



**POET  
TECHNOLOGIES INC.**

**Consolidated Financial Statements  
For the Year Ended December 31, 2025, 2024 and 2023**

# DAVIDSON

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of  
POET Technologies Inc.

### Opinion on Internal Control Over Financial Reporting

We have audited POET Technologies Inc.'s (the "Company") internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of operations and deficit, changes in shareholders' equity, and cash flows for the years then ended, and the related notes and schedules and our report dated March 31, 2026 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Form 20-F. Our responsibility is to express an opinion on the entity's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have served as the Company's auditor since 2024.

**/s/ DAVIDSON & COMPANY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Vancouver, Canada

March 31, 2026

# DAVIDSON

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of  
POET Technologies Inc.

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of POET Technologies Inc. (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations and deficit, changes in shareholders' equity, and cash flows for the years ended December 31, 2025 and 2024, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025 and 2024, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") and our report dated March 31, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

We have not identified any critical audit matters for the year ended December 31, 2025.

We have served as the Company's auditor since 2024.

**/s/ DAVIDSON & COMPANY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Vancouver, Canada

March 31, 2026



## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of  
**POET Technologies Inc.**

### **Opinion on the Financial Statements**

We have audited, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 2, the accompanying consolidated balance sheet of POET Technologies Inc. (the "Company") as of December 31, 2023, the related consolidated statements of operations and deficit, comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for year ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We were not engaged to audit, review, or apply any procedures to the adjustment to retrospectively apply the change in accounting described in Note 2 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustment is appropriate and have been properly applied. That adjustment was audited by Davidson & Company LLP.

### **Explanatory Paragraph – Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred significant losses over the past few years and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission, Ontario Securities Commission, and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Critical Audit Matters**

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

*Marcum LLP*

Marcum LLP

We have served as the Company's auditor 2009 through 2023

Hartford, Connecticut  
March 15, 2024  
PCAOB ID 668

**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in US Dollars)

December 31,	2025	2024	2023
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 39,959,201	\$ 37,143,759	\$ 3,019,069
Short-term investments (Note 2)	273,439,102	16,672,811	-
Accounts receivable (Notes 3)	-	7,257	-
Prepays and other current assets (Note 4)	1,063,528	1,658,207	150,676
	<b>314,461,831</b>	55,482,034	3,169,745
Long term deposit (Note 15)	208,125	107,890	-
Property and equipment (Note 6)	12,233,828	12,757,682	4,623,228
Patents and licenses (Note 7)	556,375	606,708	502,055
Right of use asset (Note 8)	1,112,279	698,135	482,389
	<b>\$ 328,572,438</b>	\$ 69,652,449	\$ 8,777,417
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities (Note 9)	\$ 1,639,543	\$ 5,970,537	\$ 2,301,457
Convertible debt (Note 5)	5,800,000	6,500,000	-
Lease liability (Note 8)	236,304	115,793	204,939
Derivative warrant liability (Note 10 and 11(b))	135,631,585	35,750,607	1,002,264
Contract liabilities (Note 3)	445,840	-	-
Covid-19 government support loans (Note 23)	-	-	30,200
	<b>143,753,272</b>	48,336,937	3,538,860
Non-current lease liability (Note 8)	1,029,894	626,625	307,141
	<b>144,783,166</b>	48,963,562	3,846,001
<b>Shareholders' Equity</b>			
Share capital (Note 11(b))	443,076,163	223,742,335	165,705,423
Warrants and compensation options (Note 12)	30,599,602	11,157,738	670,115
Contributed surplus (Note 13)	9,329,724	58,724,750	55,447,961
Accumulated other comprehensive loss	(2,121,883)	(1,949,088)	(2,601,058)
Deficit	(297,094,334)	(270,986,848)	(214,291,025)
	<b>183,789,272</b>	20,688,887	4,931,416
	<b>\$ 328,572,438</b>	\$ 69,652,449	\$ 8,777,417

Nature of operations (Note 1)  
Commitments and contingencies (Note 15)

On behalf of the Board of Directors

/s/ Suresh Venkatesan  
Director

/s/ Robert Tirva  
Director

**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Expressed in US Dollars)

For the Years Ended December 31,	2025	2024	2023
Revenue (Note 21)	\$ 1,074,865	\$ 41,427	\$ 465,777
Operating expenses			
Selling, marketing and administration (Note 20)	25,081,957	18,771,421	10,795,155
Research and development (Note 20)	18,084,303	11,334,641	10,077,930
Operating expenses	43,166,260	30,106,062	20,873,085
Operating loss before the following	(42,091,395)	(30,064,635)	(20,407,308)
Loss on acquisition of 24.8% of SPX (Note 5)	-	(6,852,687)	-
Interest expense (Note 8)	(144,046)	(102,673)	(70,182)
Other income, including interest	4,553,061	947,956	234,990
Forgiveness of Covid-19 government support loans (Note 23)	-	7,298	-
Gain on contribution of intellectual property to joint venture (Note 5)	-	-	1,031,807
Share of loss in joint venture (Note 5)	-	-	(1,031,807)
Fair value adjustment to derivative warrant liability (Note 10 and 11(b))	(25,280,833)	(20,631,082)	(24,865)
Net loss	(62,963,213)	(56,695,823)	(20,267,365)
Deficit, beginning of year	(270,986,848)	(214,291,025)	(194,023,660)
Adjustment due to change in functional currency	36,855,727	-	-
Net loss	(62,963,213)	(56,695,823)	(20,267,365)
Deficit, end of year	\$ (297,094,334)	\$ (270,986,848)	\$ (214,291,025)
Basic and diluted net loss per share (Note 14)	\$ (0.68)	\$ (0.94)	\$ (0.51)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in US Dollars)

For the Years Ended December 31,	2025	2024	2023
Net loss	\$(62,963,213)	\$(56,695,823)	\$(20,267,365)
Other comprehensive (loss) - net of income taxes			
Items that may in the future be reclassified to profit (loss):			
Exchange differences on translating foreign operations	(172,795)	651,970	59,223
Comprehensive loss	\$(63,136,008)	\$(56,043,853)	\$(20,208,142)

**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in US Dollars)

<b>For the Years Ended December 31,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Share Capital</b>			
Beginning balance	\$ 223,742,335	\$ 165,705,423	\$ 151,206,539
Funds from the exercise of stock options	5,441,922	754,711	668,259
Fair value of stock options exercised	11,513,569	2,209,196	587,035
Funds from the exercise of warrants	15,847,899	3,725,565	7,767,067
Fair value of warrants exercised	30,813,000	4,816,224	4,418,783
Funds from common shares issued through ATM Financing	-	9,362,235	983,194
Funds from common shares issued on public or private offerings	280,000,001	69,211,854	1,607,400
Share issue costs	(8,048,167)	(878,185)	(578,317)
Fair value of warrants issued on public or private offering	(88,176,282)	(31,164,688)	(954,537)
Adjustment due to change in functional currency	(28,058,114)	-	-
December 31,	<b>443,076,163</b>	<b>223,742,335</b>	<b>165,705,423</b>
<b>Warrants</b>			
Beginning balance	11,157,738	670,115	5,905,642
Fair value of warrants exercised	(2,098,780)	(1,260,120)	(4,418,783)
Fair value of expired warrants	-	(16,616)	(816,744)
Fair value of warrants issued on private placement	36,706,752	11,764,359	-
Adjustment due to change in functional currency	(15,166,108)	-	-
December 31,	<b>30,599,602</b>	<b>11,157,738</b>	<b>670,115</b>
<b>Contributed Surplus</b>			
Beginning balance	58,724,750	55,447,961	51,016,808
Stock-based compensation	6,107,052	5,469,369	4,201,444
Fair value of stock options exercised	(11,513,569)	(2,209,196)	(587,035)
Fair value of expired warrants	-	16,616	816,744
Adjustment due to change in functional currency	(43,988,509)	-	-
December 31,	<b>9,329,724</b>	<b>58,724,750</b>	<b>55,447,961</b>
<b>Accumulated Other Comprehensive Loss</b>			
Beginning balance	(1,949,088)	(2,601,058)	(2,660,281)
Other comprehensive income (loss) attributable to common shareholders - translation adjustment	(172,795)	651,970	59,223
December 31,	<b>(2,121,883)</b>	<b>(1,949,088)</b>	<b>(2,601,058)</b>
<b>Deficit</b>			
Beginning balance	(270,986,848)	(214,291,025)	(194,023,660)
Adjustment due to change in functional currency	36,855,727	-	-
Net loss	(62,963,213)	(56,695,823)	(20,267,365)
December 31,	<b>(297,094,334)</b>	<b>(270,986,848)</b>	<b>(214,291,025)</b>
<b>Total Shareholders' Equity</b>	<b>\$ 183,789,272</b>	<b>\$ 20,688,887</b>	<b>\$ 4,931,416</b>

**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Expressed in US Dollars)**

**For the Years Ended December 31,**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY:</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss	\$ (62,963,213)	\$ (56,695,823)	\$ (20,267,365)
Adjustments for:			
Depreciation of property and equipment (Note 6)	2,985,140	1,713,686	1,653,798
Amortization of patents and licenses (Note 7)	96,870	92,344	87,761
Amortization of right of use asset (Note 8)	233,889	214,165	180,602
Fair value adjustment to derivative warrant liability (Note 10)	25,280,833	20,631,082	24,865
Non-cash interest (Notes 8)	144,046	90,041	53,614
Stock-based compensation (Note 13)	6,107,052	5,469,369	4,201,444
Non-cash operating costs	399,182	(18,766)	-
Loss on acquisition of 24.8% of SPX	-	6,852,687	-
Gain on contribution of intellectual property to joint venture (Note 5)	-	-	(1,031,807)
Share of loss in joint venture (Note 5)	-	-	1,031,807
Forgiveness of covid-19 government support loans (Note 23)	-	(7,298)	-
	<b>(27,716,201)</b>	<b>(21,658,513)</b>	<b>(14,065,281)</b>
Net change in non-cash working capital accounts:			
Accounts receivable	7,257	(7,257)	62,000
Prepaid and other current assets	630,208	(1,659,615)	126,936
Accounts payable and accrued liabilities	(4,446,794)	34,074	(1,256,925)
Contract liabilities	438,900	-	(274,192)
Cash flows from operating activities	<b>(31,086,630)</b>	<b>(23,291,311)</b>	<b>(15,407,462)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of short-term investments (Note 2)	(271,626,182)	(26,357,782)	-
Proceeds from the sale of short-term investments (Note 2)	14,859,891	9,684,971	-
Purchase of property and equipment (Note 6)	(2,255,107)	(6,781,715)	(1,167,953)
Purchase of patents and licenses (Note 7)	(46,537)	(196,997)	(79,111)
Long term deposit (Note 15)	(93,542)	(107,890)	-
Cash received on acquisition of remaining portion of SPX (Note 5)	-	97,833	-
Cash flows from investing activities	<b>(259,161,477)</b>	<b>(23,661,580)</b>	<b>(1,247,064)</b>
<b>FINANCING ACTIVITIES</b>			
Issue of common shares for cash, net of issue costs (Note 11)	293,241,655	82,176,180	10,447,603
Payment of lease liability (Note 8)	(223,403)	(255,953)	(252,103)
Repayment of covid-19 government support loans (Note 23)	-	(21,894)	-
Repayment of convertible debt (Note 5)	(700,000)	-	-
Cash flows from financing activities	<b>292,318,252</b>	<b>81,898,333</b>	<b>10,195,500</b>
Effect of exchange rate on cash	<b>745,297</b>	<b>(820,752)</b>	<b>248,250</b>
Net change in cash and cash equivalents	<b>2,815,442</b>	<b>34,124,690</b>	<b>(6,210,776)</b>
Cash and cash equivalents, beginning of year	<b>37,143,759</b>	<b>3,019,069</b>	<b>9,229,845</b>
Cash and cash equivalents, end of year	<b>\$ 39,959,201</b>	<b>\$ 37,143,759</b>	<b>\$ 3,019,069</b>

**SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES**

Purchase of property and equipment financed through accounts payable	\$ -	\$ 3,399,498	\$ -
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Cash and cash equivalents consist of cash in current accounts of \$1,759,709 (2024 - \$21,871,082, 2023 - \$1,249,116) and funds invested in US and Canadian cashable Term Deposits of \$38,199,492 (2024 - \$15,272,677, 2023 - \$1,769,953) earning interest between 2.25% and 3.24% and maturing in less than one year.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 1. NATURE OF OPERATIONS

POET Technologies Inc. is incorporated in the Province of Ontario. POET Technologies Inc. and its subsidiaries (the "Company") design and develop the POET Optical Interposer and Photonic Integrated Circuits for the data center and tele-communications markets. The Company's common shares are listed on the Nasdaq under the symbol "POET". The Company's head office is located at 120 Eglinton Avenue East, Suite 1107, Toronto, Ontario, Canada M4P 1E2. These audited consolidated financial statements of the Company were approved by the Board of Directors of the Company on March 31, 2026.

These consolidated financial statements have been prepared using IFRS Accounting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

##### **Statement of compliance and basis of presentation**

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

##### **Basis of consolidation**

These consolidated financial statements include the accounts of POET Technologies Inc. and its subsidiaries; ODIS Inc. ("ODIS"), Opel Solar Inc. ("OPEL"), BB Photonics Inc. ("BB Photonics"), POET Technologies Pte Ltd. ("PTS"), POET Optoelectronics Shenzhen Co., Ltd ("POET Shenzhen"), POET Technologies Sdn Bhd ("PTM"), and Super Photonics Xiamen Co., Ltd ("SPX"). Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions have been eliminated on consolidation.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

##### **Critical accounting judgments and significant estimates and uncertainties**

###### ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration.

The determination of whether a corporate entity or set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgements, considering all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. SPX was determined to constitute an acquisition of assets (Note 5).

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### ***Determination of functional currency***

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

##### ***Valuation of share-based compensation***

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and derivative warrant liability. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

##### ***Income taxes***

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

##### ***Foreign currency translation***

These consolidated financial statements are presented in U.S. dollars ("USD"), which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of operations and deficit.

The following table presents the jurisdiction under which each entity in the group is incorporated and the functional currency of each entity:

<b>Entity</b>	<b>Incorporating Jurisdiction</b>	<b>Functional Currency</b>
POET Technologies Inc	Canada	US dollars (1)
ODIS	United States of America	US dollars
OPEL	United States of America	US dollars
BB Photonics	United States of America	US dollars
PTS	Singapore	Singapore dollar
PTM	Malaysia	Malaysian Ringgit
POET Shenzhen	China	Renminbi
SPX	China	Renminbi

Assets and liabilities of entities with functional currencies other than U.S. dollars are translated into the presentation currency at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive loss in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive loss. Elements of equity are translated at historical rates.

(1) Effective October 1, 2025, management determined that the Canadian entity's functional currency changed from the Canadian dollar to the U.S. dollar due to a shift in the primary economic environment, being the change in primary sources of funding of the Canadian entity. In accordance with IAS 21, the change was applied prospectively. All assets, liabilities, and equity were translated into U.S. dollars using the exchange rate on the date of change, and these amounts became the new historical carrying values.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

This resulted in adjustments of (\$28,058,114) to share capital, (\$204,117) to warrants, (\$8,255,576) to contributed surplus and \$36,855,727 to deficit. Further, changes to the derivative warrant liability (note 10), resulted in adjustments of (\$14,961,966) to warrants and (\$35,732,933) to contributed surplus. These amounts are presented as "adjustment due to change in functional currency" on the consolidated statements of changes in shareholders' equity.

##### **Financial instruments**

Financial assets held with an objective to hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest are measured at amortised cost using the effective interest method. Debt investments held with an objective to hold both assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of fair value are measured at FVTOCI. All other financial assets are classified and measured at fair value through profit or loss ("FVTPL"). Financial liabilities are classified as either FVTPL or other financial liabilities, and the portion of the change in fair value that relates to the Company's credit risk is presented in other comprehensive income (loss). Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income (loss). Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in consolidated net income (loss).

##### **Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

##### **Financial liabilities**

A financial liability is derecognized from the statement of financial position when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, deposit, accounts payable and accrued liabilities, convertible debt, derivative warrant liability, contract liabilities and Covid-19 government support loans.

##### **Derivative financial instruments**

The Company issued warrants exercisable in a currency other than the Company's functional currency and as a result, the warrants are derivative financial instruments. Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in profit or loss. Transaction costs are recognized in profit or loss as incurred.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The following table outlines the classification of financial instruments under IFRS 9:

##### Financial Assets

Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Deposit	Amortized cost

##### Financial Liabilities

Accounts payable and accrued liabilities	Amortized cost
Contract liabilities	Amortized cost
Covid-19 government support loans	Amortized cost
Convertible debt	Amortized cost
Derivative warrant liability	Fair value through profit and loss (FVTPL)

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash.

##### Short-term investments

The short-term investments of \$273,439,102 (2024 - \$16,672,811, 2023 - nil) consist of guaranteed investment certificates (GICs) held with multiple Canadian chartered banks and earn interest at rates ranging from 3.4% to 4.91%, that mature within one year.

##### Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated based on the estimated useful life of the asset using the following method and useful lives:

Machinery and equipment	Straight Line, 5 years
Leasehold improvements	Straight Line, term of the lease
Office equipment	Straight Line, 3 - 5 years

##### Patents and licenses

Patents and licenses are recorded at cost and amortized on a straight line basis over 12 years. Ongoing maintenance costs are expensed as incurred.

##### Impairment of long-lived assets

The Company's tangible and intangible assets are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the year. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. No impairment loss has been reported for the years ended December 31, 2025, 2024 and 2023.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### **Income taxes**

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are provided on differences between the financial reporting and income tax bases of assets and liabilities and on income tax losses available to be carried forward to future years for tax purposes. Deferred income taxes are measured using the substantively enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Deferred tax assets are only recognized if the amount is expected to be realized in the future.

##### **Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

##### **Sale of goods**

Revenue from the sale of goods is recognized, net of discounts and customer rebates, at the point in time the transfer of control of the related products has taken place as specified in the sales contract and collectability is reasonably assured.

##### **Service revenue**

The Company provides contract services, primarily in the form of non-recurring revenue ("NRE") where control is passed to the customer over time. The contracts generally provide agreed upon milestones for customer payment which include but are not limited to the delivery of sample products, design reports and test reports. The customer makes payment when it has approved the delivery of the milestone. The Company must determine if the contract is made up of a series of independent performance obligations or a single performance obligation. Where NRE contracts contain multiple performance obligations for which a standalone transaction price can be assessed, revenue is recognized as each performance obligation is satisfied. Where NRE contracts contain a single performance obligation to be settled over time, revenue is recognized progressively based on the output method.

##### **Other income**

##### **Interest income**

Interest income on cash and cash equivalents and short term investments is recognized as earned using the effective interest method.

##### **Government Grants**

Loans received exclusively from governmental agencies to support the Company throughout the COVID-19 pandemic qualify to be forgiven if certain conditions are met. Forgiveness of COVID-19 related loans will be recognized as other income on the consolidated statements of operations and deficit.

##### **Intangible assets**

##### **Research and development costs**

Research costs are expensed in the year incurred. Development costs are also expensed in the year incurred unless the Company believes a development project meets IFRS criteria as set out in IAS 38, *Intangible Assets*, for deferral and amortization. IAS 38 requires all research costs be charged to expense while development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits. Development costs are tested for impairment whenever events or changes indicate that its carrying amount may not be recoverable.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

##### **In-Process Research and Development**

Under IFRS, in-process research and development ("IPR&D") acquired in a business combination that meets the definition of an intangible asset is capitalized with amortization commencing when the asset is ready for use (i.e., when development is complete). The Company does not capitalize its IPR&D.

##### **Stock-based compensation**

Stock options awarded to non employees are measured using the fair value of the goods or services received unless that fair value cannot be estimated reliably, in which case measurement is based on the fair value of the stock options. Stock options awarded to employees are accounted for using the fair value method. The fair value of such stock options granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant. When stock options are exercised, the proceeds received, together with any related amount in the reserves, are credited to share capital. In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed.

##### **Valuation of equity units issued in private placements**

When the Company issues warrants that are exercisable in the Company's functional currency, the proceeds from the issue of units is allocated between common shares and common share purchase warrants on a residual values basis as follows: the fair value of the common shares is based on the subscription price of the units issued and the fair value of the common share purchase warrants is determined using the Black-Scholes Option Pricing Model. The fair value of warrants that expire, is reversed to contributed surplus.

##### **Loss per share**

Basic loss per share, net of taxes is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

##### **Joint Venture**

A joint arrangement is an arrangement among two or more parties where the parties are bound by a contractual arrangement and the contractual arrangement gives the parties joint control of the arrangement. A joint venture is a form of joint arrangement where an entity is independently formed and the parties jointly have rights to the net assets of the arrangement and therefore account for their interests under the equity method. Prior to December 31, 2024, the Company had a joint venture in China and used the equity method to account for its share of the joint venture's operations. On December 31, 2024, the Company acquired the other joint venturer's interest in the joint venture (Note 5).

##### **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise of fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

#### **Future standards not yet adopted**

##### IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. This standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its consolidated financial statements.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

#### 3. ACCOUNTS RECEIVABLE AND CONTRACT LIABILITIES

##### Revenue Contract Balances

	Contract Receivables	Contract Liabilities
Opening balance, January 1, 2023	\$ 62,842	\$ (274,192)
Changes due to payment, fulfillment of performance obligations or revenues recognized	(62,842)	271,069
Effect of changes in foreign exchange rates	-	3,123
Opening balance, December 31, 2023	-	-
Changes due to payment, fulfillment of performance obligations or revenues recognized	7,257	-
Balance, December 31, 2024	7,257	-
Customer deposits	-	1,175,000
Revenues recognized	725,000	-
Changes due to payment, fulfillment of performance obligations or other	(732,257)	(725,000)
Effect of changes in foreign exchange rates	-	(4,160)
Balance, December 31, 2025	\$ -	\$ 445,840

#### 4. PREPAIDS AND OTHER CURRENT ASSETS

The following table reflects the details of prepaids and other current assets at December 31:

	2025	2024	2023
Sales tax recoverable and other current assets	\$ 208,888	\$ 1,399,955	\$ 57,200
Prepaid expenses	854,640	258,252	93,476
	\$ 1,063,528	\$ 1,658,207	\$ 150,676

#### 5. JOINT VENTURE

On October 20, 2020, the Company signed a Joint Venture Agreement (“JVA”) establishing a joint venture, Super Photonics Xiamen Co., Ltd (“SPX”) in Xiamen China, with Xiamen Sanan Integrated Circuit Co. Ltd. (“Sanan IC”) whose purpose is to design, develop, manufacture and sell 100G, 200G and 400G optical engines based on POET’s proprietary Optical Interposer platform technology. SPX was registered on March 12, 2021. SPX was subsequently capitalized through a combination of committed cash, capital equipment and intellectual property from Sanan IC and intellectual property and know-how from the Company. SPX was determined to be a joint venture as both Sanan IC and POET exercise joint control over SPX. All relevant activity of SPX required unanimous consent.

The Company’s contribution of intellectual property to SPX was independently valued at \$22,500,000 at the time of its contribution. During the year ended December 31, 2024, the Company recognized a gain of nil (2023 - \$1,031,807) related to its contribution of intellectual property to SPX in accordance with IAS 28. The Company only recognized a gain on the contribution of the intellectual property equivalent to Sanan IC’s interest in SPX, the unrecognized gain at December 31, 2024 of \$17,133,706 (2023 - \$17,133,706) was applied against the investment and periodically realized as the Company’s ownership interest in SPX was reduced. At December 31, 2024, Sanan IC’s and the Company’s ownership interests were approximately 0% and 100% respectively (2023 - 23.9% and 76.1%).

The Company recognized its share of SPX’s profits or losses using the equity method. On a weighted average basis, the Company’s share of the net operating loss during the year ended December 31, 2024 was 75.2% or \$(2,942,820), however the Company recognized nil of the net operating loss of SPX (2023 - 78.9% or \$(1,031,807)).

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

#### 5. JOINT VENTURE (Continued)

The Company's investment in joint venture during the year can be summarized as follows:

Investment balance, January 1, 2023	-
Recognized gain on contribution of intellectual property	1,031,807
Share of loss in joint venture for the year ended December 31, 2023	(1,031,807)
Investment balance, December 31, 2023 and 2024	\$ -

On December 31, 2024, the Company acquired Sanan IC's 24.8% interest in SPX in exchange for a convertible debt of \$6,500,000. The acquisition cost will be paid over a period of five (5) years. The unpaid balances are interest free and will be settled based on the following schedule:

October 31, 2025	\$ 700,000 (Paid)
October 31, 2026	\$ 1,000,000
October 31, 2027	\$ 1,300,000
October 31, 2028	\$ 1,600,000
October 31, 2029	\$ 1,900,000

At any time before the convertible debt is fully settled, Sanan IC has the right to convert any remaining unpaid amounts due into shares of common stock of the Company. The conversion shall be executed at a conversion price equal to the greater of: (a) the volume weighted average closing price ("VWAP") of the common stock of the Company as reported by the NASDAQ Capital Market for thirty (30) days prior to the conversion date, or (b) the closing price of the common stock of the Company as reported by the NASDAQ Capital Market the day prior to the conversion date.

The acquisition of Sanan IC's 24.8% interest in SPX, under which the Company obtains full control over SPX, was determined to be an asset acquisition because SPX did not meet the threshold of a business as defined by IFRS 3.

The Company determined that the convertible debt represents a hybrid financial instrument that contains 1) a host debt principal component, 2) a market price conversion feature that is a non-derivative with a value of nil that is not separable from the host debt and, 3) the VWAP conversion option that is a derivative with a nil value. As Sanan IC can exercise the conversion option at any time, the convertible debt is classified as current liability.

The assessment of the purchase price allocation on the date of purchase has been determined as follows:

#### Fair value consideration paid

Convertible debt to be paid over five years	\$ 6,500,000
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#### Recognized amounts of identifiable net assets:

Cash	\$ 97,833
Other non-current assets	237,216
Accounts payable	(388,470)
Payables to the Company	(299,266)
Net assets (liabilities) acquired	\$ (352,687)
Loss on acquisition	\$ 6,852,687
	\$ 6,500,000

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in US Dollars)**

**5. JOINT VENTURE (Continued)**

Summarized financial information of the joint venture is as follows:

December 31,	2025	2024	2023
Current assets	\$ -	\$ -	\$ 1,758,587
Intangible assets	-	-	16,155,786
Liabilities	-	-	(149,306)
Owners Equity	-	-	(17,765,067)
<b>Net loss</b>	<b>\$ -</b>	<b>\$ 3,913,325</b>	<b>\$ 3,830,962</b>

The following table discloses the amount of transactions the Company conducted with SPX prior to being acquired:

	Sales	Purchases	Loans	Recoverables
PTZ	\$ -	\$ -	\$ -	\$ 300,685
PTS	-	178,320	-	-

During 2025, the Company suspended operations at SPX and initiated a plan to wind-up its operations.

**6. PROPERTY AND EQUIPMENT**

	Equipment not ready for use	Leasehold improvements	Machinery and equipment	Office equipment	Total
<b>Cost</b>					
Balance, January 1, 2023	\$ 1,815,909	\$ 123,659	\$ 6,091,621	\$ 177,902	\$ 8,209,091
Additions, net of returns	206,018	-	949,551	12,384	1,167,953
Reclassification	(2,013,090)	-	2,013,090	-	-
Effect of changes in foreign exchange rates	(8,837)	597	41,246	5,560	38,566
Balance, December 31, 2023	-	124,256	9,095,508	195,846	9,415,610
Additions, net of returns	8,893,033	613,192	668,857	6,131	10,181,213
Disposals	-	-	(17,221)	-	(17,221)
Effect of changes in foreign exchange rates	(182,884)	(7,925)	(109,759)	(2,904)	(303,472)
Balance, December 31, 2024	8,710,149	729,523	9,637,385	199,073	19,276,130
Additions	930,036	229,060	1,025,757	70,254	2,255,107
Reclassification	(8,363,829)	-	8,363,829	-	-
Disposals	-	-	(30,433)	-	(30,433)
Effect of changes in foreign exchange rates	(9,893)	32,932	187,792	4,985	215,816
Balance, December 31, 2025	1,266,463	991,515	19,184,330	274,312	21,716,620
<b>Accumulated Depreciation</b>					
Balance, January 1, 2023	-	56,134	2,958,538	123,912	3,138,584
Depreciation for the year	-	24,684	1,600,981	28,133	1,653,798
Balance, December 31, 2023	-	80,818	4,559,519	152,045	4,792,382
Depreciation for the year	-	24,802	1,664,712	24,172	1,713,686
Effect of changes in foreign exchange rates	-	-	12,380	-	12,380
Balance, December 31, 2024	-	105,620	6,236,611	176,217	6,518,448
Depreciation for the year	-	175,662	2,786,708	22,770	2,985,140
Disposals	-	-	(20,796)	-	(20,796)
Balance, December 31, 2025	-	281,282	9,002,523	198,987	9,482,792

**POET TECHNOLOGIES INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in US Dollars)**

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**6. PROPERTY AND EQUIPMENT (Continued)****Carrying Amounts**

At December 31, 2023	\$ -	\$ 43,438	\$ 4,535,989	\$ 43,801	\$ 4,623,228
At December 31, 2024	\$ 8,710,149	\$ 623,903	\$ 3,400,774	\$ 22,856	\$ 12,757,682
At December 31, 2025	\$ 1,266,463	\$ 710,233	\$ 10,181,807	\$ 75,325	\$ 12,233,828

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**7. PATENTS AND LICENSES****Cost**

Balance, January 1, 2023	\$ 1,058,936
Additions	79,111
Balance, December 31, 2023	1,138,047
Additions	196,997
Balance, December 31, 2024	1,335,044
Additions	46,537
Balance, December 31, 2025	1,381,581

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**Accumulated Amortization**

Balance, January 1, 2023	548,231
Amortization	87,761
Balance, December 31, 2023	635,992
Amortization	92,344
Balance, December 31, 2024	728,336
Amortization	96,870
Balance, December 31, 2025	825,206

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**Carrying Amounts**

At December 31, 2023	\$ 502,055
At December 31, 2024	\$ 606,708
At December 31, 2025	\$ 556,375

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**POET TECHNOLOGIES INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in US Dollars)****8. RIGHT OF USE ASSET AND LEASE LIABILITY**

The Company recognizes a lease liability and right of use asset relating to its commercial leases. The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, ranging from 12% - 16%.

<b>Right of use asset</b>	<b>Building</b>
<b>Cost</b>	
Balance, January 1, 2023	\$ 730,652
Additions	420,806
Balance, December 31, 2023	1,151,458
Additions	603,725
Lease modification	(439,568)
Effect of changes in foreign exchange rates	(7,749)
Balance, December 31, 2024	1,307,866
Addition	707,618
Lease modification	(160,454)
Effect of changes in foreign exchange rates	36,565
Balance, December 31, 2025	1,891,595
<b>Accumulated Amortization</b>	
Balance, January 1, 2023	489,605
Amortization	180,602
Effect of changes in foreign exchange rates	(1,138)
Balance, December 31, 2023	669,069
Amortization	214,165
Lease modification	(273,503)
Balance, December 31, 2024	609,731
Amortization	233,889
Lease modification	(64,304)
Balance, December 31, 2025	779,316
<b>Carrying Amounts</b>	
At December 31, 2023	\$ 482,389
At December 31, 2024	\$ 698,135
At December 31, 2025	\$ 1,112,279

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in US Dollars)**

**8. RIGHT OF USE ASSET AND LEASE LIABILITY (Continued)**

**Lease liability**

Balance, January 1, 2023	\$ 279,263
Interest expense	53,614
Lease modification	424,021
Lease payments	(252,103)
Effect of changes in foreign exchange rates	7,285
<b>Balance, December 31, 2023</b>	<b>512,080</b>
Interest expense <sup>(1)</sup>	90,041
Lease modification	(183,251)
Additions	589,063
Lease payments	(255,953)
Effect of changes in foreign exchange rates	(9,562)
<b>Balance, December 31, 2024</b>	<b>742,418</b>
Interest expense <sup>(1)</sup>	144,046
Lease modification	(109,538)
Additions	690,151
Lease payments	(223,403)
Effect of changes in foreign exchange rates	22,524
<b>Balance, December 31, 2025</b>	<b>\$ 1,266,198</b>
Less current portion	\$ 236,304
<b>Long term portion</b>	<b>\$ 1,029,894</b>

(1) In addition to the non-cash interest of \$90,041, the Company also incurred interest of \$12,632 related to its financed insurance costs.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at December 31 was as follows:

	2025	2024	2023
Trade payables	\$ 1,236,210	\$ 5,269,426	\$ 1,370,658
Payroll related liabilities	247,968	368,289	563,588
Accrued liabilities	155,365	332,822	367,211
	<b>\$ 1,639,543</b>	<b>\$ 5,970,537</b>	<b>\$ 2,301,457</b>

**10. DERIVATIVE WARRANT LIABILITY**

**2022**

On December 2, 2022, the Company completed a non-brokered private placement offering of 1,126,635 units at a price of \$2.78 (CAD\$3.81) per unit for gross proceeds of \$3,184,332 (CAD\$4,292,479). Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$3.61 (CAD\$4.95) per share until December 2, 2025. The Company paid finders' fees aggregating to \$42,090 (CAD\$57,897) to four firms. The Company paid other share issue costs of \$205,802 related to this private placement offering.

The fair value of the share purchase warrants and broker warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk-free interest rate of 3.48%, volatility of 69.93%, and estimated life of 3 years. The estimated fair value assigned to the warrants was \$656,734. The remaining warrants were remeasured using the Black-Scholes option pricing model on October 1, 2025, being the date the Company changed its functional currency from Canadian Dollars to United States Dollars. The estimated fair value on the remeasurement date was \$48,640.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 10. DERIVATIVE WARRANT LIABILITY (continued)

##### 2024

###### January 24, 2024

On January 24, 2024, the Company raised gross proceeds of CA\$6,219,667 (\$4,613,312) from the issuance of 5,098,088 units through a private placement financing facility at an offering price CA\$1.22 (\$0.90). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 5,098,088 common shares for a period of five (5) years from the date of closing at a price of CA\$1.52 (\$1.12) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.5%, volatility of 78.35%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$2,815,861. The remaining warrants were remeasured using the Black-Scholes option pricing model on October 1, 2025, being the date the Company changed its functional currency from Canadian Dollars to United States Dollars. The estimated fair value on the remeasurement date was \$16,447,723.

###### May 2024

On May 3 and 10, 2024, the Company raised gross proceeds of CA\$10,000,000 (\$7,299,270) and CA\$10,000,000 (\$7,299,270) respectively from the issuance of 3,258,390 and 3,448,275 units through non brokered private placement financing offerings at CA\$3.069 (\$2.24) and CA\$2.90 (\$2.12). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 3,258,390 and 3,448,275 common shares for a period of five (5) years from the date of closing at a price of CA\$4.26 per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.67%, volatility of 83%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$8,948,498. The remaining warrants were remeasured using the Black-Scholes option pricing model on October 1, 2025, being the date the Company changed its functional currency from Canadian Dollars to United States Dollars. The estimated fair value on the remeasurement date was \$22,470,999.

##### 2025

###### May 22, 2025

On May 22, 2025, the Company raised gross proceeds of CA\$41,574,279 (\$30,000,000) from the issuance of 6,000,000 units through a non brokered private placement financing at a price CA\$6.92 (\$5.00). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 6,000,000 common shares for a period of five (5) years from the date of closing at a price of CAD\$8.32 (\$6.00) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 2.96%, volatility of 88.65%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$22,916,634.

###### July 17, 2025

On July 17, 2025, the Company raised gross proceeds of CA\$34,000,000 (\$25,000,000) from the issuance of 5,000,000 units through a non brokered private placement financing at a price CA\$6.80 (\$5.00). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 5,000,000 common shares for a period of five (5) years from the date of closing at a price of CAD\$8.16 (\$6.00) per share.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

#### 10. DERIVATIVE WARRANT LIABILITY (continued)

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.1%, volatility of 88.65%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$16,629,514. The remaining warrants were remeasured using the Black-Scholes option pricing model on October 1, 2025, being the date the Company changed its functional currency from Canadian Dollars to United States Dollars. The estimated fair value on the remeasurement date was \$19,360,076.

##### October 7, 2025

On October 7, 2025, the Company raised gross proceeds of CA\$104,625,002 (\$75,000,000) from the issuance of 13,636,364 units through a non brokered private placement financing at a price CA\$7.67 (\$5.50). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 13,636,364 common shares for a period of five (5) years from the date of closing at a price of CAD\$9.78 (\$7.03) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.71%, volatility of 91.875%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$51,469,530.

Because the functional currency of the entity issuing the warrant is United States dollars but the warrants are exercisable in Canadian dollars, the Company may receive a variable amount in United States dollars when the warrants are exercised as the foreign exchange may vary over the warrant exercise period. The variability in potential future cashflows resulted in a derivative warrant liability which will be periodically remeasured with any gains or losses charged to the consolidated statements of operations and deficit.

During 2025, 24,000 warrants were exercised. The remaining warrants and corresponding derivative liability was remeasured on December 31, 2025. The cumulative impact of the remeasurement resulted in a loss of \$25,280,833 (2024 - \$20,631,082, 2023 - \$24,865).

The following table presents the details of the derivative warrant liability:

December 31,	2025	2024	2023
Stock price	\$ 6.33	\$ 8.39	\$ 1.25
Exercise price range	\$ 1.09 - \$6.00	\$ 1.52 - \$8.39	\$ 1.52
Expected life in years	3.07 - 4.77	3.93 - 4.93	5.00
Volatility	93.70% - 105.78%	88.05%	75.66%
Dividend yield	0%	0%	0%
Risk free interest rate	3.55%	2.93%	3.54%
Fair value of derivative warrant liability	\$ 135,631,585	\$ 35,750,607	\$ 1,002,264
Number of warrants	29,253,826	8,298,912	1,786,000

**POET TECHNOLOGIES INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in US Dollars)****11. SHARE CAPITAL**

## (a) AUTHORIZED

Unlimited number of common shares

One special voting share

## (b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, January 1, 2023	37,841,950	151,206,539
Funds from common shares issued through ATM financing	227,673	983,194
Funds from common shares issued on private placement	1,786,000	1,607,400
Fair value of warrants issued on private placement	-	(954,537)
Share issue costs	-	(578,317)
Funds from the exercise of stock options	268,356	668,259
Fair value of stock options exercised	-	587,035
Funds from the exercise of warrants and compensation warrants	2,364,066	7,767,067
Fair value of warrants and compensation warrants exercised	-	4,418,783
<b>Balance, December 31, 2023</b>	<b>42,488,045</b>	<b>165,705,423</b>
Funds from common shares issued through ATM financing	5,449,723	9,362,235
Funds from common shares issued on private placement	24,693,643	69,211,854
Fair value of warrants issued on private placement	-	(31,164,688)
Share issue costs	-	(878,185)
Funds from the exercise of stock options	597,151	754,711
Fair value of stock options exercised	-	2,209,196
Funds from the exercise of warrants	3,278,595	3,725,565
Fair value of warrants exercised	-	4,816,224
<b>Balance, December 31, 2024</b>	<b>76,507,157</b>	<b>223,742,335</b>
Funds from common shares issued on private placement	45,326,019	280,000,001
Fair value of warrants issued on private placement	-	(88,176,282)
Share issue costs	-	(8,048,167)
Funds from the exercise of stock options	3,944,589	5,441,922
Fair value of stock options exercised	-	11,513,569
Funds from the exercise of warrants and compensation warrants	6,243,761	15,847,899
Fair value of warrants and compensation warrants exercised	-	30,813,000
Adjustment due to change in functional currency	-	(28,058,114)
<b>Balance, December 31, 2025</b>	<b>132,021,526</b>	<b>\$ 443,076,163</b>

**2023**

During the year ended December 31, 2023, the Company raised gross proceeds of \$983,194 from the issuance of 227,673 common shares through an Equity Distribution Agreement, ("EDA") with multiple agents. Pursuant to the EDA, the Company established an at-the-market ("ATM") equity offering program whereby the Company may, at its discretion, during the term of the ATM agreement issue and sell, through the agents such number of common shares of the Company as would result in aggregate gross proceeds to the Company of up to \$30,000,000. The agents were paid a commission of 3% or \$29,486 of the gross proceeds raised through the ATM. The Company incurred additional financing costs including legal and filing fees of \$291,226.

On December 4, 2023, the Company raised gross proceeds of \$1,607,400 from the issuance of 1,786,000 units through an underwritten public offering in the United States. The Offering consisted of 1,600,000 common shares of the Company and warrants to purchase up to 1,600,000 common shares of the Company at a combined public offering price of \$0.90 per common share and accompanying warrant. Each warrant has an exercise price of \$1.12 per common share and is exercisable for five years from the date of issuance. In addition, the Company granted the underwriter a 45 day option to purchase up to an

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 11. SHARE CAPITAL (Continued)

additional 240,000 common shares and/or warrants to purchase up to an additional 240,000 common shares at the public offering price in any combination, less underwriting discounts and commissions, which the underwriter has partially exercised to purchase 186,000 additional common shares and additional warrants to purchase up to 186,000 common shares. The agents were paid a commission of 7% or \$112,518 of the gross proceeds raised. The Company incurred additional financing costs including legal and filing fees of \$145,089.

The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk-free interest rate of 3.54%, volatility of 75.66%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$954,537 (Note 10).

#### **2024**

##### January 24, 2024

On January 24, 2024, the Company raised gross proceeds of CA\$6,219,667 (\$4,613,312) from the issuance of 5,098,088 units through a private placement financing facility at an offering price CA\$1.22 (\$0.90). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 5,098,088 common shares for a period of five (5) years from the date of closing at a price of CA\$1.52 (\$1.12) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.5%, volatility of 78.35%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$2,815,861.

##### May 3, 2024

On May 3, 2024, the Company raised gross proceeds of CA\$10,000,000 (\$7,299,270) from the issuance of 3,258,390 units through a non brokered private placement financing offering at a price CA\$3.069 (\$2.24). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 3,258,390 common shares for a period of five (5) years from the date of closing at a price of CA\$4.26 per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.67%, volatility of 83%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$4,513,393.

##### May 10, 2024

On May 10, 2024, the Company raised gross proceeds of CA\$10,000,000 (\$7,299,270) from the issuance of 3,448,275 units through a non brokered private placement financing at a price CA\$2.90 (\$2.12). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 3,448,275 common shares for a period of five (5) years from the date of closing at a price of CA\$4.26 per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.67%, volatility of 83%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$4,435,105.

##### July 19, 2024

On July 19, 2024, the Company raised gross proceeds of CA\$13,700,003 (\$10,000,000) from the issuance of 3,333,334 units through a non brokered private placement financing at a price CA\$4.09 (\$3.00). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 3,333,334 common shares for a period of five (5) years from the date of closing at a price of CA\$5.45 (\$4.00) per share.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

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#### 11. SHARE CAPITAL (Continued)

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.35%, volatility of 85.93%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$6,430,362.

##### September 25, 2024

On September 25, 2024, the Company raised gross proceeds of CA\$20,400,000 (\$15,000,000) from the issuance of 4,000,000 units through a non brokered private placement financing at a price CA\$5.10 (\$3.75). Each unit consisted of one common share of the Company and one-half common share purchase warrant to purchase up to 2,000,000 common shares for a period of five (5) years from the date of closing at a price of CA\$6.78 (\$5.00) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 2.79%, volatility of 87.63%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$4,842,347.

##### December 3, 2024

On December 3, 2024, the Company raised gross proceeds of CA\$35,000,003 (\$25,000,002) from the issuance of 5,555,556 units through a non brokered private placement financing at a price CA\$6.29 (\$4.50). Each unit consisted of one common share of the Company and one-half common share purchase warrant to purchase up to 2,777,778 common shares for a period of five (5) years from the date of closing at a price of \$6.00 per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 2.91%, volatility of 88.05%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$8,127,620.

The Company incurred other share issuance costs of \$7,767,300 related to these financings.

##### ATM Financing

During the year ended December 31, 2025, the Company raised gross proceeds of \$9,362,235 from the issuance of 5,449,723 common shares at an average price of \$1.72 per common share through the EDA. The Agent was paid a commission of 3% or \$280,867 on the gross proceeds raised from the ATM.

#### **2025**

##### May 22, 2025

On May 22, 2025, the Company raised gross proceeds of CA\$41,574,279 (\$30,000,000) from the issuance of 6,000,000 units through a non brokered private placement financing at a price CA\$6.92 (\$5.00). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 6,000,000 common shares for a period of five (5) years from the date of closing at a price of CAD\$8.32 (\$6.00) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 2.96%, volatility of 88.65%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$20,077,238.

##### July 17, 2025

On July 17, 2025, the Company raised gross proceeds of CA\$34,000,000 (\$25,000,000) from the issuance of 5,000,000 units through a non brokered private placement financing at a price CA\$6.80 (\$5.00). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 5,000,000 common shares for a period of five (5) years from the date of closing at a price of CAD\$8.16 (\$6.00) per share.

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

**11. SHARE CAPITAL (Continued)**

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.1%, volatility of 88.65%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$16,629,514.

October 7, 2025

On October 7, 2025, the Company raised gross proceeds of CA\$104,625,002 (\$75,000,000) from the issuance of 13,636,364 units through a non brokered private placement financing at a price CA\$7.67 (\$5.50). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 13,636,364 common shares for a period of five (5) years from the date of closing at a price of CAD\$9.78 (\$7.03) per share.

The fair value of the share purchase warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk free interest rate of 3.71%, volatility of 91.875%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$51,469,530.

October 28, 2025

On October 28, 2025, the Company raised gross proceeds of \$150,000,000 from the issuance of 20,689,655 common shares through a brokered registered direct offering at a price \$7.25. The Company paid approximately \$7,585,000 in fees related to this offering.

**12. WARRANTS AND COMPENSATION OPTIONS**

The following table reflects the continuity of warrants and compensation options:

	Historical Average Exercise Price	Number of Warrants/ Compensation options	Historical Fair value
Balance, January 1, 2023	\$ 6.15	3,512,171	\$ 5,905,642
Historical fair value assigned to warrants exercised	3.27	(2,364,066)	(4,418,783)
Fair value of expired warrants	4.50	(584,787)	(816,744)
Fair value of warrant issued on public offering	-	1,786,000	-
Balance, December 31, 2023	1.77	2,349,318	670,115
Historical fair value assigned to warrants exercised	0.74	(1,680,395)	(1,260,120)
Fair value of expired warrants	1.17	(14,250)	(16,616)
Fair value of warrants issued on private placements	1.00	11,804,753	11,764,359
Other warrants issued on private placements <sup>(1)</sup>	-	8,111,112	-
Other warrants exercised <sup>(1)</sup>	-	(1,598,200)	-
Balance, December 31, 2024	1.05	18,972,338	11,157,738
Fair value of warrants issued on private placements	3.34	11,000,000	36,706,752
Historical fair value assigned to warrants exercised	1.07	(1,961,733)	(2,098,780)
Other warrants exercised <sup>(1)</sup>	-	(4,282,028)	-
Other warrants issued on private placements <sup>(1)</sup>	-	13,636,364	-
Adjustment due to change in functional currency	-	-	(15,166,108)
Balance, December 31, 2025	\$ 3.77	37,364,941	\$ 30,599,602

(1) The fair value of these warrants is included in derivative warrant liability. (Note 10)

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in US Dollars)**

**12. WARRANTS AND COMPENSATION OPTIONS (Continued)**

The following table reflects the details of warrants:

Expiry Date	Exercise Price	Balance January 1, 2025	Warrants Issued	Warrants Exercised	Balance December 31, 2025
Dec 2, 2025	3.56	24,000	-	(24,000)	-
Dec 4, 2028	1.09	187,800	-	(187,800)	-
Jan 24, 2029	1.09	3,942,761	-	(1,373,571)	2,569,190
May 3, 2029	3.06	3,258,390	-	(3,258,390)	-
May 10, 2029	3.06	3,448,275	-	(1,400,000)	2,048,275
July 19, 2029	4.00	3,333,334	-	-	3,333,334
Sep 25, 2029	5.00	2,000,000	-	-	2,000,000
Dec 4, 2029	6.00	2,777,778	-	-	2,777,778
May 22, 2030	6.00	-	6,000,000	-	6,000,000
Jul 17, 2030	5.86	-	5,000,000	-	5,000,000
Oct 7, 2030	7.03	-	13,636,364	-	13,636,364
	\$1.09 - \$7.03	18,972,338	24,636,364	(6,243,761)	37,364,941

**13. STOCK OPTIONS AND CONTRIBUTED SURPLUS**

**Stock Options**

On June 27, 2025, shareholders of the Company approved the amendment to the Company's fixed 20% omnibus equity incentive plan (the "Omnibus Plan"). The Omnibus Plan provides flexibility to the Company to grant different forms of equity based incentive awards to directors, officers, employees and consultants. The Omnibus plan provides the Company with the choice of granting stock options ("Options"), share units ("Share Units") and deferred share units ("DSUs"). The Omnibus Plan provides that the maximum number of common shares issuable pursuant to awards granted under the Omnibus Plan and pursuant to other previously granted awards is limited to 16,696,252 (the "Number Reserved"). Any subsequent increase in the Number Reserved must be approved by shareholders of the Company and cannot, at the time of the increase, exceed 20% of the number of issued and outstanding shares. Awards vest in accordance with the policies determined by the Board of Directors from time to time consistent with the provisions of the Omnibus Plan which grants discretion to the Board of Directors.

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Historical Weighted Average Exercise Price
Balance, January 1, 2023	6,741,825	\$ 4.10
Expired/cancelled	(182,750)	4.66
Exercised	(268,356)	2.49
Granted	1,002,170	4.11
Balance, December 31, 2023	7,292,889	3.92
Expired/cancelled	(184,996)	5.33
Exercised	(597,151)	1.28
Granted	3,051,482	2.12
Modified options <sup>(1)</sup>	(7,153,358)	3.92
Repriced options <sup>(1)</sup>	7,153,358	1.29
Balance, December 31, 2024	9,562,224	1.47
Expired/cancelled	(345,091)	2.38
Exercised	(3,944,589)	1.43
Granted	555,000	5.13
Balance, December 31, 2025	5,827,544	\$ 1.93

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in US Dollars)**

**13. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)**

(1) During the year ended December 31, 2025, the Company amended 7,153,358 stock options granted to directors, officers, employees and consultants. The amended stock options were initially granted at prices ranging from CA\$2.60 to CA\$11.90. The amended stock options were repriced to CA\$1.75.

During the year ended December 31, 2025, the Company recorded stock-based compensation of \$6,107,052 (2024 - \$5,469,369, 2023 - \$4,201,444).

The stock options granted and re-priced were valued using the Black-Scholes option pricing model using the following assumptions:

	2025	Re-priced stock options 2024	2024	2023
Weighted average exercise price	<b>\$5.13</b>	\$1.29	\$2.12	\$4.11
Weighted average risk-free interest rate	<b>3.02%</b>	3.47%	2.99% - 3.55%	2.88% - 3.48%
Weighted average dividend yield	<b>0%</b>	0%	0%	0%
Weighted average volatility	<b>87.12%</b>	83.70%	85.75% - 86.97%	82.17% - 82.45%
Weighted average estimated life	<b>10 years</b>	6.4 years	10 years	10 years
Weighted average share price	<b>\$5.13</b>	\$1.29	\$2.12	\$4.11
Share price on the various grant dates	<b>\$3.83 - \$6.60</b>	\$1.29	\$1.79 - \$5.20	\$4.05 - \$4.63
Weighted average fair value	<b>\$3.83</b>	\$0.96	\$2.01	\$3.42

The underlying expected volatility was determined by reference to the Company's historical share price movements, its dividend policy and dividend yield and past experience relating to the expected life of granted stock options.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2025 are as follows:

Options Outstanding			Options Exercisable		
Exercise Range	Number Outstanding	Historical Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Historical Weighted Average Exercise Price
\$1.27 - \$3.00	4,753,721	\$ 1.42	7.06	3,012,788	\$ 1.38
\$3.01 - \$5.00	1,005,000	\$ 3.99	8.99	175,000	\$ 3.72
\$5.01 - \$6.60	68,823	\$ 6.22	9.59	31,323	\$ 5.76
	5,827,544	\$ 1.93	7.42	3,219,111	\$ 1.55

**Restricted Share Units (RSUs)**

During the year ended December 31, 2025, the Company granted 3,183,038 RSUs to directors, officers and employees under the the Company's Omnibus Plan. The RSUs were granted at a weighted average fair value of \$5.45 per unit. 93,540 RSUs will vest fully one year from the grant date and 3,089,498 will vest 33% yearly over three years.

Details of the RSU grants are as follows:

	Grant Price (\$)	Number
June 27, 2025	5.19	72,340
July 4, 2025	5.53	21,200
August 7, 2025	5.42	3,005,009
November 3, 2025	6.60	84,489
		3,183,038

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

#### 13. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

The RSUs are equity-settled and are accounted for in accordance with IFRS 2 – Share-based Payment. The fair value of the RSUs is recognized as compensation expense over the respective vesting periods on a straight-line basis.

For the year ended December 31, 2025, the Company recognized \$2,451,486 in stock-based compensation related to these RSUs, with a corresponding increase in contributed surplus. The remaining unrecognized compensation expense of \$14,886,292 will be recognized over the remaining vesting periods.

#### 14. LOSS PER SHARE

	2025	2024	2023
Numerator			
Net loss	\$ (62,963,213)	\$ (56,695,823)	\$ (20,267,365)
Denominator			
Weighted average number of common shares outstanding	93,156,184	60,246,653	40,099,752
Weighted average number of common shares outstanding - diluted	93,156,184	60,246,653	40,099,752
Basic and diluted loss per share	\$ (0.68)	\$ (0.94)	\$ (0.51)

The effect of common share purchase options and warrants on the net loss in 2025, 2024 and 2023 is not reflected as they are anti-dilutive.

#### 15. COMMITMENTS AND CONTINGENCIES

The Company has operating leases on three facilities; head office located in Toronto, Canada, and operating facilities located in Singapore and China. The lease on the Company's operating facilities in Singapore terminated on March 31, 2025. The Company has expanded its operating facilities in Singapore, as a result it entered into a lease arrangement on October 1, 2024, expiring March 1, 2030. A security deposit in the amount of \$200,351 was placed with the landlord. The lease on the Company's operating facilities in China terminated in January 2025. The company entered into a new lease on December 20, 2024, which expires on December 19, 2027. As of September 30, 2025, the Company's head office was on a month-to-month lease term. Deposits were made on other long-term commitments of \$7,774.

Remaining annual lease payments to the lease expiration dates are as follows:

2026	\$ 388,895
2027 and beyond	1,190,087
	\$ 1,578,982

#### 16. RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

	2025	2024	2023
Salaries	\$ 3,666,430	\$ 2,435,726	\$ 2,245,853
Share-based payments <sup>(1)</sup>	3,640,115	3,021,067	2,411,669
Total	\$ 7,306,545	\$ 5,456,793	\$ 4,657,522

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the various years as calculated using the Black-Scholes model.

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in US Dollars)

**16. RELATED PARTY TRANSACTIONS (Continued)**

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

**17. SEGMENT INFORMATION**

The Company and its subsidiaries operate in a single segment; the design, manufacture and sale of semiconductor products and services for commercial applications. The Company's operating and reporting segment reflects the management reporting structure of the organization and the manner in which the chief operating decision maker regularly assesses information for decision making purposes, including the allocation of resources. A summary of the Company's operations is below:

**OPEL, ODIS, POET Shenzhen, PTM, SPX and PTS**

OPEL, ODIS, POET Shenzhen, PTM, SPX and PTS are the designers and developers of the POET Optical Interposer platform and optical engines based on the POET Optical Interposer platform.

**BB Photonics**

BB Photonics developed photonic integrated components for the datacom and telecom markets utilizing embedded dielectric technology that enabled the partial integration of active and passive devices into photonic integrated circuits. BB Photonics' operation is currently dormant.

On a consolidated basis, the Company operates geographically in Malaysia, Singapore, China (collectively "Asia"), the United States and Canada. Geographical information is as follows:

2025				
As of December 31,	Asia	US	Canada	Consolidated
Current assets	\$ 1,325,632	\$ 358,665	\$ 312,777,534	\$ 314,461,831
Long-term deposit	208,125	-	-	208,125
Property and equipment	11,914,787	319,041	-	12,233,828
Patents and licenses	-	556,375	-	556,375
Right of use asset	1,112,279	-	-	1,112,279
<b>Total Assets</b>	<b>\$ 14,560,823</b>	<b>\$ 1,234,081</b>	<b>\$ 312,777,534</b>	<b>\$ 328,572,438</b>

Year Ended December 31,	Asia	US	Canada	Consolidated
Revenue	\$ 1,074,865	\$ -	\$ -	\$ 1,074,865
Selling, marketing and administration	(5,246,942)	(8,000,257)	(11,834,758)	(25,081,957)
Research and development	(15,474,358)	(2,405,183)	(204,762)	(18,084,303)
Interest expense	(144,046)	-	-	(144,046)
Loss on fair value of derivative warrant liability	-	-	(25,280,833)	(25,280,833)
Other income, including interest	30,352	-	4,522,709	4,553,061
<b>Net loss</b>	<b>\$ (19,760,129)</b>	<b>\$ (10,405,440)</b>	<b>\$ (32,797,644)</b>	<b>\$ (62,963,213)</b>

2024				
As of December 31,	Asia	US	Canada	Consolidated
Current assets	\$ 1,325,632	\$ 341,240	\$ 53,815,162	\$ 55,482,034
Long-term deposit	107,890	-	-	107,890
Property and equipment	12,256,402	501,280	-	12,757,682
Patents and licenses	-	606,708	-	606,708
Right of use asset	677,553	20,582	-	698,135
<b>Total Assets</b>	<b>\$ 14,367,477</b>	<b>\$ 1,469,810</b>	<b>\$ 53,815,162</b>	<b>\$ 69,652,449</b>

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in US Dollars)

**17. SEGMENT INFORMATION (Continued)**

Year Ended December 31,	Asia	US	Canada	Consolidated
Revenue	\$ 41,427	\$ -	\$ -	\$ 41,427
Selling, marketing and administration	(3,329,834)	(6,615,379)	(8,826,208)	(18,771,421)
Research and development	(7,536,414)	(3,618,983)	(179,244)	(11,334,641)
Loss on the acquisition of the remaining interest of SPX	-	-	(6,852,687)	(6,852,687)
Interest expense	(74,644)	(28,029)	-	(102,673)
Loss on fair value of derivative warrant liability	-	-	(20,631,082)	(20,631,082)
Other income, including interest	5,873	-	942,083	947,956
Forgiveness of Covid-19 government support loans	-	-	7,298	7,298
<b>Net loss</b>	<b>\$ (10,893,592)</b>	<b>\$ (10,262,391)</b>	<b>\$ (35,539,840)</b>	<b>\$ (56,695,823)</b>

2023

As of December 31,	Asia	US	Canada	Consolidated
Current assets	\$ 326,926	\$ 149,227	\$ 2,693,592	\$ 3,169,745
Property and equipment	4,089,653	533,575	-	4,623,228
Patents and licenses	-	502,055	-	502,055
Right of use asset	379,462	102,927	-	482,389
<b>Total Assets</b>	<b>\$ 4,796,041</b>	<b>\$ 1,287,784</b>	<b>\$ 2,693,592</b>	<b>\$ 8,777,417</b>

The Year Ended December 31,	Asia	US	Canada	Consolidated
Revenue	\$ 465,777	\$ -	\$ -	\$ 465,777
Selling, marketing and administration	\$ (2,753,484)	\$ (6,226,291)	\$ (1,815,380)	\$ (10,795,155)
Research and development	(6,249,120)	(3,662,418)	(166,392)	(10,077,930)
Loss on fair value of derivative warrant liability	-	-	(24,865)	(24,865)
Interest expense	(27,906)	(42,276)	-	(70,182)
Gain on contribution of intellectual to joint venture	1,031,807	-	-	1,031,807
Other income, including interest	-	-	234,990	234,990
Share of loss in joint venture	(1,031,807)	-	-	(1,031,807)
<b>Net loss</b>	<b>\$ (8,564,733)</b>	<b>\$ (9,930,985)</b>	<b>\$ (1,771,647)</b>	<b>\$ (20,267,365)</b>

**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, short-term investments, deposit, covid-19 government support loans, convertible debt, contract liabilities, derivative warrant liability and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest risk arising from these financial instruments. The Company estimates that carrying value of these instruments approximates fair value due to their short term nature.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

#### 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The Company has classified financial assets and (liabilities) as follows at December 31:

	2025	2024	2023
Financial assets, measured at amortized cost:			
Cash and cash equivalents	\$ 39,959,201	\$ 37,143,759	\$ 3,019,069
Short-term investments	\$ 273,439,102	\$ 16,672,811	\$ -
Accounts receivable	\$ -	\$ 7,257	\$ -
Other liabilities, measured at amortized cost:			
Accounts payable and accrued liabilities	\$ (1,639,543)	\$ (5,970,537)	\$ (2,301,457)
Covid-19 government support loans	\$ -	\$ -	\$ (30,200)
Convertible debt	\$ (5,800,000)	\$ (6,500,000)	\$ -
Fair value through profit or loss (FVTPL):			
Derivative warrant liability	\$ 135,631,585	\$ (35,750,607)	\$ (1,002,264)

#### Exchange Rate Risk

The functional currency of each of the entities included in the accompanying consolidated financial statements is the local currency where the entity is domiciled except for the Canadian entity which has determined that the U.S. dollar is its functional currency. Functional currencies include the Chinese Yuan, US, Singapore and Malaysian Ringgit. Most transactions within the entities are conducted in functional currencies. None of the entities included in the consolidated financial statements engage in hedging activities. The Company is exposed to a foreign currency risk when its subsidiaries hold current assets or current liabilities in currencies other than its functional currency. A 10% change in foreign currencies held would increase or decrease other comprehensive loss by \$2,000,000.

#### Liquidity Risk

The Company currently does not maintain credit facilities. The Company's existing cash and cash resources are considered sufficient to fund operating and investing activities beyond one year from the date of these consolidated financial statements.

#### 19. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive loss and deficit) and cash, cash equivalents and short-term investments. The components of capital on December 31, 2025 were:

Cash, cash equivalents and short-term investments	\$313,398,303
Shareholders' equity, excluding deficit and accumulated other comprehensive loss	\$483,005,489

The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value through growth and responding to changes in economic and/or market conditions; to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid, highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

#### 20. EXPENSES

Research and development costs can be analysed as follows:

	2025	2024	2023
Wages and benefits	\$ 7,000,637	\$ 4,388,075	\$ 4,298,207
Subcontract fees	2,797,721	2,134,948	1,864,122
Stock-based compensation	2,216,914	2,091,583	1,539,235
Supplies	6,069,031	2,720,035	2,376,366
	<b>\$ 18,084,303</b>	<b>\$ 11,334,641</b>	<b>\$ 10,077,930</b>

Selling, marketing and administration costs can be analysed as follows:

Stock-based compensation	\$ 3,890,138	\$ 3,377,786	\$ 2,662,209
Wages and benefits	4,552,496	2,975,488	2,649,770
Professional fees	1,713,629	1,936,592	1,744,771
General expenses	2,881,736	1,798,643	1,681,899
Depreciation and amortization	3,315,899	2,020,195	1,922,140
Finance advisory fees	8,227,774	6,501,799	-
Rent and facility costs	500,285	160,918	134,366
	<b>\$ 25,081,957</b>	<b>\$ 18,771,421</b>	<b>\$ 10,795,155</b>

#### 21. REVENUE

##### Disaggregated Revenues

The Company disaggregates revenue by timing of revenue recognition, that is, at a point in time and revenue over time. During the year ended December 31, 2025, the Company recognized \$1,074,865 (2024 - \$41,427, 2023 - \$465,777) from non-recurring engineering services and product sales. Non-recurring revenue may be recognized over time or at a point in time while product sales are recorded at a point in time.

#### 22. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rate of 26.5% for 2025 (2024 - 26.5%, 2023 - 26.5%) to the amounts recognized in operations.

For the Year Ended December 31,	2025	2024	2023
Net loss before taxes	\$ (62,963,213)	\$ (56,695,823)	\$ (20,267,365)
Expected current income tax recovery	\$ 16,685,000	\$ 15,024,000	\$ 5,370,852
Change in statutory, foreign tax, foreign exchange rates and other	(1,136,000)	(1,717,000)	(783,538)
Amounts not deductible for tax purposes	(4,334,000)	(8,988,000)	(1,113,000)
Other deductible items	2,133,000	232,000	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	304,000	6,623,000	-
Change in unrecognized deductible temporary differences	(13,652,000)	(11,174,000)	(3,474,314)
Income tax recovery recognized	\$ -	\$ -	\$ -

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 22. INCOME TAXES (Continued)

The following table reflects future income tax assets at December 31:

	2025	2024	2023
Resource assets	\$ 868,000	\$ 827,000	\$ 1,024,271
Gross unamortized share issue costs	11,137,000	1,280,000	810,000
Capitalized S.174 expenses	4,223,000	10,088,000	5,900,000
Canadian non-capital losses	34,271,000	27,466,000	22,585,000
Canadian capital losses	5,515,000	5,252,000	5,300,000
US non-capital losses	114,235,601	98,396,000	95,300,000
Singapore non-capital losses	30,462,000	18,254,000	19,300,000
Property and equipment	7,552,000	4,783,000	-
	<b>208,263,601</b>	166,346,000	150,219,271
Unrecognized deferred tax assets	<b>(208,263,601)</b>	(166,346,000)	(150,219,271)
Deferred income tax assets recognized	\$ -	\$ -	\$ -

#### 23. COVID-19 GOVERNMENT SUPPORT LOANS

On April 9, 2020, the Canadian government launched the Canada Emergency Business Account ("CEBA") which is intended to support businesses during COVID19 by providing interest free financing of up to \$30,200 (CA\$40,000) until December 31, 2023. If 75% of the loan is repaid by December 31, 2023 (extended to January 18, 2024), the loan recipient will be eligible for a loan forgiveness of the remaining 25% of the amount loaned. On April 15, 2020, the Company received a loan in the amount of \$30,200 through the CEBA. If the loan has not been repaid by January 18, 2024, the outstanding amount will be automatically extended for an additional two years at 5% interest per annum payable monthly and maturing on December 31, 2025. The Company repaid 75% of the amount borrowed on January 15, 2024. The balance was forgiven, resulting in a gain of \$7,298.

#### 24. SUBSEQUENT EVENTS

On January 23, 2026, the Company raised gross proceeds of \$150,000,000 from the issuance of 20,689,656 common shares through a brokered registered direct offering at a price \$7.25 per common share. The Company paid approximately \$7,585,000 in fees related to this offering.