		<u>1,092,035</u>	<u>1,286,357</u>
Operating loss		702,301	932,857
Interest and other expenses	17	2,997	544
Interest and other income	18	<u>(171,252)</u>	<u>(102,125)</u>
Net loss and comprehensive loss		<u>(534,046)</u>	<u>(831,276)</u>
Basic and diluted loss per share	11	<u>(0.00)</u>	<u>(0.01)</u>

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Condensed Interim Statements of Changes in Equity

Unaudited, expressed in Canadian dollars

	Notes	Share capital \$	Contributed surplus \$	Shares to be issued \$	Deficit \$	Total equity \$
Balance – January 1, 2025		102,777,195	24,328,901	-	(107,715,742)	19,390,354
Loss for the period		-	-	-	(831,276)	(831,276)
Stock-based compensation expense	10	-	470,397	-	-	470,397
Warrants exercised		301,350	(151,348)	-	-	150,002
Balance – March 31, 2025		103,078,545	24,647,950	-	(108,547,018)	19,179,477

	Notes	Share capital \$	Contributed surplus \$	Shares to be issued \$	Deficit \$	Total equity \$
Balance – January 1, 2026		106,402,157	21,796,117	170,573	(108,869,899)	19,498,948
Loss for the period		-	-	-	(534,046)	(534,046)
Private placement – shares and warrants	9	26,339,744	23,660,256	-	-	50,000,000
Finder shares	9	1,729,551	-	-	-	1,729,551
Shares to be issued		-	-	(170,573)	-	(170,573)
Stock-based compensation expense	10	-	307,761	-	-	307,761
Warrants exercised	9	3,149,107	(1,581,607)	-	-	1,567,500
Expiry of warrants	9	-	(52,973)	-	52,973	-
Equity issuance costs	9	(1,335,532)	(1,199,646)	-	-	(2,535,178)
Balance – March 31, 2026		136,285,027	42,929,908	-	(109,350,972)	69,863,963

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Condensed Interim Statements of Cash Flows

Unaudited, expressed in Canadian dollars

	Notes	Three months ended March 31, 2026 \$	Three months ended March 31, 2025 \$
Operating activities			
Net loss for the period		(534,046)	(831,276)
Items not affecting cash:			
Change in fair value of royalty debenture	6	(389,734)	(353,500)
Stock-based compensation	10	307,761	470,397
Amortization	5	1,672	1,964
Interest on lease liabilities	17	50	100
Total items not affecting cash		(80,251)	118,961
Net change in non-cash working capital items			
Accounts payable and accrued liabilities		259,791	(36,501)
Prepaid expenses and other assets		(48,652)	(9,707)
Trade and other receivables		(17,436)	14,392
Total net change in non-cash working capital items		193,703	(31,816)
Cash used in operating activities		(420,594)	(744,131)
Investing activities			
Purchase of property, plant and equipment	5	-	(1,839)
Purchase of royalty asset	7	(2,500,000)	-
Cash used in investing activities		(2,500,000)	(1,839)
Financing activities			
Private placement – shares and warrants	9	50,000,000	-
Warrants exercised	9	1,396,926	150,002
Subscriptions receivable	9	37,500	-
Equity issuance costs	9	(805,627)	-
Payment of lease liabilities	8	(573)	(574)
Deferred financing costs		(77,858)	-
Cash provided by financing activities		50,550,368	149,428
Increase (decrease) in cash and cash equivalents		47,629,774	(596,542)
Cash and cash equivalents – beginning of period		4,045,407	5,200,244
Cash and cash equivalents – end of period		51,675,181	4,603,702

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Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2026 and 2025

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1. Reporting entity and nature of operations

CVW Sustainable Royalties Inc. ("CVW Royalties" or the "Company") is a royalty platform seeking to build a portfolio of cash flow streams utilizing royalty and royalty-like structures on assets and technologies engaged in the sustainable production of commodities and commodity-like products. The Company expects to achieve this by partnering with companies that have developed specific technologies or are engaged in developing and operating assets. The Company's current portfolio includes its proprietary CVW™ technology which is designed to recover bitumen, solvents, critical minerals, and water from oil sands froth treatment tailings with significant environmental benefits; an interest in two future Northstar Clean Technologies facilities which reprocess waste shingles to produce liquid asphalt, aggregate, fiber and limestone; and a royalty interest in Relocalize micro-factories which produce packaged ice and cold packs in a more sustainable manner.

In July 2025, CVW CleanTech Inc. amended its articles of incorporation and changed its name to CVW Sustainable Royalties Inc. The Company's principal business office is located at suite 305, 505 8th Avenue SW, Calgary, Alberta, T2P 1G2, and its registered office is located at suite 1601, 110 Yonge Street, Toronto, Ontario, M5C 1T4. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the ticker symbol "CVW". The Company's shares are also quoted on the OTCQX under the symbol "CVWFF", and on the Frankfurt Stock Exchange under the symbol "TMD". The Company does not have any subsidiaries.

2. Basis of presentation

The unaudited condensed interim financial statements present CVW Royalties' financial results and financial position under International Financial Reporting Standards ("IFRS Accounting Standards") as at and for the three months ended March 31, 2026, including the 2025 comparative period. The condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements have been prepared following the same IFRS accounting policies and methods of computation as disclosed in the annual audited financial statements for the year ended December 31, 2025. Certain information and disclosure normally required to be included in the notes of the annual audited financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements and the notes thereto, for the year ended December 31, 2025.

These condensed interim financial statements were approved by the Board of Directors on May 27, 2026.

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Material accounting policies

a. Measurement basis

These unaudited condensed interim financial statements have been prepared on a historical cost basis, except for certain equity and financial instruments, which have been measured at fair value.

b. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes.

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These estimates and judgements are re-evaluated regularly, based upon historical experience and other factors, including expectations of future events, as believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the December 31, 2025 annual audited financial statements, except as noted below.

Royalty asset

The Company purchased a royalty asset in the amount of \$2.5 million on February 2, 2026. Additional details on the Company's royalty asset can be found in Note 3c, Note 7, and Note 14.

c. Adoption of new accounting policies and pronouncements and changes in accounting policies

Adoption of new accounting policies

Subsequent to the Company's purchase of its royalty asset, the Company has updated the following accounting policy:

Financial instruments

The Company's financial assets include cash and cash equivalents, trade and other receivables, subscriptions receivable, its royalty debenture and royalty asset. Financial liabilities include accounts payable and accrued liabilities.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income, or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

ii. Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Transaction costs are expensed in the Condensed Interim Statements of Loss and Comprehensive Loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Condensed Interim Statements of Loss and Comprehensive Loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income.

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Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs and are subsequently carried at amortized cost less any impairment.

Adoption of new accounting pronouncements

The Company has adopted the following accounting policy changes retrospectively, as prescribed by IFRS Accounting Standards, effective January 1, 2026:

IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments Disclosures

The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as FVOCI were added. There is no material impact to these condensed interim financial statements as a result of adopting the amendments.

4. Trade and other receivables

	March 31, 2026	December 31, 2025
	\$	\$
GST receivable	66,361	27,925
Other receivables	-	21,000
Total	<u>66,361</u>	<u>48,925</u>

5. Property, plant and equipment

	Company Owned Assets		Right-of-Use Assets	
	Computer Hardware/ Software \$	Office Equipment \$	Office Premises \$	Total \$
Cost – January 1, 2025	15,924	7,375	5,835	29,134
Additions	1,584	1,839	-	3,423
Cost – December 31, 2025	<u>17,508</u>	<u>9,214</u>	<u>5,835</u>	<u>32,557</u>
Additions	-	-	-	-
Cost – March 31, 2026	<u>17,508</u>	<u>9,214</u>	<u>5,835</u>	<u>32,557</u>
Accumulated amortization – January 1, 2025	10,536	1,656	2,043	14,235
Amortization	4,696	2,304	1,750	8,750
Accumulated amortization – December 31, 2025	<u>15,232</u>	<u>3,960</u>	<u>3,793</u>	<u>22,985</u>
Amortization	693	541	438	1,672
Accumulated amortization – March 31, 2026	<u>15,925</u>	<u>4,501</u>	<u>4,231</u>	<u>24,657</u>
Net book value – December 31, 2025	2,276	5,254	2,042	9,572
Net book value – March 31, 2026	1,583	4,713	1,604	7,900

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6. Royalty debenture

On August 7, 2024, the Company announced that it had entered into a royalty transaction with Northstar Clean Technologies Inc. ("Northstar"). Upon announcement of the transaction, the Company purchased a \$1,500,000 initial debenture carrying a 10% coupon payable semi-annually with a 5-year term. The transaction closed on September 13, 2024, at which time the Company purchased a five-year \$14,000,000 royalty debenture, which replaced the initial debenture that was previously purchased.

The royalty debenture has a 10% coupon rate, payable semi-annually, and is convertible into a revenue royalty on Northstar's next two facilities beyond the Calgary facility. Northstar may, at its sole discretion, capitalize the coupon payable on the royalty debenture for the first three years of its term. Pursuant to the achievement of certain production and financial milestones, upon conversion of the royalty debenture, the Company is entitled to receive recurring royalty payments based on revenues at two of Northstar's commercial facilities. In the event that certain production and financial milestones are not met, the Company may elect to convert the debenture into a royalty interest on Northstar's Calgary facility or be repaid the full value of the royalty debenture at maturity. The table below summarizes the changes in fair value of the royalty debenture.

	March 31, 2026	December 31, 2025
	\$	\$
Balance, beginning of period	15,898,050	14,420,000
Purchased during the period	-	-
Change in fair value of royalty debenture	389,734	1,478,050
Cash received during the period	-	-
Balance, end of period	<u>16,287,784</u>	<u>15,898,050</u>

The fair value of the royalty debenture is estimated using a discounted cash flow model taking into consideration the following observable and non-observable inputs:

- Management's estimate of the tonnage of feedstock to be processed;
- Future commodity prices;
- Discount rate;
- Timing of the exercise of the royalty conversion feature, and
- Accretion due to the passage of time.

Significant assumptions used within the discounted cash flow model are discussed further in Note 14.

The Company earned coupon interest of \$1,478,050 during the year ended December 31, 2025. In March 2025, Northstar provided notice of its decision to capitalize the coupon on the royalty debenture for the period from September 13, 2024 to March 12, 2025. As a result, the accrued coupon amounting to \$700,000 was added to the principal balance of the royalty debenture. In September 2025, Northstar provided notice of its decision to capitalize the coupon on the royalty debenture for the period from March 13, 2025 to September 12, 2025. As a result, the accrued coupon amounting to \$735,000 was added to the principal balance of the royalty debenture. In March 2026, Northstar provided notice of its decision to capitalize the coupon on the royalty debenture for the period from September 13, 2025 to March 12, 2026. As a result, the accrued coupon amounting to \$771,750 was added to the principal balance of the royalty debenture for a total principal balance of \$16,206,750 as at March 12, 2026.

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50.0% of the principal balance will automatically convert into a revenue royalty on Northstar's second commercial facility and the remaining balance will automatically convert into a revenue royalty on Northstar's third commercial facility (upon each facility reaching certain thresholds). The principal balance (including accrued and unpaid interest) will convert into a revenue royalty at a conversion ratio of 1.7143% royalty interest for each \$1,000,000 of principal converted. Accordingly, using the conversion ratio of 1.7143% per \$1,000,000 of principal, the Company's royalty rate is 13.89% per facility as at the date of these condensed interim financial statements.

7. Royalty asset

On February 2, 2026, the Company entered into a gross revenue royalty agreement ("Relocalize Royalty Agreement") with Relocalize Inc. ("Relocalize"), a company with a technology to more sustainably produce packaged ice and cold packs. Pursuant to the Relocalize Royalty Agreement, CVW Royalties has agreed to provide Relocalize with \$4.0 million of upfront capital, to be invested in two tranches, for a 25.0% royalty on the gross revenues from its first two commercial facilities. The 25.0% revenue royalty will step down to 15.0% once CVW Sustainable Royalties receives 1.25x in royalty payments (\$5.0 million in total payments). The Company will also receive a 2.0% royalty on the gross revenues from Relocalize's next eight commercial facilities and the option to invest up to \$22.5 million in 13 additional facilities, subject to certain conditions.

The Company has paid the first tranche for \$2.5 million which entitles the Company to 25.0% of revenue on the Florida facility (being the first commercial facility developed by Relocalize) and 1.25% of revenue on facilities 3 – 10 to be developed in the future by Relocalize.

	March 31, 2026	December 31, 2025
	\$	\$
Balance, beginning of period	-	-
Purchased during the period	2,500,000	-
Change in fair value of royalty asset	-	-
Balance, end of period	2,500,000	-

The fair value of the royalty asset is estimated using a discounted cash flow model taking into consideration the following observable and non-observable inputs:

- Management's estimate of the quantity of ice produced;
- Future commodity prices;
- Discount rate, and
- Accretion due to the passage of time.

Significant assumptions used within the discounted cash flow model are discussed further in Note 14.

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8. Lease liabilities

The Company currently has leased office space in Calgary.

	March 31, 2026	December 31, 2025
	\$	\$
Payments due no later than one year	1,911	2,293
Payments due later than one year and no later than three years	-	191
Total minimum lease payments	1,911	2,484
Less: interest portion at an interest rate of 10%	70	120
Total lease liabilities	1,841	2,364
Less: current portion	1,841	1,766
Long-term portion	-	598

9. Share capital

	March 31, 2026		December 31, 2025	
	Common shares	Amount \$	Common shares	Amount \$
Balance, beginning of period	150,697,162	106,402,157	144,874,691	102,777,195
Private placements	64,102,565	26,339,744	-	-
Finder shares	2,217,373	1,729,551	-	-
Warrants exercised	5,225,000	3,149,107	5,274,166	3,211,902
Conversion of DSUs	-	-	337,778	260,391
Stock options exercised	-	-	122,500	95,550
Conversion of RSUs	-	-	88,027	57,119
Equity issuance costs	-	(1,335,532)	-	-
Balance, end of period	222,242,100	136,285,027	150,697,162	106,402,157

On March 2, 2026, CVW Royalties completed a brokered private placement (the "March 2026 Offering"). Pursuant to the March 2026 Offering, the Company issued a total of 64,102,565 units at an issue price of \$0.78 per unit for total gross proceeds of \$50.0 million. Each unit consists of one common share and one warrant. A value of \$23,660,256 was attributed to the 64,102,565 warrants ("March 2026 Investor Warrants") as described further in the "Warrants" section of this note. The net proceeds from the March 2026 Offering are intended to fund future royalty transactions, related diligence and closing costs, and for general corporate purposes. In connection with the March 2026 Offering, the Company paid cash commissions of \$805,627 and issued 2,217,373 finder shares at a deemed price of \$0.78 per share. The total equity issuance costs of \$2,535,178 was allocated to common shares and warrants based on their relative fair values. Issuance cost of \$1,335,532 was allocated to issuance of common shares.

During the three months ended March 31, 2026, the Company issued 5,225,000 shares as a result of the exercise of warrants. In 2025, the Company issued 5,822,471 shares as a result of the exercise of stock options and warrants, and the redemption of DSUs and RSUs.

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Warrants

	March 31, 2026		December 31, 2025	
	Number of Warrants	Amount \$	Number of Warrants	Amount \$
Balance, beginning of period	6,549,998	3,053,274	11,824,164	4,657,925
Private placement	64,102,565	23,660,256	-	-
Warrants expired	(175,000)	(52,973)	-	-
Warrants exercised	(5,225,000)	(1,581,607)	(5,274,166)	(1,604,651)
Warrant issuance cost	-	(1,199,646)	-	-
Balance, end of period	65,252,563	23,879,304	6,549,998	3,053,274

In connection with the March 2026 Offering, the Company issued 64,102,565 warrants, exercisable at \$0.95 per share for a period of two years from the date of issuance. The fair value attributed to these warrants totaled \$23,660,256. Issuance costs of \$1,199,646 were allocated to these warrants.

During the three months ended March 31, 2026, 5,225,000 warrants were exercised for proceeds of \$1,567,500 (year ended December 31, 2025 – 5,274,166 warrants were exercised for proceeds of \$1,607,260).

The following table summarizes the key assumptions used in the valuation of warrants outstanding as at March 31, 2026:

	March 2026 Investor Warrants	October 19, 2022 Investor Warrants	January 12, 2022 Investor Warrants
Risk-free interest rate	2.47%	3.58%	1.36%
Term to expiry	2 years	4 years	4 years
Expected life	2.0	4.0	4.0
Expected volatility	62.76%	100%	100%
Fair value per warrant	\$0.37	\$0.79	\$0.30

10. Stock-based compensation

The Company uses its Equity Incentive Plan ("EIP") to encourage ownership of common shares and to align the interests of its directors, officers, employees, and consultants with the longer-term interests of Company shareholders. The EIP is designed to advance the Company's interests by providing additional incentives for plan participants and to retain and attract valued directors, officers, employees, and consultants. The Company grants equity-based awards at the discretion of the Board of Directors.

The EIP is a "rolling" equity plan that includes stock options, DSUs, and RSUs. The number of common shares issuable under the EIP at any time is limited to 10% (rolling) of the issued and outstanding common shares of the Company in the aggregate. The EIP was implemented on September 12, 2023 and is subject to annual approval by the Company's shareholders. All prior awards were continued under the EIP.

The total common shares issuable under the Company's EIP is calculated as follows:

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	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Equity award pool (10% of common shares outstanding)	22,224,210	15,069,716
Less awards outstanding:		
Stock options	(10,590,081)	(10,590,081)
DSUs	(32,961)	(32,961)
RSUs	(2,014,399)	(2,014,399)
Available pool	<u>9,586,769</u>	<u>2,432,275</u>

At March 31, 2026, an additional 9,586,769 equity instruments (December 31, 2025 – 2,432,275) could be granted in the form of either stock options, DSUs and/or RSUs.

Stock options

	March 31, 2026		December 31, 2025	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
Balance, beginning of period	10,590,081	1.02	7,956,099	1.06
Granted	-	-	2,756,482	0.86
Exercised	-	-	(122,500)	0.46
Balance, end of period	<u>10,590,081</u>	<u>1.02</u>	<u>10,590,081</u>	<u>1.02</u>

On March 21, 2025, 1,856,482 stock options were granted to Company employees, with an exercise price of \$0.84 and a term of five years to expiry. These stock options vest in two tranches. 1,225,278 options ("March 2025 tranche 1") vest over a period of three years from the grant date. The stock-based compensation expense for the March 2025 tranche 1 stock options is being recognized over the vesting period of three years from the grant date. The remaining 631,204 stock options ("March 2025 tranche 2") will vest after attaining certain market-based conditions. During the year ended December 31, 2025, upon meeting the required market-based conditions, 315,602 stock options were vested. The stock-based compensation expense relating to the remaining unvested March 2025 tranche 2 stock options is being recognized over a period of 27 months from the grant date, based on management's estimate of the dates that the market-based conditions will be satisfied.

On March 21, 2025, 400,000 stock options ("March 2025 entrance options") were granted to employees of the Company with an exercise price of \$0.84 and a term of five years to expiry. These stock options vest after a minimum of 18 months and after attaining certain non-market based performance or market-based vesting conditions. The stock-based compensation expense relating to the March 2025 entrance options is being recognized over periods ranging from 24 to 30 months, based on management's estimate of the date that the market-based performance criteria will be satisfied.

On September 8, 2025, 500,000 stock options ("September 2025 options") were granted to a director of the Company with an exercise price of \$0.97 and a term of five years to expiry. These stock options vest after a minimum of 18 months and after attaining certain non-market based performance or market-based vesting conditions. The stock-based compensation expense relating to the September 2025 options is being recognized over periods ranging from 26 to 31 months, based on management's estimate of the date that the market-based performance criteria will be satisfied.

The fair values of the stock options granted during 2025 were calculated using the following assumptions:

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Option grant date	September 8, 2025	March 21, 2025	March 21, 2025 tranche 1	March 21, 2025 tranche 2
Valuation method	Monte Carlo	Monte Carlo	Black-Scholes	Monte Carlo
Risk-free interest rate	2.77%	2.66%	2.66%	2.66%
Term to expiry	5 years	5 years	5 years	5 years
Expected life	5.0	5.0	5.0	5.0
Expected volatility	62.4%	75%	75%	75%
Number of stock options	500,000	400,000	1,225,278	631,204
Fair value per option	\$0.52	\$0.51	\$0.43	\$0.53

The Monte Carlo valuation is used to determine the value of stock options when market and non-market based performance criteria are used for vesting. The Black-Scholes model is used to value stock options with time-based vesting.

The following table summarizes the stock options outstanding as at March 31, 2026:

Range of exercise price	Number of stock options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of stock options exercisable	Weighted average remaining contractual life of exercisable stock options (years)	Weighted average exercise price of exercisable stock options \$
\$0.46 - \$0.69	1,250,000	0.80	0.46	1,250,000	0.80	0.46
\$0.70 - \$0.93	3,840,081	3.47	0.83	1,324,023	3.47	0.82
\$0.94 - \$1.35	5,500,000	1.73	1.28	-	N/A	N/A
Total	10,590,081	2.25	1.02	2,574,023	2.17	0.65

Deferred share units

	March 31, 2026		December 31, 2025	
	Number of DSUs	Weighted average share price at time of grant \$	Number of DSUs	Weighted average share price at time of grant \$
Balance, beginning of period	32,961	0.74	370,739	0.77
Converted	-	-	(337,778)	0.77
Balance, end of period	32,961	0.74	32,961	0.74

During the three-month period ended March 31, 2026, no DSUs were converted (twelve months ended December 31, 2025 – 337,778 DSUs). No DSUs were granted during the three-month period ended March 31, 2026, or the year ended December 31, 2025.

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Restricted share units

	March 31, 2026		December 31, 2025	
	Number of RSUs	Weighted average share price at time of grant \$	Number of RSUs	Weighted average share price at time of grant \$
Balance, beginning of period	2,014,399	0.77	1,636,080	0.75
Granted	-	-	466,346	0.84
Converted	-	-	(88,027)	0.65
Balance, end of period	2,014,399	0.77	2,014,399	0.77

During the three-month period ended March 31, 2026, the Company granted no RSUs (twelve months ended December 31, 2025 – 466,346). During the three-month period ended March 31, 2026, no RSUs were converted (twelve months ended December 31, 2025 – 88,027).

11. Basic and diluted loss per share

	Three months ended March 31, 2026	Three months ended March 31, 2025
Net loss	(534,046)	(831,276)
Weighted average number common shares outstanding	176,713,656	145,183,858
Basic and diluted loss per share	\$0.00	\$0.01

The effect of all outstanding warrants, stock options, DSUs, and RSUs has not been included in the calculation of diluted weighted average number of shares outstanding as the effect would be anti-dilutive.

12. Segment information

The Company considers its Board of Directors as the Chief Operating Decision Maker ("CODM"). As at March 31, 2026, the Company's CODM has identified a single reporting segment engaged in the generation of royalties through its proprietary CVW™ technology and other technologies. The amounts disclosed in the condensed interim financial statements represent those of the single reporting unit.

The Company is domiciled in Canada and conducts substantially all of its corporate activities, and holds all of its assets (other than financial instruments measured at FVTPL), in Canada. The Company's royalty asset (Note 7) entitles the Company to a royalty on gross revenues generated by Relocalize's first commercial facility, located in the United States.

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13. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Compensation to corporate insiders and directors of the Company for the three months ended March 31, 2026 and 2025 is indicated below:

Corporate insiders

	Three months ended March 31, 2026 \$	Three months ended March 31, 2025 \$
Compensation and benefits	383,064	371,247
Consulting fees	-	28,092
Stock-based compensation	280,826	470,397
Total	<u>663,890</u>	<u>869,736</u>

Board of Directors

	Three months ended March 31, 2026 \$	Three months ended March 31, 2025 \$
Director fees	71,288	64,646
Stock-based compensation	26,935	-
Total	<u>98,223</u>	<u>64,646</u>

Accounts payable and accrued liabilities as at March 31, 2026 included \$22,500 payable to corporate insiders and directors (December 31, 2025 - \$31,932).

One member of the Board of Directors is a partner in a law firm which provides legal services to the Company. Legal fees charged by this law firm during the three months ended March 31, 2026 were nil (three months ended March 31, 2025 - \$300).

14. Financial instruments and financial risk factors

The Company has calculated the following fair value for its financial instrument measured at FVTPL:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Fair value measurement as at March 31, 2026				
Royalty debenture	-	-	16,287,784	16,287,784
Royalty asset	-	-	2,500,000	2,500,000
Total	-	-	<u>18,787,784</u>	<u>18,787,784</u>
Fair value measurement as at December 31, 2025				
Royalty debenture	-	-	15,898,050	15,898,050

As at March 31, 2026 and December 31, 2025, the Company estimates that both the carrying and fair value amounts of the Company's financial instruments other than the royalty debenture and royalty asset are approximately equivalent because of the short-term nature of the assets and liabilities.

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The value of the royalty debenture and the royalty asset are considered level 3 measurements. The Company has established a valuation approach for determining the fair value of its level 3 assets using publicly available information, internal information, valuation assumptions, and other data points to calculate their values and record changes in the fair values at each reporting period. The fair values are calculated using the following level 3 assumptions:

Type	Valuation Technique	Key Inputs	Relationship Between Significant Inputs and Fair Value Measurements
Royalty debenture	The fair value of the royalty debenture has been determined using a discounted cash flow model	Key unobservable inputs (level 3) - Tonnage of feedstock to be acquired and processed - Future commodity prices - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - The tonnage of feedstock processed increased (decreased) - Future commodity prices increased (decreased) - Risk-adjusted discount rate decreased (increased)
Royalty asset	The fair value of the royalty asset has been determined using a discounted cash flow model	Key unobservable inputs (level 3) - Quantity of ice produced - Future commodity prices - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - Quantity of ice produced increased (decreased) - Future commodity prices increased (decreased) - Risk-adjusted discount rate decreased (increased)

Royalty debenture

The following table summarizes the range of significant unobservable inputs used to determine the fair value of the royalty debenture:

Significant Unobservable Inputs	Range of Significant Unobservable Inputs for the Royalty Debenture	
	Three months ended March 31, 2026	Year ended December 31, 2025
Tonnage of feedstock to be processed	An average of 40,000 tonnes of feedstock processed annually at each facility	An average of 40,000 tonnes of feedstock processed annually at each facility
Future commodity prices	Western Canadian Select oil price ranging from \$80/bbl to \$109/bbl over the next 20 years	Western Canadian Select oil price ranging from \$65/bbl to \$107/bbl over the next 20 years
Risk-adjusted discount rate	12.5% per annum	12.5% per annum

The following table presents the potential impact to the Company's net income to changes in the unobservable inputs noted above:

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	Movement vs the model input	Net income and comprehensive income – Three months ended March 31, 2026	
		Increase	Decrease
Feedstock to be processed	Increase / decrease by 10%	1,016,379	228,461
Future commodity prices	Increase / decrease by 10%	1,373,517	572,926
Risk-adjusted discount rate	Decrease / increase by 1.25%	2,076,382	1,070,083
		Net income and comprehensive income – Year ended December 31, 2025	
	Movement vs the model input	Increase	Decrease
Feedstock to be processed	Increase / decrease by 10%	682,786	524,331
Future commodity prices	Increase / decrease by 10%	1,002,228	843,773
Risk-adjusted discount rate	Decrease / increase by 1.25%	1,737,802	1,361,277

During the three months ended March 31, 2026, there were no significant changes in the assumptions used to determine the fair value of the royalty debenture as compared to December 31, 2025.

Royalty asset

The following table summarizes the range of significant unobservable inputs used to determine the fair value of the royalty asset:

Significant Unobservable Inputs	Range of Significant Unobservable Inputs for the Royalty Asset
	Three months ended March 31, 2026
Quantity of ice produced	An average of 5,700,000 kilograms of ice produced annually at the facility
Risk-adjusted discount rate	12.2% per annum

The following table presents the potential impact to the Company's net income to changes in the inputs:

	Movement vs the model input	Net income and comprehensive income – Three months ended March 31, 2026	
		Increase	Decrease
Quantity of ice produced	Increase / decrease by 10%	291,996	129,996
Future commodity prices	Increase / decrease by 10%	285,201	123,196
Risk-adjusted discount rate	Decrease / increase by 1.22%	274,706	74,787

a. Financial risk

The Company's activities expose it to a variety of financial, credit, liquidity, and market risks, including interest rate and foreign exchange rate risks. Financial risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors. The Board of Directors also provides guidance for enterprise risk management.

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b. Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, recovery of project and diligence costs, other receivables, coupon payments on its royalty debenture and royalty payments on its royalty asset. As at March 31, 2026, the Company's maximum credit exposure totaled approximately \$70.5 million, comprising cash and cash equivalents of \$51.7 million, trade and other receivables of \$0.1 million, the royalty debenture carried at fair value of \$16.3 million, and the royalty asset carried at fair value of \$2.5 million. Cash and cash equivalents are held with Canadian financial institutions with credit ratings of Aa or higher. Management believes that the credit risk concentration with respect to cash is minimal.

The Company's royalty exposure is concentrated in two counterparties: Northstar, a Canadian-domiciled company whose first commercial facility is located in Calgary, Alberta; and Relocalize, a Canadian-domiciled company whose first commercial facility is located in Plant City, Florida. The Company mitigates the credit risk associated with the recovery of diligence costs by requiring upfront retainers, performing comprehensive commercial assessments of counterparties prior to incurring third-party costs, and, where appropriate, structuring reimbursement terms contractually with defined payment milestones and rights of recovery. The Company limits credit risk with respect to its royalty investments by performing detailed due diligence on royalty counterparties and, where possible, securing the Company's rights against present and after-acquired property of the royalty counterparty.

c. Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company ensures that it will have sufficient liquidity to meet liabilities when due by monitoring actual and projected cash flows. The Board of Directors reviews and approves the operating plan as well as material transactions outside the ordinary course of business. This oversight process is also supplemented by a continuous and detailed cash forecasting process.

Historically, the Company has relied on government grants to fund its technology development, and equity financings to fund its operations and royalty investments. With the closing of the brokered private placement in March 2026 and the Fairfax strategic investment in April 2026 (see Note 19 for additional details), the Company has substantially enhanced its liquidity position. As at March 31, 2026, the Company had an aggregate cash balance of \$51,675,181 to settle current liabilities of \$861,471 (December 31, 2025 - Cash \$4,045,407; current liabilities \$601,605). Most of the Company's financial liabilities have contractual terms of 30 days or less. Based on management's current operating plan, the Company's cash and cash equivalents (including the additional \$50.0 million received subsequent to March 31, 2026 from the Fairfax strategic investment) are sufficient to fund operations, current royalty investment commitments, and other capital requirements. The potential commercialization of the CVW™ technology or the funding of future royalty investment opportunities may, however, require additional capital, which the Company expects to source from a combination of cash and cash equivalents on-hand, equity placements, debt facilities, government grants, and strategic partnerships.

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d. Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

i. Interest rate risk

The Company's current policy is to invest excess cash in interest bearing cash accounts, bankers' acceptances and guaranteed investment certificates issued by Canadian banks with credit ratings of Aa or higher. The Company periodically monitors its investments and the creditworthiness of the banks it holds investments in. As at March 31, 2026, the Company held cash and cash equivalents of \$51.7 million, substantially all of which earns interest at variable short-term rates.

ii. Foreign currency risk

The Company's reporting and functional currency is the Canadian dollar, and most purchases are transacted in Canadian dollars. The Company does not hold significant balances in foreign currencies which may cause exposure to foreign exchange risk. The Company's current revenue is payable in Canadian dollars. Any impact from fluctuations in foreign exchange rates would be minimal and therefore the Company does not hedge its foreign exchange risk.

15. Commitments

As at March 31, 2026, the Company is committed to the following future payments:

	Less than 1 year \$	1 – 2 Years \$	3 – 5 Years \$
Accounts payable and accrued liabilities	859,630	-	-
Lease liabilities	1,911	-	-
Total commitments	861,541	-	-

In addition to what has been recorded within the Condensed Interim Statements of Financial Position, the Company is committed to future payments amounting to \$12,894 which are payable within one year.

16. Capital management

The Company considers its equity as its capital. At March 31, 2026, the Company had total equity of \$69,863,963 (December 31, 2025 – \$19,498,948). The Company does not have any bank debt or externally imposed capital requirements. The Company's capital management objectives are to manage its cash and cash equivalents prudently in accordance with the Company's investment policy; to deploy capital into accretive royalty investments aligned with the Company's strategy; to continue to advance the commercialization of the CVW™ technology; and to maintain sufficient liquidity to support ongoing operations and future investment opportunities. The Company reviews its capital management approach on an ongoing basis and believes that its current approach is appropriate.

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17. Interest and other expenses

	Three months ended March 31, 2026 \$	Three months ended March 31, 2025 \$
Bank charges	2,947	444
Interest on lease liabilities	50	100
Total	<u>2,997</u>	<u>544</u>

18. Interest and other income

	Three months ended March 31, 2026 \$	Three months ended March 31, 2025 \$
Interest income	89,000	37,474
SR&ED rebate	-	64,651
Due diligence cost recoveries	82,252	-
Total	<u>171,252</u>	<u>102,125</u>

19. Subsequent events

On April 14, 2026, at a special meeting of shareholders, the Company's shareholders approved the special resolution required to create a new class of non-voting shares to facilitate the previously announced strategic investment by Fairfax.

On April 16, 2026, the Company completed the previously announced strategic investment with Fairfax, pursuant to which the Company issued a total of 64,102,564 units for aggregate gross proceeds of approximately \$50.0 million. The Company issued:

- 54,600,712 Fairfax voting units purchased by Fairfax at a price of \$0.78 per Fairfax Voting Unit for gross proceeds of approximately \$42,588,555. Each Fairfax Voting Unit consists of one common share of the Company (a "Common Share") and one warrant exercisable to purchase a Non-Voting Common Share at a price of \$0.95 per Non-Voting Common Share for a period of two years from the date of closing (the "Non-Voting Common Share Warrants").
- 9,501,852 Fairfax non-voting units (the "Non-Voting Unit") purchased by Fairfax at a price of \$0.78 per Fairfax Non-Voting Unit for gross proceeds of approximately \$7,411,445. Each Fairfax Non-Voting Unit consists of one Non-Voting Common Share and one Non-Voting Common Share Warrant.

The Company issued a total of 2,564,103 finder shares with respect to the transaction with Fairfax.