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ANNUAL REPORT 2026

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INNOVATIVE ENERGY GROUP LIMITED

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Innovative Energy Group Limited (hereinafter referred to as the Company) will be held on Wednesday, January 20, 2027, at 10:00 am, hybrid - in-person and online at the Caymanas Golf Club, Caymanas Estates, St. Catherine, to consider and (if thought fit) pass the following resolutions:

1. To receive the report of the Board of Directors and the Audited Financial Statements for the year ended 31 May 2026, circulated herewith.

RESOLUTION No. 1

"THAT the Audited Financial Statements for the year ended 31 May 2026 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. To elect Directors

RESOLUTION No. 2

"THAT the following Directors who retire in accordance with Section 114 of the Articles of Incorporation and who, being eligible, offer themselves for re-appointment, be hereby re-appointed en bloc:-

Nigel Davy

Winston Watson

Donald Patterson

3. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.

RESOLUTION No. 3

"THAT Crichton, Mulling & Associates, Chartered Accountants, having signified their willingness to serve, continue in the office as Auditors of the Company pursuant to Section 188 of the Company's Articles of Incorporation to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. To fix the fees of the Directors

RESOLUTION NO 4

"THAT the fees of the Non-executive Directors for the year ended May 31, 2026, be fixed by the Corporate Governance & Sustainability Committee of the Board of Directors."

By Order of the Board



For AspireSec Limited

Company Secretary

Innovative Energy Group Limited

INNOVATIVE ENERGY GROUP LIMITED

Chairman's Remarks
Fiscal Year Ended May 31, 2026

Strengthening Our Foundation for Sustainable Growth

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Innovative Energy Group Limited ("IEG" or the "Group") for the year ended May 31, 2026.

The year was characterized by resilience, operational progress and important steps toward IEG's next phase of development. Project delays, hurricane-related disruption and logistics challenges affected the timing of certain activities; however, management responded by reallocating resources, maintaining operations and strengthening the Group's platform.

Operational Performance

IEG continued to expand its activities across renewable-energy development, engineering, procurement and construction, service and maintenance, equipment distribution and clean transportation. Solar projects remained a significant contributor to results, while service and maintenance revenue and equipment sales also increased.

Hurricane Melissa and related port and customs disruptions delayed several major projects as customers prioritized restoration and repairs. These projects have since been remobilized, with completion targeted before the end of calendar 2026, subject to project conditions and customer requirements. During the disruption, the Group increased its focus on residential and smaller commercial projects, demonstrating the value of a diversified and adaptable operating model.

The fourth quarter reflected improved execution as activity resumed on delayed projects.

Governance, Risk and Business Pipeline

The Board continues to oversee financial reporting, risk management, liquidity, project performance and capital allocation.

The Board recognizes that the Group's plans involve execution and financing risks, including project timing, working-capital requirements, collections, foreign-exchange exposure, regulatory approvals, acquisition execution and the conversion of letters of intent into binding contracts. Management is therefore focused on disciplined project selection, contract management, margin protection, timely collections and sustainable cash flow.

As at May 31, 2026, the Group had approximately J\$900 million in signed contracts and letters of intent. This amount includes both committed work and opportunities subject to final agreements, approvals and

INNOVATIVE ENERGY GROUP LIMITED

Chairman's Remarks Fiscal Year Ended May 31, 2026

other conditions and should not be regarded entirely as secured or guaranteed revenue. The pipeline provides increased visibility for FY2026/27, although its timing and value remain dependent on project execution and the satisfaction of applicable conditions.

Outlook

IEG enters FY2026/27 with a broader operating base, projects progressing toward completion and several strategic initiatives under consideration. The Group's priorities are to:

- Complete and deliver its existing project portfolio;
- Improve project execution, margin protection and cash conversion;
- Strengthen collections and working-capital management;
- Realign and restructure its balance sheet;
- Complete capital raise before the end of FY2026/27 to support utility-scale renewable-energy projects and a planned acquisition; and
- Expand complementary activities, including service and maintenance, equipment distribution and clean mobility.

These initiatives remain subject to final terms, regulatory and shareholder approvals, due diligence, financing conditions, market conditions and other applicable requirements.

The energy transition presents significant opportunities in Jamaica and the wider region. The Board nevertheless recognizes that sustainable growth requires adequate capital, effective governance, appropriate risk management and disciplined execution. IEG's objective is to deliver reliable renewable-energy solutions, expand its capabilities and create long-term value for shareholders and other stakeholders.

Appreciation

On behalf of the Board, I thank our shareholders, customers, suppliers, financing partners and other stakeholders for their continued support. I also thank our employees for their commitment, professionalism and adaptability in responding to the challenges faced during the year.

The Board remains focused on strengthening IEG's foundation and supporting management as the Group pursues its next stage of development.



.....
Nigel Davy, Chairman

INNOVATIVE ENERGY GROUP LIMITED

PROFILE OF OUR DIRECTORS



Nigel Davy, JP

Executive Chairman

Mr. Davy is an entrepreneur and energy professional with over thirty (30) years' of experience in the energy sector.

A qualified Aeronautical Engineer and Commercial Pilot, Mr. Davy earned a Bachelor of Technology Degree from the College of Aeronautics in New York. Mr. Davy holds several certificates in Electrical Power Generation Management, Power Systems Harmonics, and Power Plant Management. He is the holder of several professional licenses from the Federal Aviation Administration, Federal Communications Commission, New York City Bureau of Electrical Control, and the Westchester County Department of Buildings

Mr. Davy serves on several public and private boards including Wigton Windfarm Limited, Flash Holdings Limited, and Flash Motors Company Limited.

He is committed to nation-building and community development and serves as a Justice of the Peace.



Conley Salmon

Non-Executive Director

With over 40 years' experience in the private business sector, Mr. Salmon has a proven track record that spans the board, executive management, and operational levels, lending him the unique skill as an "out-of-the-box" thinker with a sharp eye for financial efficiency.

Conley held several senior management positions within the Jamaica Broilers Group and peaked as President (Jamaica Operations) where he retired. His tenure at Jamaica Broilers spanned over 35 years. Mr. Salmon serves on several boards.

A Commercial Pilot and flight instructor, Mr. Salmon's education spans aviation and business. Mr. Salmon is a graduate of Cambridge, Kansas State, and Barry Universities.

INNOVATIVE ENERGY GROUP LIMITED

PROFILE OF OUR DIRECTORS



Donald Patterson

Chairman - Audit & Risk Committee

Donald Patterson is a United Kingdom-trained Chartered Accountant with a Master of Business Administration degree.

Mr. Patterson has over 35 years of senior management, executive, and international experience in auditing, administration, systems development, overseas business development, marketing, credit, finance, treasury, and general management. His experience in Jamaica spanned auditing, quasi-government operations, and three (3) multinational entities - with head offices in the UK and Jamaica - that are involved in manufacturing/distribution, agro-processing, and financial services, respectively.

His appointments to various Boards in Jamaica and overseas also provided insights into a variety of businesses and access to the business, residential, and governmental communities including regulatory authorities in the USA and the UK.



Mr. Wayne Wray, JP

Non-Executive Director and Chairman of Finance, Investment & Technical Committee

Mr. Wray is a business and financial consultant. His portfolio of experience and expertise spans several industries including executive leadership and management positions in the fields of Finance and Banking.

An MBA in International Banking from George Washington University, Washington DC, USA, he is a Past Chairman of Jamaica Institute of Bankers, as well as the Caribbean Association of Banks, and has served in the capacity as Vice President of the Jamaica Bankers Association.

Licensed by the Financial Services Commission as an investment advisor, Mr. Wray is the founding director of Wiltshire Consulting & Advisory Limited, a business advisory firm to local and international clients. In addition, he is the Mentor for several publicly listed companies on the Junior Market of the Jamaica Stock Exchange.

A Justice of the Peace, Mr. Wray is committed to nation-building, serving on the Boards of several publicly listed and privately-held companies as well as local community service and charitable organizations.

INNOVATIVE ENERGY GROUP LIMITED

PROFILE OF OUR DIRECTORS



Kyle Davy

Non-Executive Director

Kyle Davy brings 10+ years of marketing and advertising experience to the board, working with clients across a variety of industries including IBM, AMEX, Constellation, Bacardi, and more. Having worked on a range of successful B2B and B2C campaigns, he brings knowledge that will strengthen current business initiatives while maintaining a future-forward approach to growth.

In addition to his contributions at IBM, Kyle has provided consulting services in several sectors as a mentor and keynote speaker, ranging from media to technology and education.

Kyle is a top graduate of The One School for Advertising, Dartmouth College, and a past participant of the Bridge program at the Tuck School of Business.



Jennifer Davy

Executive Director

Jennifer Davy, Director of Administration and Finance at IEC, brings 20+ years global experience in management, administration, and finance to the energy sector.

Her leadership, integrity, and versatile skills have driven demonstrated success in businesses both domestically and abroad, including Producers Travel Service, Citiscape Mortgage Corporation, Option One Mortgage Corporation, and MetLife Home Loans. In addition to being a seasoned professional with comprehensive work experience and demonstrated leadership skills she also serves as a social advocate, forging alliances to empower inner-city youth.

She holds a Bachelor's Degree (Cum Laude) in Organizational Leadership from Fordham University.

INNOVATIVE ENERGY GROUP LIMITED

PROFILE OF OUR DIRECTORS



Winston Watson

Non-Executive Director and Chairman - Corporate Governance & Sustainability Committee

Mr. Winston Watson is a self-motivated business leader with over 30 years experience in leadership and executive management.

During his career, he has both led and held senior management positions in several companies, in Jamaica, Barbados, and Canada, including Petrojam Limited – General Manager; Petroleum Corporation of Jamaica – Group General Manager; Banks Brewery – General Manager; Industrial Gases Limited – Division Manager; Spar Aerospace – Business Unit Manager, among others. Mr. Watson has also served on several public and private boards.

Mr. Watson has extensive training in Renewable and Alternate Energy and holds a Master of Science Degree in Electrical Engineering from the University of Waterloo, and both a Bachelor of Science Degree in Electrical Engineering and a Master of Business Administration Degree from the University of the West Indies.

He has several professional and leadership certifications and accreditations

INNOVATIVE ENERGY GROUP LIMITED

PROFILE OF OUR DIRECTORS



Albert Gordon

Non-Executive Director

Resigned, effective July 20, 2026

Meet Albert Gordon, a senior executive and engineer with multi-sector industry and regional experience.

Mr. Albert Gordon has held several senior executive positions, General Manager – Nevis Electricity Company Limited; Chief Executive Officer – Guyana Power & Light Company, Inc.; Director General - Office of Utilities Regulation (OUR); President & CEO - National Water Commission; General Manager – Central Waste Water Treatment Company Limited; Manager - Strategic Planning, Private Power Projects and Generation and Transmissions Systems Development Planning - Jamaica Public Service Company Ltd. Mr. Gordon has also served on a few public and private sector Boards.

His work within the area of energy includes assistance with the development of the energy policy and strategy for private sector participation in the power sector in Jamaica.

Mr. Gordon, who is locally and internationally trained and is published (West Indies Journal of Engineering, 1988) comes to the board with a B.Sc. in Electrical Engineering and an MBA (Finance) from the University of the West Indies; Advanced Technical Training in Photovoltaics – Colorado State University; Certificate in Energy Planning and Policy – University of Pennsylvania; Infrastructure in Market Economy – Harvard University; Power generation Systems Development Planning & Energy Systems Modelling – Argonne National Laboratories.

INNOVATIVE ENERGY GROUP LIMITED

SUB-COMMITTEES

Executive Chairman – Ex-officio member of all sub-committees

Corporate Governance, Sustainability & Compensation Committee

Winston Watson – Chairman
Marc Ramsay – Coopt Member
Conley Salmon
Jennifer Davy
Donald Patterson

Audit & Risk Committee

Donald Patterson – Chairman
Wayne Wray
Winston Watson
Kyle Davy

Finance, Investment & Technical

Wayne Wray – Chairman
Conley Salmon
Winston Watson
Jennifer Davy

INNOVATIVE ENERGY GROUP LIMITED

CODE OF CORPORATE GOVERNANCE

The Company has adopted a Code of Corporate Governance which is based on the Private Sector Organization of Jamaica (PSOJ) Codes. As such, we are committed to reporting to our shareholders on areas believed to be of critical informational value.

1. THE BOARD

Directors

The Board of Directors is accountable to the shareholders for the Company's success through its effective direction and oversight of the Company's operations. It establishes overarching corporate policies and ensures the overall performance of the business. The Directors hold regular meetings to assess important developments impacting the Company and to make decisions that require Board approval. The management team is tasked with implementing the Board's decisions.

In the last financial year, which ended on May 31, 2024, four Board meetings were held.

Board Balance

The composition of the Board ensures that no individual or small group of individuals can dominate the Board's decision-making.

Performance Evaluation of Board of Directors

The Directors remain dedicated and actively contribute to their roles with unwavering effectiveness.

Appointment of Directors

The appointment of Directors conforms to the requirements of the Articles of Association. They retire by rotation and reappointment is done by the shareholders at annual general meetings.

2. STATEMENT OF INTERNAL CONTROL

The Board is tasked with reviewing the Company's internal controls and ensuring that an effective system of internal control and risk management is in place to protect the investments of shareholders and the Company's assets. This responsibility is carried out through regular assessments of management accounts and the annual audited financial statements to guarantee the timely and accurate preparation of the accounts and the Annual Report for prompt submission to the relevant external stakeholders.

3. AUDIT COMMITTEE

In keeping with the requirements of the Rules of the Jamaica Stock Exchange, an Audit Committee was established. This Committee consists of independent directors, at least one of whom is required to have relevant financial experience. The Committee's main role is to monitor the integrity of the financial statements of the Company and review and make recommendations to the Board on business risks, internal controls and compliance. The Committee will also be delegated with the task of satisfying itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place within the Company to identify and contain business risks.

CORPORATE ADMINISTRATION

BOARD OF DIRECTORS

Nigel Davy	- Chairman
Jennifer Davy	- Executive Director
Wayne Wray	- Director
Conley Salmon	- Director
Kyle Davy	- Director
Donald Patterson	- Director
Winston Watson	- Director
Albert Gordon	- Director
Aspiresec	- Secretary

AUDITORS

Crichton Mullings & Associates
Unit 27B, 80 LMR
80 Lady Musgrave Road, Kingston 6

ATTORNEYS-AT-LAW

Ramsay & Partners
8 Lady Musgrave Road, Kingston 5, Jamaica

BANKERS

First Global Bank
St. Lucia Avenue
Kingston 5, Jamaica W.I.

REGISTRAR AND TRANSFER AGENTS

KPMG Regulatory and Compliance Services
6 Duke Street, Kingston, Jamaica

REGISTERED OFFICE

R1 Commercial Park, Unit #14
11 – 13 Marverly Avenue, Kingston 10
Email: info@innovativeenergy.net

INNOVATIVE ENERGY GROUP LIMITED

Management Discussion and Analysis
Fiscal Year Ended May 31, 2026

Resilience, Execution and Renewed Momentum



The 2025/26 financial year presented both challenges and opportunities for Innovative Energy Group Limited (“IEG” or the “Group”). Delays affecting major projects, disruption associated with Hurricane Melissa and the operational demands of an expanding renewable-energy portfolio affected the timing of project execution.

Despite these challenges, IEG strengthened its operating platform, broadened its market presence and secured new business that provides increased visibility entering the 2026/27 financial year. By year-end, previously delayed projects had been remobilized and were actively progressing toward completion. The Group also advanced its residential and commercial activities, developed new business lines and secured approximately J\$900 million in contracts and advanced awards for execution in the new financial year.

Financial Performance

For the year ended May 31, 2026, IEG recorded:

- Revenue of approximately J\$340 million;
- Gross profit of approximately J\$130 million;
- Net profit after tax of approximately J\$107 million; and
- Shareholders’ equity of approximately J\$1.12 billion.

The Group’s priority is to build on this reported profitability by improving margins, strengthening execution and converting project activity into sustainable earnings and cash flow.

The fourth quarter provided encouraging evidence of improving execution. Previously delayed projects were remobilized, and activity accelerated, resulting in a substantial increase in revenue compared with the corresponding prior-year quarter, based on interim fourth-quarter reporting.

As the Group’s project portfolio grows, effective working-capital management, timely collections, procurement planning and cash conversion will remain key management priorities.

Executing Through Disruption

Hurricane Melissa materially affected project execution during the year. Two major projects—the National Irrigation Commission (“NIC”) project in St. Elizabeth and the MJB Airports Limited project in Montego

Bay—experienced significant delays as customers prioritized restoration and repairs. Port and customs congestion also temporarily affected the importation and clearance of equipment and materials.

In response, management increased its focus on residential and smaller commercial projects, enabling the Group to maintain activity while the affected projects awaited remobilization. By May 31, 2026, both the NIC and MBJ projects had been remobilized and were actively progressing, with completion targeted before the end of calendar 2026.

Other important projects also advanced during the year, including work for governmental and private sector companies. While several of these projects were completed during the fiscal year, others will be completed early in the next fiscal year.

The experience reinforced a central management priority: securing projects is only the first step in creating value. Sustainable growth depends on disciplined project governance, procurement, working-capital management, timely execution, and converting contracted work into revenue and cash.

Hurricane Melissa also highlighted the importance of resilience in renewable-energy infrastructure. Where project requirements warrant, IEG is strengthening its capability to incorporate enhanced structural systems, foundations, bracing and wind-uplift protection appropriate for Category 5 conditions. These measures allow the Group to offer clients increased resilience while maintaining designs appropriate to each project's technical and commercial requirements.

Broadening the Revenue Base

During FY2025/26, IEG continued to diversify its routes to market while remaining focused on energy and complementary clean-technology solutions.

Residential and smaller commercial solar became increasingly important, particularly when activity on larger projects was constrained. Revenue from this segment was approximately J\$100 million during FY2025/26.

The Group also expanded its participation in equipment distribution. During the year, IEG completed the sale of several containers of solar panels, creating an additional channel to participate in renewable-energy demand beyond its traditional engineering, procurement and construction ("EPC") activities.

In February 2026, IEG launched its electric utility-cart offering as an extension of its clean-energy and electrification platform. IEG delivered the initial fleet of electric golf carts to our first major client and has secured a long-term operations and maintenance arrangement. IEG is also selling additional units to large, gated communities.

The early commercial response supports the potential of this adjacent business line. IEG's objective is not diversification for its own sake, but to develop complementary offerings that leverage its existing capabilities and customer relationships while creating additional and, where possible, recurring revenue opportunities.

Strengthening the Operating Platform

Growth requires the systems, people and processes necessary to execute consistently at greater scale.

During FY2025/26, management continued to strengthen IEG's project-governance and commercial capabilities.

The Group placed particular emphasis on execution discipline across the project lifecycle—from commercial engagement and engineering through procurement, construction and handover. The independent sales-agent program continues to expand its market reach. IEG has further strengthened its senior commercial leadership by appointing a Vice President—Sales and Marketing.

These initiatives are designed to improve accountability, increase opportunity conversion, and ensure the Group's organizational capabilities develop alongside its growth ambitions.

Entering FY2026/27 With Increased Visibility

IEG entered FY2026/27 with a stronger base of confirmed and advanced business. As at May 31, 2026, the Group had approximately J\$900 million of business represented by signed contracts and letters of intent.

The priority for FY2026/27 is to convert this secured and advanced business into revenue, earnings and cash while maintaining disciplined project selection and execution.

Priorities for FY2026/27

Management's priorities for the new financial year are focused on execution, cash generation and sustainable growth. These priorities include:

- Accelerating growth in the residential and commercial markets through more focused marketing and customer engagement;
- Executing the existing project portfolio and improving project conversion;
- Strengthening collections and working-capital management;
- Protecting project margins;
- Expanding complementary revenue streams, including equipment distribution, operations and maintenance, and electric mobility; and
- Selectively pursuing larger renewable-energy and battery-storage opportunities where the commercial and strategic case is compelling.

As the Group's pipeline expands, growth must be supported by strong project governance, technical excellence, disciplined working-capital management and timely conversion of projects into cash-generative earnings.

Our People

The progress achieved during FY2025/26 reflects the commitment of IEG's employees, customers, suppliers and strategic partners. This commitment was particularly important during the disruption caused by Hurricane Melissa and the subsequent remobilization of major projects.

During the year, IEG continued to strengthen its engineering, project-execution and commercial capabilities, together with the systems and accountability required to support a growing organization.

Management thanks IEG's employees for their commitment and adaptability, and its customers, suppliers and strategic partners for their continued confidence and support.

Looking Ahead

FY2025/26 tested IEG's resilience and demonstrated the Group's ability to adapt. Delays affected the timing of several opportunities, but management responded by redirecting resources, developing additional areas of the business and remobilizing major projects.

IEG enters FY2026/27 with stronger operating momentum, a broader range of revenue opportunities and increased visibility from its secured and advanced business.

The opportunity ahead is significant. Management's focus is to convert that opportunity into sustainable profitability, stronger cash generation and long-term value for shareholders.



Conrad Miller
President and Chief Executive Officer

INNOVATIVE ENERGY GROUP LIMITED

GROUP FINANCIAL STATEMENTS Y/E MAY 31, 2026

INNOVATIVE ENERGY GROUP LIMITED



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Leary Mullings
FCA, FCCA, CPA, MBA
Senior Partner

Rohan Crichton
FCA, CPA MActg
Senior Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of INNOVATIVE ENERGY GROUP LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying financial statements of Innovative Energy Group Limited (the "Company"), which is comprised of the consolidated and separate statements of financial position of the Company and its subsidiaries (the "Group") as at May 31, 2026, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and cash flows for the year then ended and a summary of material accounting policies and other explanatory notes and information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at May 31, 2026, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the Jamaican Companies Act (the "Act").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INNOVATIVE ENERGY GROUP LIMITED



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Independent Auditor's Report (cont'd)

To the members of INNOVATIVE ENERGY GROUP LIMITED

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<u>Goodwill impairment assessment</u> The Group has goodwill of approximately \$2.62 billion arising from the acquisition of Innovative Energy Company DBA IEC SPEI Limited which represents approximately 79% of the Group's total assets as at the year end. The annual impairment assessment requires management's judgement and estimation in determining estimated future earnings from the operation, taking into consideration inflation rate, growth rate and other underlying assumptions. An impairment assessment by an independent third party was carried out on the goodwill of \$2.62 billion, which represents 100% of the intangible assets as at the year end.	Our audit procedures addressing the goodwill impairment assessment included the following: • We have assessed the appropriateness of the discounted cash flow versus market approach valuation method used. • We reviewed the external valuation report on goodwill by assessing the key assumptions, reviewing cash flow projections, discounts rates and growth rates. • We compared management's historical forecasts with actual past results to check for forecasting accuracy and any indication of bias. • We recalculated the carrying amounts, checked the mathematical accuracy of the models and check goodwill allocations to the specific cash generating units. • We also confirm that the disclosure is in compliance with the relevant standard. The results of our procedures were consistent with management's assessment that no impairment loss was required at the reporting date.

INNOVATIVE ENERGY GROUP LIMITED



Independent Auditor's Report (cont'd)

To the members of INNOVATIVE ENERGY GROUP LIMITED

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<u>Expected Credit Losses on Trade Receivables</u> The Group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information. The risk of material misstatement increases as significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations.	Our audit procedures to address the key audit matter relating to expected credit losses on trade receivables included the following: • Obtaining an understanding of the model used by management for the calculation of expected credit losses on trade receivables. • Testing the completeness and accuracy of the data used in the ECL model to the underlying accounting records on a sample basis. • Reviewing the ECL model to assess the appropriateness of the Group's impairment methodology and management's assumptions and compliance with the requirements of IFRS 9, Financial Instruments. • Evaluating the appropriateness of the economic parameters including the use of forward-looking information. • Testing the accuracy of the ECL calculation. • Testing the recording and ageing of trade receivables. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9, Financial Instruments. The procedures performed did not identify a material misstatement in the related ECL allowance.

INNOVATIVE ENERGY GROUP LIMITED



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Independent Auditor's Report (cont'd)

To the members of INNOVATIVE ENERGY GROUP LIMITED

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<u>Revenue from contracts with customers</u> As described in note 3(n), the Group recognises revenue from contracts with customers under IFRS 15, Revenue from Contracts, when the services have been performed by the Group. The standard also requires management to identify the performance obligations in service contracts and determine the timing of satisfaction of the performance obligations. It also requires management to determine whether it acts as a principal or agent in executing the contracts and if there are significant financing components included in the promised payment amounts.	Our audit procedures to address the key audit matter relating to revenue from contracts with customers include the following: • We have obtained and reviewed management's assertions and assessed the underlying assumptions used to support the calculations as required by IFRS 15. We also evaluated the appropriateness of the Group's Revenue recognition policy in relation to the requirements of the standard. We evaluated management's analysis and independently tested a sample of contracts as follows: • We obtained and reviewed signed contracts to verify the existence and key terms of contracts with customers. • We verified the transaction prices that are explicitly stated in the contracts associated with the relevant performance obligations. • We obtained and reviewed invoices on a sample basis, along with supporting reports confirming evidence of work performed and performance obligations satisfied. Additionally, where bundled services were offered, we assessed whether the transaction price should be allocated to each performance obligation. The procedures performed did not identify a material misstatement in revenue recognised during the year.

INNOVATIVE ENERGY GROUP LIMITED



To the members of **INNOVATIVE ENERGY GROUP LIMITED**

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the consolidated and separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

INNOVATIVE ENERGY GROUP LIMITED



Independent Auditor's Report (cont'd)

To the members of INNOVATIVE ENERGY GROUP LIMITED

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (cont'd)

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at page 7, forms part of our auditor's report.

Report on Additional Matters as Required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner responsible for the audit resulting in this independent auditor's report is Leary Mullings.

CrichtonMullings & Assoc.
CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
August 31, 2026

To the members of
INNOVATIVE ENERGY GROUP LIMITED

Appendix to the Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

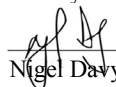
We communicated with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

	<u>Note</u>	2026 <u>\$</u>	2025 <u>\$</u>
ASSETS			
Non-current Assets			
Property, plant and equipment	6	125,150,282	144,457,548
Investment property	4	60,000,000	47,000,000
Intangible assets	8	2,622,644,530	2,622,644,530
		<u>2,807,794,812</u>	<u>2,814,102,078</u>
Current Assets			
Inventories	9	239,763,506	275,671,917
Receivables and prepayment	10	270,743,677	159,758,928
Income tax recoverable		92,684	92,684
Due from related party	11(a)	4,710,437	4,710,437
Cash and bank balances	12	15,582,876	9,448,044
Total current assets		<u>530,893,180</u>	<u>449,682,010</u>
TOTAL ASSETS		<u>3,338,687,992</u>	<u>3,263,784,088</u>
EQUITY and LIABILITIES			
Equity			
Share capital	13	1,284,638,139	1,284,638,139
Accumulated deficit		<u>(160,328,608)</u>	<u>(267,657,164)</u>
Total equity		<u>1,124,309,531</u>	<u>1,016,980,975</u>
Non-current Liabilities			
Deferred tax liability	14	10,010,150	4,982,817
Due to related party	11(b)	1,635,200,401	1,743,812,845
Long-term loans	15	196,505,788	220,307,456
Total non-current liabilities		<u>1,841,716,339</u>	<u>1,969,103,118</u>
Current Liabilities			
Accounts payable and accruals	16	127,484,569	144,330,048
Due to related parties	11(b)	121,115,692	24,453,291
Current portion of long-term loans	15	24,093,962	15,187,515
Deferred income	17	11,152,481	4,912,313
Taxation payable		78,935,032	78,936,054
Capital distribution payable	18	9,880,386	9,880,774
Total current liabilities		<u>372,662,122</u>	<u>277,699,995</u>
TOTAL EQUITY AND LIABILITIES		<u>3,338,687,992</u>	<u>3,263,784,088</u>

The financial statements were approved for issue by the Board of Directors on August 31, 2026 and signed on its behalf by:


Nigel Davy - Director


Donald Patterson - Director

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

	Note	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025
		\$	\$
Revenue	19	339,485,934	321,207,961 *
Direct costs	20	<u>(209,962,940)</u>	<u>(112,739,209)</u>
Gross profit		129,522,994	208,468,752
Administrative expenses	21	<u>(139,416,720)</u>	<u>(117,870,399)</u>
Operating (loss)/profit		(9,893,726)	90,598,353
Fair value gain on investment property		13,000,000	-
Other operating income	22	<u>130,104,579</u>	<u>4,655,610</u> *
		133,210,853	95,253,963
Finance costs	23	<u>(20,854,964)</u>	<u>(9,546,194)</u>
Profit before taxation		112,355,889	85,707,769
Taxation	24	<u>(5,027,333)</u>	<u>(3,516,437)</u>
Net profit for the year		107,328,556	82,191,332
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
fair value gain on investments at fair value through other comprehensive income		<u>-</u>	<u>1,186,006</u>
Total comprehensive income for the year		<u>107,328,556</u>	<u>83,377,338</u>
Earnings per stock unit	25	<u>0.082</u>	<u>0.144</u>

*Reclassified to conform to current year presentation

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

	Share Capital \$	Accumulated Deficit \$	Total \$
Transferred in during the year on acquisition	329,436,230	(351,034,502)	(21,598,272)
Issue of share, net transaction cost	955,201,909	-	955,201,909
Other comprehensive income:			
Realized gain on investments at fair value through other comprehensive income	-	1,186,006	1,186,006
Net profit for the year	-	82,191,332	82,191,332
Balance at May 31, 2025	1,284,638,139	(267,657,164)	1,016,980,975
Net profit for the year	-	107,328,556	107,328,556
Balance at May 31, 2026	1,284,638,139	(160,328,608)	1,124,309,531

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

	Note	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		107,328,556	82,191,332
Adjustments for items not affecting cash resources:			
Interest income		(902)	(2,511)
Depreciation		19,598,091	13,367,982
Amortisation		-	39,627
Interest expense		20,854,964	9,546,194
Unrealised exchange (gain) / loss on foreign balances		(9,687,215)	10,393,610
Contractor's levy written-off		2,731,276	3,916,702
Taxation		5,027,333	3,516,437
Fair value gain on revaluation of investment property		(13,000,000)	-
Gain on disposal of property, plant & equipment		(486,250)	-
Expected credit loss (decrease) / increase		(13,100,912)	18,343,019
		<u>119,264,941</u>	<u>141,312,392</u>
Changes in operating assets and liabilities			
Receivables and prepayment		(100,615,113)	(112,486,224)
Inventories		35,908,411	(5,426,581)
Due from related party		-	(4,710,437)
Income tax recoverable		-	(92,684)
Accounts payable and accruals		(16,845,481)	(28,343,551)
Deferred income		6,240,168	4,912,313
Due to related party		(11,950,042)	24,453,291
Capital distribution payable		(388)	9,880,774
Taxation		(1,022)	(8,676,221)
Net cash provided by operating activities		<u>32,001,474</u>	<u>20,823,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired with subsidiary		-	9,016,913
Interest received		902	2,511
Acquisition of property, plant and equipment		(1,704,575)	(603,670)
Proceeds from disposal of property, plant and equipment		1,900,000	-
Net cash provided by investing activities		<u>196,327</u>	<u>8,415,754</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(20,854,964)	(9,546,194)
Loan repayment		(14,895,220)	-
Net cash used in financing activities		<u>(35,750,184)</u>	<u>(9,546,194)</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES		<u>(3,552,383)</u>	<u>19,692,632</u>
Exchange gain / (loss) on net foreign cash balances		9,687,215	(10,393,610)
CASH AND BANK BALANCES - Beginning of the year		<u>9,448,044</u>	<u>149,022</u>
CASH AND BANK BALANCES - End of the year	12	<u><u>15,582,876</u></u>	<u><u>9,448,044</u></u>

See Significant Non-Cash Transactions at note 27

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED COMPANY STATEMENT OF FINANCIAL POSITION AS AT MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

	Notes	2026 \$	2025 \$
ASSETS			
Non-current Assets			
Property, plant and equipment	6	427,758	481,272
Investment in subsidiary	7	2,825,714,654	2,825,714,654
		<u>2,826,142,412</u>	<u>2,826,195,926</u>
Current Assets			
Receivables and prepayment	10	2,120	1,002,090
Income tax recoverable		92,684	92,684
Cash and bank balances	12	109,201	130,997
		<u>204,005</u>	<u>1,225,771</u>
TOTAL ASSETS		<u><u>2,826,346,417</u></u>	<u><u>2,827,421,697</u></u>
EQUITY and LIABILITIES			
Equity			
Share capital	13	1,284,638,139	1,284,638,139
Accumulated deficit		(276,813,099)	(368,444,576)
Total equity		<u>1,007,825,040</u>	<u>916,193,563</u>
Non-Current Liabilities			
Due to related party	11	1,635,200,401	1,743,812,845
Current Liabilities			
Accounts payable and accruals	16	4,040,000	3,340,000
Due to related party	11	164,076,590	154,194,515
Capital distribution payable	18	9,880,386	9,880,774
Deferred revenue	17	5,324,000	-
Total current liabilities		<u>183,320,976</u>	<u>167,415,289</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,826,346,417</u></u>	<u><u>2,827,421,697</u></u>

The financial statements were approved for issue by the Board of Directors on August 31, 2026, and signed on its behalf by:

Nigel Davy - Chairman

Donald Patterson - Director

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

	Note	2026 \$	2025 \$
Revenue		24,589,129	-
Cost of sales		<u>(27,103,369)</u>	<u>-</u>
		(2,514,240)	-
Administrative expenses	21	<u>(5,854,402)</u>	<u>(17,410,199)</u>
Operating loss		(8,368,642)	(17,410,199)
Interest income		119	125
Related party loan write-off	22	<u>100,000,000</u>	<u>-</u>
Net profit / (loss), being total comprehensive income / (loss) for the year		<u>91,631,477</u>	<u>(17,410,074)</u>

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

	Share Capital \$	Accumulated Deficit \$	Total \$
Balance at May 31, 2024	329,436,230	(351,034,502)	(21,598,272)
Issue of share, net transaction cost	955,201,909	-	955,201,909
Total comprehensive loss for the year	-	(17,410,074)	(17,410,074)
Balance at May 31, 2025	1,284,638,139	(368,444,576)	916,193,563
Total comprehensive income for the year	-	91,631,477	91,631,477
Balance at May 31, 2026	1,284,638,139	(276,813,099)	1,007,825,040

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED COMPANY STATEMENT OF CASH FLOWS YEAR ENDED MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

	<u>Note</u>	2026	2025
		<u>₤</u>	<u>₤</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year		91,631,477	(17,410,074)
Adjustments for:			
Interest income		(119)	(125)
Depreciation		53,514	40,318
Unrealised foreign exchange gain		(8,612,444)	-
Related party loan writes off		(100,000,000)	-
		<u>(16,927,572)</u>	<u>(17,369,881)</u>
Changes in operating assets and liabilities			
Receivables		999,970	(1,000,020)
Capital distribution payable		(388)	(129)
Due to related party		9,882,075	17,705,830
Accounts payable and accruals		700,000	910,000
Deferred revenue		<u>5,324,000</u>	<u>-</u>
Net cash (used in) / provided by operating activities		<u>(21,915)</u>	<u>245,800</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		119	125
Acquisition of property, plant & equipment		<u>-</u>	<u>(263,950)</u>
Net cash provided by / (used in) investing activities		<u>119</u>	<u>(263,825)</u>
NET DECREASE IN CASH AND BANK BALANCES		(21,796)	(18,025)
OPENING CASH AND BANK BALANCES		<u>130,997</u>	<u>149,022</u>
CLOSING CASH AND BANK BALANCES		<u>109,201</u>	<u>130,997</u>

The accompanying notes form an integral part of the financial statements

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

1. IDENTIFICATION

Innovative Energy Group Limited ("the Company") is incorporated and domiciled in Jamaica. The shareholders approved the name change of the company from Ciboney Group Limited to Innovative Energy Group Limited on December 6, 2023. The Company is publicly listed on the Jamaica Stock Exchange and its registered office is situated at R1 Commercial Park, Unit #14,11-13 Marverly Avenue, Kingston 10.

The majority shareholder of the Company is IEC Energy Company Limited, which is registered and domiciled in St. Lucia.

The Company commenced trading during the current financial year. The primary activity of the Company is the provision of clean, sustainable and renewable energy.

On November 1, 2024, Innovative Energy Group Limited acquired 100% of the issued share capital of Innovative Energy Company DBA IEC SPEI Limited.

The principal activities of the subsidiary are the sale, development, construction, operation and maintenance of micro-turbines, solar installations and other renewable energy projects.

The Company and its Subsidiary are collectively referred to as the "Group".

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board, and comply, in all material respects with the provisions of the Jamaican Companies Act ("the Act").

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to exercise its judgement and make use of critical accounting estimates in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates.

The financial statements have been prepared under the historical cost convention, except for investment property, which is measured at fair value and expressed in Jamaican dollars, unless otherwise indicated.

(b) Consolidation

(i) Consolidation of Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date the control ceases.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

2. BASIS OF PREPARATION

(b) Consolidation (cont'd)

(i) Consolidation of Subsidiary

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On November 1, 2024, the Company obtained control of Innovative Energy Company DBA IEC SPEI Limited.

(ii) Transactions eliminated on consolidation

Intercompany transactions and balances and any unrealised income and expenses arising between the Group companies are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in accounting standards and interpretations:

New Standards, Interpretations and amendments that became effective during the year

Certain new and amended standards came into effect during the current financial year:

- *Amendments to IAS 21 – Lack of Exchangeability (effective for accounting periods commencing on or after 1 January 2025).* The amendments specify when a currency is exchangeable into another currency and when it is not, as well as how an entity determines the exchange rate to apply when a currency is not exchangeable. A currency is exchangeable when there is an ability to obtain the other currency, and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments also require the disclosure of additional information that would enable users of the financial statements of an entity to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendment is not expected to have a material impact on the company's financial statements.

The Group has concluded that the adoption of standards, amendments and interpretations relevant to the current period did not have a material effect on the financial statements.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

2. BASIS OF PREPARATION

(c) Changes in accounting standards and interpretations: (cont'd)

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted.

The Group has identified the following revised or new IFRS Accounting Standards, Amendments and Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those which may be relevant to the Group's operations are as follows:

- IFRS 18, Presentation and Disclosure in Financial Statements (effective for accounting periods beginning on or after 1 January 2027 with earlier application permitted). The standard sets out significant new requirements for how financial statements are presented, with particular focus on the statement of profit or loss, including requirements for mandatory subtotals to be presented, aggregation and disaggregation of information, as well as disclosures related to management defined performance measures. The standard will replace IAS 1 presentation of financial statements and aims to improve comparability and transparency of the Group performance reporting.

The Group is assessing the effects on presentation, including classification of income and expenses, mandatory subtotals and management-defined performance measures.

- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial instruments (effective for accounting periods beginning on or after 1 January 2026)*. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, add new disclosure for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets), and updated the disclosure for equity instruments designated at fair value through other comprehensive income (FVOCI). The adoption of these amendments is not expected to have a material impact on the company's financial statements.

The Group anticipates that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and other disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future periods, if the revision affects both current and future periods.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

2. BASIS OF PREPARATION

(d) Use of estimates and judgements: (cont'd)

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical Accounting Judgements and Estimates

For the purpose of these financial statements, prepared in accordance with IFRS Accounting Standards, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS Accounting Standards.

(a) Classification of financial assets

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(b) Impairment of financial assets

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(c) Depreciable assets:

Estimates of the useful life and the residual value of property, plant and equipment are required in order to do a structured allocation of the depreciable amount of these assets over their useful lives. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(d) Impairment of goodwill

The Group reviews the carrying amounts of goodwill to determine whether there is any indication that it has suffered an impairment loss. In making such a determination, the Group estimates the recoverable amount of the goodwill. The recoverable amount is the higher of fair value less costs of disposal and value in use. The Group assesses value in use by estimating future discounted cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset. If the recoverable amount of goodwill is estimated to be less than its carrying amount then an impairment loss is recognised by the Group.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

2. BASIS OF PREPARATION

(d) Use of estimates and judgements: (cont'd)

(ii) Key assumptions and other sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in estimated future cash flows from loan receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in that respect.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(b) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognizes liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact income tax and deferred tax provisions in the period in which such determination is made.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MAY 31, 2026 *(Expressed in Jamaican dollars, unless otherwise indicated)*

2. BASIS OF PREPARATION

(e) **Going concern**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group continues in business for the foreseeable future. This basis contemplates that the Group will realise its assets and discharge its liabilities in the normal course of business.

As of May 31, 2026, the Company reported accumulated deficit of \$276.8 million (2025: \$368.4 million), while the Group had accumulated deficit of \$160.3 million (2025: \$267.7 million) and held related party loans totaling \$1.8 billion (2025: \$1.9 billion), while the Group held related party loans of \$1.76 billion (2025: \$1.77 billion). It should be noted that a significant portion of these accumulated deficit was inherited at the acquisition of Ciboney Group Limited.

Management has evaluated these conditions and concluded that the going concern assumption remains appropriate based on the following restructuring and realignment plans intended to improve future liquidity and operational performance:

- **Strategic Realignment:** The Group is centralizing its Engineering, Procurement, and Construction (EPC) operations under Innovative Energy Group Limited (IEG) to optimize project execution and administrative efficiency. All new contracts and relevant inventory will be managed by IEG, with execution handled by its wholly owned subsidiary, Innovative Energy Company DBA IEC SPEI Limited (IEC), as appropriate.
- **Operational Growth:** Management has secured active projects and contracts with major entities, which are expected to generate significant positive cash flow/revenue in the upcoming financial year.
- **Expansion of Services:** The Group is diversifying its service portfolio to include leasing as a service, which is expected to become a significant revenue-generating component of the operations.
- **Funding Strategy:** The Group is actively pursuing additional funding to meet its operational requirements and debt obligations.

Based on these plans, management believes the Group will have sufficient resources to continue operations for the foreseeable future. Management considers that the going concern assumption for the preparation of these financial statements is appropriate.

3. MATERIAL ACCOUNTING POLICIES

(a) **Property, plant and equipment**

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets over their expected useful lives to their estimated residual value. The depreciation rates for property, plant and equipment are as follows:

Furniture, fixtures and equipment	10%
Computers	25%
Machinery	12.5%
Leasehold improvements	17%
Motor vehicles	20%

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment (cont'd)

The depreciation method, useful lives and residual values are reassessed at each reporting date. There has been no change in the estimates for the current year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

(b) Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(c) Cash and bank balances

Cash comprises cash in hand and demand and call deposits with banks. Cash and bank balances are measured at amortised cost.

(d) Receivables

Receivables are initially recorded at original invoice amount (which represents fair value) and subsequently, measured at amortized cost less any provision for expected credit loss.

(e) Accounts payable and accruals

Accounts payable and accruals are measured at amortised cost.

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates in force at the reporting date, and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax assets and liabilities are offset in the statement of financial position when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(h) Related Parties

A related party is a person or entity that is related to the reporting entity as defined by IAS 24 Related Party Disclosures.

A party is related to the Group if:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is considered related to the Group if:
 - (i) directly or indirectly the party:
 - controls, is controlled by, or is under common control with the Group;
 - has an interest in the Group that gives it significant influence over the Group; or
 - has joint control over the Group.
 - (ii) the party is an associate of the Group.
 - (iii) the party is a joint venture in which the Group is a venturer;
 - (iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly.
 - (v) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any company that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognized immediately in profit or loss), as appropriate, on initial recognition.

Financial Assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of an 'other' business model and measured at FVTPL.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories, as applicable:

- Amortized cost
- Fair value through profit or loss (FVTPL)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, due from related party and cash and bank balances. The Group has no financial assets carried at FVTPL.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (cont'd)

Financial Assets (cont'd)

(a) Initial recognition and measurement (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (cont'd)

Financial Liabilities

Initial recognition and measurement

The Group's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(j) Inventories

These are valued at the lower of cost and net realisable value, determined by the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(k) Investment in Subsidiary

In the separate financial statements, investments in subsidiaries are measured at cost less accumulated impairment losses. The Company assesses at each reporting date whether indicators of impairment exist. The Company has 100% ownership of its subsidiary Innovative Energy Company DBA IEC SPEI Limited.

(l) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares

(m) Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. The difference between proceeds and the redemption amount is recognised in finance costs over the term of the borrowing.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Revenue Recognition

- (i) Revenue is recognised when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for the goods or services, excluding amounts collected on behalf of third parties. Solar and renewable-energy project revenue is recognised over time where the criteria in IFRS 15 are met, using a measure of progress that faithfully depicts performance; otherwise, revenue is recognised at the point in time when control transfers. Service and maintenance revenue is recognised over time as the services are provided where the customer simultaneously receives and consumes the benefits. Revenue from sale of products and materials is recognised at a point in time when control passes to the customer.
- (ii) Property rental income
Rental income is recognized on a straight-line basis over the period.
- (iii) Contract assets and liabilities
A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract liability is recognised when consideration is received, or becomes due, before the related performance obligation is satisfied.

(o) Leases

At the inception of an agreement, the Group assesses whether the agreement represents a lease. A lease exists where the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with a lease term of 12 months or less that do not contain a purchase option. Payments associated with these short-term leases are recognised as an expense on a straight-line basis over the lease term.

During the year, the Group's rental arrangements consisted of month-to-month occupancy arrangements that qualified for the short-term lease recognition exemption. Accordingly, no right-of-use assets or lease liabilities were recognised as at May 31, 2026.

(p) Goodwill

Goodwill is recorded at cost and represents the excess of the fair value of the consideration paid for the net fair value of the identifiable assets and liabilities acquired. The Group's goodwill is allocated to the cash-generating units and is tested for impairment annually and whenever there is an indication of impairment. Impairment losses on goodwill are not reversed.

(q) Investment Property

Investment property is property held to earn rental income, for capital appreciation, or both. Investment property is initially measured at cost, including transaction costs, and is subsequently measured at fair value. Changes in fair value are recognised in profit or loss in the period in which they arise. Investment property measured using the fair-value model is not depreciated.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(r) Segment Reporting

The Group has one operating segment, being the provision of clean, sustainable and renewable energy. The Company's Chief Operating Decision Maker ("CODM"), who reviews the results of the business to decide on the allocation of the resources and assess the performance. Accordingly, no separate segment results are presented. The Group provides entity- wide disclosures required by IFRS 8 for products and services and geographic information where applicable.

(s) Comparative Information

The Group comparative information includes the results and cash flows of the subsidiary for the seven months from November 1, 2024 to May 31, 2025. Company comparative information covers the year ended May 31, 2025. Consequently, the Group comparative amounts are not directly comparable with the current year.

4. INVESTMENT PROPERTY

	2026	2025
	\$	\$
Cost at June 1	47,000,000	47,000,000
Revaluation gain/(loss) during the year	13,000,000	-
Closing balance as at May 31	60,000,000	47,000,000

During the year, the investment property generated income and expenses as follows:

	2026	2025
		\$
Rental income	6,910,044	3,075,382
Repairs and maintenance	(136,937)	(9,200)

On 16 March 2026 the Subsidiary revalued its building located at Unit 15 R1 Commercial Park, 11-13 Marverly Avenue, Kingston 10, to fair value based on an independent valuation by A.F Peart & Associates.

The fair value was determined using the market approach considering recent market transactions for similar properties. The carrying amount of building before revaluation was \$47,000,000 and after revaluation the amount increased to \$60,000,000.

The fair value gain of \$13,000,000 has been recognized in the statement of profit or loss.

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5. BUSINESS COMBINATION

On November 1, 2024, Innovative Energy Group acquired 100% of Innovative Energy Company DBA IEC SPEI Limited, which has primary operations in the sale, development, construction, operation and maintenance of micro-turbines, solar installations and other renewable energy projects.

The total purchase consideration was \$2,825,714,654, which was settled entirely through the issuance of equity shares, related party loan and the assumption of related party balances.

The subsidiary acquired during the prior year has been consolidated from the date on which control was obtained by the Group, in accordance with IFRS 10 - Consolidated Financial Statements.

Details of the purchase consideration, the net assets acquired and the goodwill are as follows:

	\$
(a) Purchase Consideration	
Short-term related party	126,699,900
Long-term related party	1,743,812,845
Issuance of shares	955,201,909
	<u>2,825,714,654</u>

This transaction involved related parties and non-cash components, as such, it had no impact on the Company's cash flows.

(b) Identifiable assets acquired and liabilities assumed

	\$
Property, plant and equipment	157,933,328
Investment property	47,000,000
Intangible asset	39,627
Investments	3,073,764
Inventories	288,588,354
Receivables and prepayments	51,189,405
Cash and bank balances	9,016,913
Related parties	57,400,249
Directors' loan	73,198,667
Taxation payable	(87,612,275)
Deferred tax	(6,104,751)
Payables	(173,894,596)
Long-term loan	(216,758,561)
Total identifiable net assets	<u>203,070,124</u>

(c) Goodwill on acquisition (cont'd)

	\$
Purchase consideration for subsidiary	2,825,714,654
Less: Total identifiable net assets	(203,070,124)
Goodwill arising on acquisition	<u>2,622,644,530</u>

(d) Revenue and profit contribution

The acquired business contributed revenues of \$321,207,961, other income of \$4,655,485 and net profit of \$99,601,406, to the Group for the period from 1 November 2024 to 31 May 2025.

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6. PROPERTY, PLANT AND EQUIPMENT

	Group							
	Leasehold Improvement \$	Motor Vehicle \$	Plant \$	Office equipment \$	Furniture and fixtures \$	Machinery \$	Computer equipment \$	Total \$
Cost:								
Balance as at May 31, 2025	17,092,146	72,428,602	112,787,908	13,146,810	2,495,872	32,354,824	3,952,692	254,258,854
Additions	-	-	-	1,542,520	-	-	162,055	1,704,575
Disposals	-	-	-	(1,450,000)	-	-	-	(1,450,000)
Balance as at May 31, 2026	17,092,146	72,428,602	112,787,908	13,239,330	2,495,872	32,354,824	4,114,747	254,513,429
Accumulated depreciation:								
Balance as at May 31, 2025	17,033,623	40,727,712	29,146,943	8,782,636	1,333,982	9,178,723	3,597,687	109,801,306
Charge for the year	39,015	8,165,720	5,648,025	1,340,744	216,727	4,005,937	181,923	19,598,091
Depreciation on disposal	-	-	-	(36,250)	-	-	-	(36,250)
Balance as at May 31, 2026	17,072,638	48,893,432	34,794,968	10,087,130	1,550,709	13,184,660	3,779,610	129,363,147
Net book value:								
May 31, 2026	19,508	23,535,170	77,992,940	3,152,200	945,163	19,170,164	335,137	125,150,282
May 31, 2025	58,523	31,700,890	83,640,965	4,364,174	1,161,890	23,176,101	355,005	144,457,548

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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Company			
	Furniture and fixtures \$	Office equipment \$	Computer equipment \$	Total \$
Cost:				
May 31, 2025 and 2026	592,550	469,200	90,000	1,151,750
Accumulated depreciation:				
May 31, 2025	341,798	238,680	90,000	670,478
Charge for the year	26,395	27,119	-	53,514
May 31, 2026	368,193	265,799	90,000	723,992
Net book value:				
May 31, 2026	224,357	203,401	-	427,758
May 31, 2025	250,752	230,520	-	481,272

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7. INVESTMENT IN SUBSIDIARY

	Company	
	2026	2025
	\$	\$
	<u>2,825,714,654</u>	<u>2,825,714,654</u>

Innovative Energy Company DBA SPEI Limited is a wholly owned subsidiary of the Company as of November 1, 2024.

8. INTANGIBLE ASSETS

	Group		
	Goodwill	Computer Software	Total
	\$	\$	\$
31 May 2025	2,622,644,530	493,222	2,623,137,752
Additions		-	-
31 May 2026	<u>2,622,644,530</u>	<u>493,222</u>	<u>2,623,137,752</u>
Accumulated amortization			
31 May 2025	-	493,222	493,222
Charge for the year	-	-	-
31 May 2026	<u>-</u>	<u>493,222</u>	<u>493,222</u>
Net Book Value			
31 May 2026	<u>2,622,644,530</u>	<u>-</u>	<u>2,622,644,530</u>
31 May 2025	<u>2,622,644,530</u>	<u>-</u>	<u>2,622,644,530</u>

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8. INTANGIBLE ASSETS (CONT'D)

Goodwill Impairment

Management performed its annual impairment assessment of goodwill as at 31 May 2026, which evaluated the recoverable amount of the cash-generating unit ("CGU") to which the goodwill has been allocated.

The recoverable amount was determined using the value-in-use methodology, incorporating the following key assumptions:

- Forecast cash flows for financial years 2027–2030
- Expected operating margins consistent with current business plans
- Terminal growth rate of 1.5%
- Discount rate reflecting risks specific to the CGU, with a weighted average cost of capital (WACC) of 15.2%.
- Consideration of future economic and market conditions

The valuation determined a recoverable amount of \$9.91 billion, which exceeds the CGU's carrying amount of \$2.6 billion at year-end by approximately \$6.97 billion. Accordingly, no impairment loss was recognised as at May 31, 2026.

9. INVENTORIES

	Group	Group
	2026	2025
	\$	\$
Inventories and spares	133,592,421	142,850,927
Inventory at construction site	96,658,164	123,692,163
Goods in transit	9,512,921	9,128,827
	<u>239,763,506</u>	<u>275,671,917</u>

Inventory at construction site refers to inventory on site for MJB Airports Limited project.

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10. RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Trade receivables	139,127,236	142,407,027	-	-
Allowances for expected credit loss	(33,712,211)	(46,813,123)	-	-
	105,415,025	95,593,904	-	-
Prepayments	16,786,431	2,781,965	-	1,000,000
GCT recoverable	29,518,680	31,323,629	-	-
Other receivables	119,023,541	30,059,430	2,120	2,090
	270,743,677	159,758,928	2,120	1,002,090

11. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Due from related party:

	Group	
	2026	2025
	\$	\$
Wigton - Joint Venture	4,710,437	4,710,437

This balance is unsecured, interest free and has no fixed repayment date.

(b) Due to related parties:

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Current portion:				
Due to directors	121,115,692	24,453,291	62,198,580	126,699,900
Innovative Energy Company DBA IEC SPEI Limited	-	-	101,878,010	27,494,615
	121,115,692	24,453,291	164,076,590	154,194,515

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11. RELATED PARTY TRANSACTIONS AND BALANCES (CONT)

(b) Due to related parties:

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Non-current portion:				
Innovative Energy Company DBA IEC SPEI Limited	-	-	-	-
Innovative Energy Company Limited, St Lucia	1,635,200,401	1,743,812,845	1,635,200,401	1,743,812,845
	<u>1,635,200,401</u>	<u>1,743,812,845</u>	<u>1,635,200,401</u>	<u>1,743,812,845</u>

This represents a loan of US\$10.95 million issued in August 2024. The loan is repayable over a period of sixty months (60) commencing at the beginning of the of sixth year after the issue date. The interest rate on the loan is zero percent (0%) for the first sixty (60) months and thereafter the interest rate is 1 year LIBOR+5% per annum on the reducing balance.

During the year, the Directors of Innovative Energy Company Limited, St. Lucia, approved the forgiveness of \$100,000,000 of the debt owed in connection with the acquisition of the Subsidiary. As a result, the long-term related-party balance decreased from \$1,743,812,845 to \$1,643,812,845. The loan balance had a further reduction of \$8,612,444 as a result of the revaluation of the USD balance as at the reporting date.

(c) The Group's and Company's statement of profit or loss includes the following transactions, undertaken with related parties in the ordinary course of business:

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Transactions with key management personnel				
Directors' fees	<u>1,800,000</u>	<u>2,167,000</u>	<u>1,800,000</u>	<u>2,160,000</u>

(d) Expected credit losses

No indicators of impairment or significant increase in credit risk were identified. Accordingly, management concluded that the probability of default is remote and the resulting expected credit loss is immaterial. Therefore, no ECL provision has been recognised as at the year end.

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12. CASH AND BANK BALANCES

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Cash in hand	859,793	3,580,715	-	-
Foreign currency accounts	10,143,514	4,348,479	-	-
Local currency accounts	4,579,569	1,518,850	109,201	130,997
	<u>15,582,876</u>	<u>9,448,044</u>	<u>109,201</u>	<u>130,997</u>

13. SHARE CAPITAL

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Authorized:				
No maximum number of shares				
Stated capital:				
Balance at the start of the year	1,284,638,139	-	1,284,638,139	329,436,230
Transferred in during year on acquisition	-	329,436,230	-	-
New shares issued during the year	-	955,201,909	-	955,201,909
	<u>1,284,638,139</u>	<u>1,284,638,139</u>	<u>1,284,638,139</u>	<u>1,284,638,139</u>

Issued and fully paid:

1,316,324,120 ordinary shares (2025: 1,316,324,120 ordinary shares)

On May 21, 2025, the Company issued 770,324,120 additional ordinary shares at \$1.24 per share as partial consideration for the acquisition of its Subsidiary, resulting in the number of shares increasing to 1,316,324,120 units.

The fair value of the issued shares was based on the closing price of the Company's ordinary shares on May 21, 2025, as per the share price on the Jamaica Stock Exchange.

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14. DEFERRED TAX LIABILITY

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2026	2025
	\$	\$
Deferred tax liability	10,010,150	4,982,817
Deferred tax liability is attributable to the following:		
	2026	2025
	\$	\$
Property, plant and equipment	10,010,150	4,982,817
The movement during the year in the Group's deferred tax position was as follows:		
	2026	2025
	\$	\$
Balance at the beginning of the year/Transferred in during the year on acquisition	4,982,817	6,104,752
Movement during the year	5,027,333	(1,121,935)
Balance at the end of the year	10,010,150	4,982,817

15. LONG-TERM LOANS

	Group	
	2026	2025
	\$	\$
National Commercial Bank Jamaica Limited (i)	24,580,760	26,645,531
National Export Import Bank of Jamaica (ii)	16,805,484	21,335,937
First Global Bank Limited (iii)	179,213,506	187,513,503
Total carrying amount	220,599,750	235,494,971
Less: current portion	(24,093,962)	(15,187,515)
Long term loans	196,505,788	220,307,456

- (i) The subsidiary received a loan from National Commercial Bank Jamaica Limited in 2019 to acquire property, located at R1 Commercial Complex, Unit#14, 11-13 Marverly Avenue, Kingston 10. This loan incurs interest at a rate of 9% per annum and is repayable over 180 months. The loan is secured by mortgage and personal guarantee of the directors.

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15. LONG-TERM LOANS (CONT'D)

- (ii) The subsidiary received a loan from National Export Import Bank of Jamaica in 2019 to construct a Micro Turbine Plant which is leased to Lifespan Company Limited. The loan incurs interest at a variable rate of 8% per annum and is repayable over 72 months. The loan is secured by a promissory note of \$65,000,000 and mortgage over Armor View Holdings Limited.
- (iii) The subsidiary received four loans from First Global Bank Limited in 2020 to pay off a bridge loan with Armor View holding and to purchase previously leased motor vehicles from Armor View Holdings Limited. The loans incur interest rates of 7.50% - 8% per annum and are repayable over five to fifteen years. The loans are secured by Unit #15, 11-13 Marverly Avenue, Kingston 10. A deed of subordination was executed by the company and acknowledged by directors Nigel and Jennifer Davy and Innovative Energy Company Limited, St. Lucia. Additional general security agreement over 2019 Land Rover Discovery; 2017 Ford Ranger XLT; 2017 Ford Ranger Wildtrack and 2023 Ford Ranger, registered in the name of the company. During the year the US\$800,000 line of credit facility was converted to a non-revolving loan of JMD128,000,000 for debt consolidation with a loan term of 10 years.

16. ACCOUNTS PAYABLE AND ACCRUALS

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Trade payables	71,535,808	72,066,484	-	-
Other payables	15,839,222	13,881,651	-	-
Credit card payables	10,518,710	9,859,111	-	-
Accrued expenses	29,590,829	48,522,802	4,040,000	3,340,000
	<u>127,484,569</u>	<u>144,330,048</u>	<u>4,040,000</u>	<u>3,340,000</u>

17. DEFERRED INCOME

Deferred income

This represents amounts billed to, or received from, customers in advance of the transfer of the related goods or services. Deferred revenue is recognised as revenue when the performance obligations are satisfied by the transfer of goods or services to customers.

	Group	Company
	\$	\$
Balance at June 1, 2025	4,912,313	-
Net increase during the year	<u>6,240,168</u>	<u>5,324,000</u>
Balance at May 31, 2026	<u>11,152,481</u>	<u>5,324,000</u>

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18. CAPITAL DISTRIBUTION PAYABLE

This represents a capital distribution that was approved for payment in February 2018, which has not been collected by shareholders.

19. REVENUE

	Group		Company	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025	Year ended May 31, 2026	Year ended May 31, 2025
	\$	\$	\$	\$
Solar project income	183,673,191	316,103,905	-	-
Service and maintenance	101,713,889	3,637,073	-	-
Sale of product	54,098,854	1,466,983	24,589,129	-
	<u>339,485,934</u>	<u>321,207,961</u>	<u>24,589,129</u>	<u>-</u>

20. DIRECT COSTS

	Group		Company	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025	Year ended May 31, 2026	Year ended May 31, 2025
	\$	\$	\$	\$
Equipment costs	32,717,071	7,236,049	-	-
Material costs	33,427,991	5,708,149	-	-
Project management costs	88,286,685	39,364,012	27,103,369	-
Contractors' costs	55,531,193	60,430,999	-	-
	<u>209,962,940</u>	<u>112,739,209</u>	<u>27,103,369</u>	<u>-</u>

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21. ADMINISTRATIVE EXPENSES	Group		Company	
	Year ended May 31, 2026 \$	Seven (7) Months ended May 31, 2025 \$	Year ended May 31, 2026 \$	Year ended May 31, 2025 \$
Salaries and wages	60,795,404	25,984,956	-	-
Audit fees	4,800,000	4,300,000	2,200,000	2,400,000
Accommodation	71,213	150,000	-	-
Depreciation	19,598,091	13,367,982	53,514	40,318
Amortization	-	39,627	-	-
Other expenses	648,055	1,045,727	-	538,940
Entertainment	7,549,800	3,346,261	-	-
Legal and professional fees	6,708,034	9,980,963	3,330,534	9,344,128
Advertisement and promotion	2,976,995	2,048,193	965,622	1,754,432
Bank charges	3,443,682	4,549,524	21,886	18,000
Foreign exchange (gain) / loss	(9,687,215)	10,393,610	(8,612,444)	-
Travelling	2,844,904	2,104,516	-	-
Utilities	4,003,818	1,940,567	-	-
Donations and subscriptions	3,237,067	2,062,235	131,223	156,035
Staff training	1,635,064	-	-	-
Insurance	5,364,973	3,298,111	-	-
Consultancy fees	1,234,000	60,000	-	-
Uniforms	-	11,700	-	-
Short-term lease expense	9,077,782	3,049,290	-	-
Stationery and printing	220,935	83,162	-	-
Accounting fees	375,250	156,000	-	-
Repairs and maintenance	6,344,414	4,437,795	-	-
Expected credit loss (decrease) / increase	(13,100,912)	18,343,019	-	-
Bad debt written-off	10,150,854	-	-	-
Directors' fees	1,800,000	2,167,000	1,800,000	2,160,000
Registrar and listing fees	5,964,067	998,346	5,964,067	998,346
Cleaning and sanitation	47,200	24,000	-	-
Penalties and late fees	581,969	11,113	-	-
Contractor's levy written-off	2,731,276	3,916,702	-	-
	<u>139,416,720</u>	<u>117,870,399</u>	<u>5,854,402</u>	<u>17,410,199</u>

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22. OTHER OPERATING INCOME

	Group		Company	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025	Year ended May 31, 2026	Year ended May 31, 2025
	\$		\$	\$
Rental income	6,910,044	3,075,382	-	-
Reimbursement of expenses	6,681,633	866,236	-	-
Interest income	902	2,511	119	125 *
Gain on disposal of property, plant & equipment	486,250	-	-	-
Related party loan write-off	100,000,000	-	100,000,000	-
Miscellaneous income	16,025,750	711,481	-	-
	<u>130,104,579</u>	<u>4,655,610</u>	<u>100,000,119</u>	<u>125 *</u>

23. FINANCE COST

	Group	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025
	\$	\$
Loan interest expense	<u>20,854,964</u>	<u>9,546,194</u>

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24. TAXATION

- (a) Taxation is computed on the operating results for the year, adjusted for tax purposes at the current rate of 25%

Deferred taxation is computed at 25% for the financial year based on the applicable income tax rate for unregulated companies.

	Group	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025
	\$	\$
Current:		
Provision for income tax on current profit	-	4,638,372
Deferred:		
Origination and reversal of temporary differences	5,027,333	(1,121,935)
	<u>5,027,333</u>	<u>3,516,437</u>

- (b) Reconciliation of theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

	Group	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025
	\$	\$
Profit before tax	112,355,889	85,707,769
Tax calculated at applicable tax rates of 25%	28,088,972	21,426,942
Adjusted for the effects of:		
Depreciation charge and capital allowances	(2,485,250)	(870,259)
Items not allowable for tax purposes	(20,576,389)	(17,040,246)
	<u>5,027,333</u>	<u>3,516,437</u>

- (c) Subject to agreement with the Taxpayer Audit and Assessment Department, losses of approximately \$256.3 million (2025: \$247.9 million) are available for set-off against future profits and may be carried forward indefinitely.

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25. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based on the profit after taxation and the weighted average number of shares in issue during the year. In the prior year the Company had 546,000,000 ordinary shares at the beginning of the year and 1,316,324,120 ordinary shares as at May 21, 2025.

	Group	
	Year ended May 31, 2026	Seven (7) Months ended May 31, 2025
	\$	\$
Profit attributable to stockholders	107,328,556	82,191,332
Weighted average number of ordinary stock units	1,316,324,120	569,215,247
Earnings per stock unit	\$ 0.082	\$ 0.144

26. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where an active market exists, quoted market prices provide the most reliable evidence of fair value. Where quoted market prices are not available, the Group determines fair value using appropriate valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The valuation techniques used incorporate market participants' assumptions and are based on market conditions existing at the reporting date. The determination of fair value may require significant judgement, particularly where observable market data are limited.

Accordingly, the fair value estimates presented in these financial statements represent the Group's best estimate of the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date and may differ from amounts ultimately realised or settled.

The fair value of cash and bank balances, receivables and payables and due from related parties reflect the approximate fair values because of short-term maturity of these instruments.

27. SIGNIFICANT NON-CASH TRANSACTIONS

The following significant non-cash transactions occurred during the previous financial period (2025):

- Issuance of ordinary shares valued at \$955,201,909 as part consideration for acquisition of Subsidiary
- Long-term related party loan of \$1,743,812,845 arranged to finance acquisition of Subsidiary
- Recognition of intangible assets (goodwill) of \$2,622,644,530 on business combination

During 2026, related-party debt of \$100,000,000 was forgiven. In addition, the US\$800,000 line of credit was converted into a JMD128,000,000 non-revolving loan; the transaction did not result in a cash inflow to the extent it refinanced an existing balance.

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28. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Cash flow risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing and measuring the risks.

The Group risk management policies are established to identify and analyse the risks faced by the Group, in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Investments
- Trade receivables
- Cash and bank balances
- Due from related party
- Payables
- Long-term loans

(ii) Financial Instruments by Category

The carrying values of the Group's financial instruments are as follows:

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Financial Assets				
At cost or amortized:				
Trade receivables, net	105,415,025	95,593,904	-	-
Due from related party	4,710,437	4,710,437	-	-
Cash and bank balances	15,582,876	9,448,044	109,201	130,997
	<u>125,708,338</u>	<u>109,752,385</u>	<u>109,201</u>	<u>130,997</u>

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28. Financial Risk Management (cont'd)

(ii) Financial Instruments by Category (cont'd)

	Group		Company	
	2026	2025	2026	2025
	\$	\$	\$	\$
Financial Liabilities				
At cost or amortized:				
Accounts payable and accruals	127,484,569	144,330,048	4,040,000	3,340,000
Due to related party	1,756,316,093	1,768,266,136	1,799,276,992	1,898,007,360
Capital distribution payable	9,880,386	9,880,774	9,880,386	9,880,774
Long-term loans	220,599,750	235,494,971	-	-
	<u>2,114,280,798</u>	<u>2,157,971,929</u>	<u>1,813,197,378</u>	<u>1,911,228,134</u>

(iii) Financial Risk Factors

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's financial function. The Board receives monthly reports from the financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

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28. Financial Risk Management (cont'd)

(iii) Financial Risk Factors (cont'd)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counter-party to a financial instrument fails to discharge its obligations. Credit risk arises from trade receivables and cash and bank balances.

The maximum exposure to credit risk is equal to the carrying amount of receivables and cash and bank balances in the statement of financial position.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution. No allowance for impairment is deemed necessary as the credit risk is considered to be low at the reporting date.

Trade receivables

Revenue transactions in respect of the Group's operations are settled by either wire transfer or by using major credit cards. For its operations done on a credit basis, the Group has policies in place to ensure that sales of goods and or services are made to customers with an appropriate credit history.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analyzed individually for creditworthiness prior to the Group offering them a credit facility. These limits are reviewed at least twice per year. The Group has procedures in place to restrict customer orders if the order will exceed their credit limits.

Customer credit risks are monitored according to credit characteristics such as whether it is an individual or company, industry, ageing profile, and previous financial difficulties. Special negotiated credit arrangements are extended to corporate customers for a maximum of 3 months (90 days). Trade receivables relate mainly to the Group's customers.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the unemployment rate of the country in which it sells its products to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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28. Financial Risk Management (cont'd)

(iii) Financial Risk Factors (cont'd)

The following table provides information about the ECLs for trade receivables.

	Current \$	61-90 days \$	More than 90 days past due \$	Total \$
May 31, 2026				
Expected loss rate	1.00%	15.76%	70.20%	
Gross carrying amount	40,346,736	66,190,705	32,589,795	139,127,236
Loss amount	<u>(403,467)</u>	<u>(10,430,831)</u>	<u>(22,877,913)</u>	<u>(33,712,211)</u>
May 31, 2025				
Expected loss rate	1.30%	21.84%	36.59%	
Gross carrying amount	11,911,133	7,399,182	123,096,712	142,407,027
Loss amount	<u>(154,981)</u>	<u>(1,615,844)</u>	<u>(45,042,298)</u>	<u>(46,813,123)</u> *

(b) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The Group's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity,
- (ii) Maintaining committed lines of credit.

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28. Financial Risk Management (cont'd)

(iii) Financial Risk Factors (cont'd)

(b) Liquidity risk

Cash flows of financial liabilities

The following tables show the maturities of financial liabilities, based on contractual undiscounted payments:

	Carrying amount	Contractual cash flows	Group		
			Within 1 year	2 to 5 years	Over 5 years
	\$	\$	\$	\$	\$
May 31, 2026					
Accounts payable and accruals	127,484,569	127,484,569	127,484,569	-	-
Capital distribution payable	9,880,386	9,880,386	9,880,386	-	-
Due to related parties	1,756,316,093	1,928,012,135	121,115,692	-	1,806,896,443
Long-term loans	220,599,750	242,315,866	18,149,922	83,365,944	140,800,000
Total financial liabilities	<u>2,114,280,798</u>	<u>2,307,692,956</u>	<u>276,630,569</u>	<u>83,365,944</u>	<u>1,947,696,443</u>
May 31, 2025					
Account payable and accruals	144,330,048	144,330,048	144,330,048	-	-
Capital distribution payable	9,880,774	9,880,774	9,880,774	-	-
Due to related parties	1,768,266,136	2,053,613,093	126,699,899	-	1,926,913,194 *
Long-term loans	235,494,971	258,564,156	20,946,775	96,459,444	141,157,937
Total financial liabilities	<u>2,157,971,929</u>	<u>2,466,388,071</u>	<u>301,857,496</u>	<u>96,459,444</u>	<u>2,068,071,131</u>

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28. Financial Risk Management (cont'd)

(iii) Financial Risk Factors (cont'd)

(b) Liquidity risk

	Carrying amount	Contractual cash flows	Company		
			Within 1 year	2 to 5 years	Over 5 years
	\$	\$	\$	\$	
May 31, 2026					
Accruals and other payables	4,040,000	4,040,000	4,040,000	-	-
Due to related parties	1,799,276,991	1,928,012,135	164,076,590	-	1,763,935,545
Capital distribution payable	9,880,386	9,880,386	9,880,386	-	-
	<u>1,813,197,377</u>	<u>1,941,932,521</u>	<u>177,996,976</u>	<u>-</u>	<u>1,763,935,545</u>
May 31, 2025					
Accruals and other payables	3,340,000	3,340,000	3,340,000	-	-
Due to related parties	1,898,007,360	2,081,107,709	154,194,515	-	1,926,913,194
Capital distribution payable	9,880,774	9,880,774	9,880,774.00	-	-
	<u>1,911,228,134</u>	<u>2,094,328,483</u>	<u>167,415,289</u>	<u>-</u>	<u>1,926,913,194</u>

(c) Market risk

Market risk arises from the Group's use of interest bearing and tradable instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (interest rate risk), foreign exchange rate (currency risk) or other market factors (other price risks).

The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return on risk.

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28. Financial Risk Management (cont'd)

(iii) Financial Risk Factors (cont'd)

(c) Market risk (cont'd)

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from foreign payables and US dollar cash and bank balances and receivables. The Group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The Jamaican equivalent of financial assets and financial liabilities denominated in US dollars comprise:

	2026 \$	Group 2025 \$	2026 \$	Company 2025 \$
<u>Financial Assets</u>				
Trade receivables	109,170,600	65,577,102	-	-
Cash and bank balances	10,143,514	4,348,479	-	-
	<u>119,314,114</u>	<u>69,925,581</u>	<u>-</u>	<u>-</u>
<u>Financial Liabilities</u>				
Due to related parties	1,635,200,401	1,743,812,845	1,635,200,401	1,743,812,845
Payables	34,709,276	47,450,057	-	-
	<u>1,669,909,677</u>	<u>1,791,262,902</u>	<u>1,635,200,401</u>	<u>1,743,812,845</u>
Net foreign currency liability	<u>(1,550,595,563)</u>	<u>(1,721,337,321)</u>	<u>(1,635,200,401)</u>	<u>(1,743,812,845)</u>

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

28. Financial Risk Management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated payables, bank and receivable balances, and adjusts their translation at the year-end for 1.5% (2025 - 3.5%) depreciation and a 1% (2025 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

		Group	Company
	% Change in Currency Rate	Effect on Profit before Tax	Effect on Profit before Tax
May 31, 2026			
Currency (JMD)			
Revaluation	1	15,505,956	16,352,004
Devaluation	1.5	<u>(23,258,933)</u>	<u>(24,528,006)</u>
May 31, 2025			
Currency (JMD)			
Revaluation	1	17,213,373	17,438,128
Devaluation	3.5	<u>(60,246,806)</u>	<u>(61,033,450)</u>

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the company does not have significant exposure, market price fluctuations are not expected to have a material effect on the statement of changes in equity.

(iii) Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

The Group is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MAY 31, 2026

(Expressed in Jamaican dollars, unless otherwise indicated)

28. Financial Risk Management (cont'd)

(c) Market risk (cont'd)

(iii) Interest risk (cont'd)

Borrowings are the only interest-bearing liabilities within the Group. The year-end balance on borrowing was at variable rates.

Interest rate sensitivity

The following table indicates the sensitivity of profit before taxation to reasonable possible changes in interest rates with all other variables held constant.

	Group		Company	
	Change in Basis Point %	Effect on Profit before Tax \$	Change in Basis Point %	Effect on Profit before Tax \$
May 31, 2026	0.25%	551,499	0.25	-
	-0.25%	(551,499)	-0.25	-
May 31, 2025	1%	2,354,950	1	-
	-0.25%	(588,737)	-0.25	-

(d) Cash Flow Risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(e) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders. There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the Group is subject.

INNOVATIVE ENERGY GROUP LIMITED

INNOVATIVE ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2026
(Expressed in Jamaican dollars, unless otherwise indicated)

29. Impact of Hurricane Melissa

On October 28, 2025, Hurricane Melissa, a Category 5 hurricane, made landfall in Jamaica and significantly affected the Subsidiary's operations. The hurricane resulted in temporary disruptions to project execution, logistics and the operations of certain major customers.

The most significant impact was experienced on two of the subsidiary's major projects located in St. Elizabeth and Montego Bay, where project activities were delayed as customers prioritized restoration and repairs to their facilities following the hurricane. These disruptions resulted in an estimated delay of approximately three months to the execution schedules of the affected projects.

The Subsidiary also experienced temporary delays in the importation and clearance of equipment and materials arising from disruptions and backlogs affecting port and customs operations.

During the period of reduced activity on the affected major projects, the Subsidiary continued operations and increased its focus on residential and smaller commercial projects, which contributed additional revenue during the period.

Project execution on the affected major contracts has since resumed. While the hurricane affected the timing of project execution and associated revenue recognition, there have been no material changes to the underlying contracts or the total revenues expected to be generated from these projects.

INNOVATIVE ENERGY GROUP LIMITED

INTEREST OF DIRECTORS AND SENIOR MANAGEMENT AND THEIR CONNECTIONS

The interests of the Directors and Senior Management and their connected persons holding office as at May 31, 2026 in the ordinary stock units of the Company were as follows:

INNOVATIVE ENERGY GROUP LIMITED			
DIRECTORS SHAREHOLDINGS			
DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
NIGEL DAVY JENNIFER DAVY KYLE DAVY	NIL	IEC ENERGY COMPANY LIMITED	984,417,637
WINSTON WATSON	NIL		NIL
ALBERT GORDON	NIL		NIL
DONALD PATTERSON	NIL		NIL
CONLEY SALMON	NIL		NIL
WAYNE WRAY	NIL	WILTSHIRE CONSULTING & ADVISORY	3,937,324
		Grand Total	988,354,961

INNOVATIVE ENERGY GROUP LIMITED

THE TOP 10 SHAREHOLDERS

INNOVATIVE ENERGY GROUP LIMITED			
TOP 10 SHAREHOLDERS AT 31 MAY 2026			
			1,316,324,120
			%
1	IEC ENERGY COMPANY LIMITED	984,417,637	74.785
2	NICHOLAS ANTHONY HUDSON	35,000,000	2.659
3	TOMAS DUNCAN HUDSON	35,000,000	2.659
4	INFINITI CAPITAL LIMITED	30,569,348	2.322
5	CLAUDINE MURPHY	26,357,525	2.002
6	STEVEN HUDSON	20,000,000	1.519
7	NKRUMAH ONEIL WILSON	19,933,436	1.514
8	OPEROR AUCTUS LIMITED	19,066,093	1.448
9	KARL P. WRIGHT	11,521,500	0.875
10	CLAUDETTE COOKE	8,632,265	0.656
	Sub Total	1,190,497,804	90.441
NO. OF SHAREHOLDERS AT 31/05/2026		JCSD	3,468
		MAIN REGISTER	11,365
		GRAND TOTAL	14,833

FORM OF PROXY

Annual General Meeting | Wednesday, 20 January 2027 | 10:00 a.m.

FORMAT	Hybrid - in person and online
VENUE	Caymanas Golf Club, Caymanas Estates, St. Catherine

1 MEMBER / SHAREHOLDER DETAILS

I/We _____

Of _____

2 APPOINTMENT OF PROXY

being a member/member(s) of Innovative Energy Group Limited, hereby appoint:

Proxy name	_____
TRN/JCSD No.	_____
Address	_____

OR, failing him/her, appoint:

Alternate name	_____
TRN/JCSD No.	_____
Address	_____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 20 January 2027 at 10:00 a.m., hybrid - in person and online at Caymanas Golf Club, Caymanas Estates, St. Catherine, and at any adjournment thereof.

3 VOTING INSTRUCTIONS

Please enter an "X" in one box only for each resolution: FOR, AGAINST or ABSTAIN. If no direction is given, the proxy may vote or abstain at his/her discretion, subject to the Company's Articles of Incorporation and applicable law.

NO.	RESOLUTION	FOR	AGAINST	ABSTAIN
1	THAT the Audited Financial Statements for the year ended 31 May 2026 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted.	☐	☐	☐
2	THAT the following Directors who retire in accordance with Section 114 of the Articles of Incorporation and who, being eligible, offer themselves for re-appointment, be hereby re-appointed en bloc: Nigel Davy, Winston Watson and Donald Patterson.	☐	☐	☐
3	THAT Crichton, Mulling & Associates, Chartered Accountants, having signified their willingness to serve, continue in the office as Auditors of the Company pursuant to Section 188 of the Company's Articles of Incorporation to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.	☐	☐	☐
4	THAT the fees of the Non-executive Directors for the year ended May 31, 2026, be fixed by the Corporate Governance & Sustainability Committee of the Board of Directors.	☐	☐	☐

4 EXECUTION

Day/Month/Year			
Name of signatory	Click or tap to enter name	Capacity (if corporate)	

Signature: _____

Second signature (if required): _____

IMPORTANT NOTES

- A member entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- If executed by a corporation, this proxy must be sealed. A corporate shareholder may appoint a representative in accordance with the Company's Articles of Incorporation instead of appointing a proxy.
- This Form of Proxy must be received by the Company Secretary, AspireSec Limited, at 8 Lady Musgrave Road, Kingston 5, Jamaica, or via email at secretary@aspiresec.com, not less than 48 hours before the time of the meeting.
- Adhesive stamp duty of J\$100.00 should be affixed and cancelled by the person signing the proxy.

**J\$100.00
STAMP
TO BE
AFFIXED**

Our Office

R1 Commercial Park, Unit#14
11-13 Marverly Avenue, Kingston 10

E-mail & Web

info@innovativeenergy.net
www.innovativeenergy.net

