

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000-55470

CQENS Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-1521407
(I.R.S. Employer
Identification No.)

170 South Green Valley Parkway, Suite 343
Henderson, NV
(Address of principal executive offices)

89012
(Zip Code)

Registrant's telephone number, including area code:

(702) 661-2404

Securities registered under Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	Not applicable	Not applicable

Securities registered under Section 12(g) of the Act:

Common stock, par value \$0.0001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.4.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act 915 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit

report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$0 on June 30, 2025.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 27,579,752 shares of common stock are issued and outstanding as of April 13, 2026.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).
None.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “targets,” “likely,” “aim,” “will,” “would,” “could,” and similar expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs. Forward-looking statements include, but are not limited to, statements about:

- financial risks, including:
 - our history of losses, lack of revenues and insufficient working capital;
 - our ability to continue as a going concern; and
 - our ability to raise capital.
- business risks, including:
 - our limited operating history and lack of products;
 - lack of operating history of Leap Technology;
 - the joint venture with the Barker Group/Firebird Manufacturing remains inactive;
 - potential conflicts of interest of our management;
 - reliance on third-parties;
 - potential FDA oversight;
 - lack of marketing and distribution experience;
 - possible inability to establish and maintain strategic partnerships; and
 - possible dependence on licensing or collaboration agreements.
- risks related to our common stock, including:
 - lack of public market for our common stock; and
 - possible impact of Delaware’s anti-takeover statutes on our stockholders.

You should read thoroughly this report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements including those made in Part I. Item 1A. Risk Factors appearing elsewhere in this report. Other sections of this report include additional factors which could adversely impact our business and financial performance. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, when used in this report the terms “CQENS,” “we,” “our,” “us,” and similar terms refers to CQENS Technologies Inc., a Delaware corporation. In addition, “2024” refers to the year ended December 31, 2024 and “2025” refers to the year ending December 31, 2025.

We maintain a corporate website at www.cqens.com. Unless specifically set forth herein to the contrary, the information which appears on our corporate website is not part of this report.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Our Business

We are a technology company. We design and develop innovative methods to heat plant-based and/or medicant-infused formulations to produce aerosols for the efficient and efficacious inhalation of the plant and medicant constituents contained therein. We have two ways of accomplishing this: 1) at high temperatures via induction without combustion or the constituents of combustion; and 2) at low temperatures, where we heat an inert carrier, producing inhalable, medicant-infused aerosols while maintaining the integrity of the active ingredient(s).

Our high-temperature non-combusting technology is supported by 82 U.S. and international patents and pending patents. Among the applications of our patented and patent-pending technology are those for Heat-not-Burn (“HnB”) devices. Independent tests performed by an accredited lab on our system’s prototypes supported the benefits of rapid heating, confirmed non-combustion, even at high temperatures, and produced better toxicology results, greater than 99% better, when compared to products requiring combustion and compared to other non-combusting technologies currently on the market.

Our low-temperature, aerosolizing technology is supported by 30 U.S. and international patents and pending patents. This portfolio includes intellectual property around device designs and formulations containing a wide variety of herbal and pharmaceutical preparations. The development stage devices feature the ability to verify the user, validate the medicant or pharmaceutical preparation and measure, meter and monitor the proper, prescribed dosage.

We define our target market as the “international inhalation market,” a market that includes herbal, pharmaceutical, medical, recreational and lifestyle products and ingredients. Industry experts, such as Nielsen, Grand View Research, and Fior Markets, updated published reports in 2023 and 2024 that we have consolidated; these consolidated estimates support that this is a \$1.1 trillion USD annual market. The largest category within this market is the combustible tobacco market, comprising over 90% of the total. Our near-term focus is on this segment, which represents the greatest opportunity for growth and the greatest opportunity to positively impact public health and wellness.

Since late 2019 we have focused our efforts on commercializing our HnB technology. We believe our HnB technologies have applications to the international tobacco industry and the growing hemp/CBD and cannabis industries. HnBs represent the latest in tobacco and inhalable technologies, and it is likely to supplant the electronic vapor system (EVS) technologies that include e-cigarettes and electronic nicotine delivery systems. We believe HnBs, if properly designed, will avoid many of the issues that have proved troublesome for EVS’, including thermal decomposition, heating irregularities and the formation and presence of high levels of acrolein and formaldehyde. In late 2019 Philip Morris International sought to introduce its HnB product to U.S. markets. This product, which was sold in more than 40 countries before entering U.S. markets, like other HnB technologies, is a device that heats a tobacco stick, rather than burning it, and testing by an independent accredited lab supports claims that the product can potentially reduce the number of noxious chemicals found in cigarette smoke by 95%. The Philip Morris product received the approval of the U.S. FDA in 2019, via both a Pre-market Tobacco Authorization (“PMTA”) and in 2020 with a Modified Risk Tobacco Product (“MRTP”) designation to market the product in the US. However, the International Trade Commission ruled on September 29, 2021 that the Philip Morris product violated certain British American Tobacco patents and ruled that the Philip Morris product could not be imported to or sold in the US. In 2023 Phillip Morris and British American Tobacco settled their patent litigation and the product is now being introduced into the US market.

On August 17, 2021, we entered into a Joint Venture Agreement (the “JV Agreement”) with Firebird Manufacturing, LLC (“Firebird”), a Barker Group company. Under the terms of the JV Agreement the parties have agreed to organize, negotiate, and establish a limited liability company joint venture entity (the “Joint Venture Entity”) for the purposes of developing, manufacturing, and distributing HnB products in the United States for an initial term of four years, subject to an automatic renewal for successive one-year terms provided certain conditions are met. The Joint Venture Entity will be owned equally by the Company and Firebird. The Company will license its intellectual property to the Joint Venture Entity, receiving a 10% royalty on direct consumable sales and will be responsible for designing and coordinating the manufacture of an HnB device exclusively conformed to heat but not combust. Firebird will be responsible for manufacturing the consumable and distributing both the device and consumables to the retail locations where the product can be lawfully sold.

The execution of the Joint Venture Entity Operating Agreement is subject to formalizing the definitive Joint Venture Operating Agreement and the execution of additional agreements, including a license agreement for the use of intellectual property, certain product development agreements, supply agreements and such other agreements as may be necessary to further the purpose of the JV Agreement. The parties anticipate completing all of the relevant agreements in 2026 although there are no assurances that the parties will complete and formalize these agreements.

On July 13, 2022, we announced that we completed R&D stages for the module for the automated manufacture of consumables for its proprietary, patented and patent pending HnB system. The system heats plant-based and/or medicant-infused formulations to produce aerosols for the inhalation of the plant and medicant constituents without combustion or the constituents of combustion, although there are no assurances its products can be commercialized. Contemporaneous with the completion of these R&D stages, effective July 13, 2022 the Company entered into a manufacturing contract with Montrade S.p.A., (“Montrade”) a company based in Bologna, Italy, for Montrade to manufacture and install the module. The Company made an initial payment of \$589,265 and is required to make additional payments of up to \$1,086,465 for the module as certain stages are completed. Montrade is an industry leading designer and manufacturer of machines for a wide range of products, including heated tobacco products.

On February 23, 2023, the Company made a payment of \$138,386 for completion of the design phase. On March 29, 2023, the Company signed Amendment 1 to the manufacturing contract for additional design work and paid \$12,465 of the additional \$36,809 cost. As Amendment 1 was for design work, \$12,465 was expensed. On October 18, 2023, the Company signed Amendment 2 to the manufacturing contract to modify certain components and paid \$40,091 of the \$114,546 cost.

In 2022, \$130,948 of the initial payment was expensed for design services completed by Montrade. The remaining payment of \$458,317 and the additional payment on October 24, 2023, for Amendment 2 of \$40,091 for a combined total of \$498,408 are related to the manufacturing of the module for the automated manufacture of consumables for the Company’s proprietary, patented and patent pending Heat-not-Burn system. The \$498,408 payment is recorded as Construction in progress. With the two amendments added and with payments made in 2023 the Company will be required to pay up to \$1,046,878. On February 26, 2024, the Company signed Amendment 3 to the manufacturing contract, for a change to a component with a cost of \$27,845 and made payment in full on March 6, 2024 for this change. On December 28, 2024, the Company signed Amendment 4 to the manufacturing contract, adjusting the payment terms. The Company committed to payment of up to 90% of the outstanding balance for the equipment build. This balance payment amounted to \$813,875 and was paid in January 2025. On February 12, 2025, the Company signed Amendment 5 to the manufacturing contract for a modification to the machine. The cost of this Amendment 5 was \$160,106 of which \$80,053 was paid in February 2025. On December 30th, 2025 we signed Amendment 6 to the manufacturing contract for a modification to the machine. The cost of this Amendment 6 was \$58,170 and was paid in full on December 30, 2025.

Effective June 3rd, 2025, CQENS entered into an Agreement with Montrade for the development, manufacture, delivery and installation of faster speed machine to manufacture consumables for the Company’s proprietary, patented and patent pending HnB system. We made an initial down payment of \$1,016,531 on June 4th, 2025. The design phase was completed in November 2025 and we paid the balance in December 2025 and expensed a total of \$302,299 related to the design phase. At December 31, 2025, the balance remaining under this Agreement is \$1,839,348.

On December 20, 2023 we entered into a Shareholder Agreement with Asahi Corporation to establish CQENS Electronics (Hong Kong) Limited (“CEL”), a Hong Kong company, for design, development and manufacture of our heat-not-burn device. CQENS acquired 50% membership of CEL and holds majority of the board seats including the chair. Pursuant to the establishment of CEL, CQENS entered into an exclusive, worldwide license agreement with CEL for designing, manufacturing a consumer device consistent with our IP. Although the activities of CEL in 2025 and 2024 are minimal and are reflective of its limited activity, CEL is included in our consolidated financial statements.

In November 2025, we set-up a research and development operation in Shenzhen, China to expend our efforts and increase our workforce. We entered into a two-year lease agreement with fixed rent for the term of the lease. The monthly rent is approximately \$4,878 USD per month.

In December 2025, we relocated our corporate headquarters to Henderson Nevada where we have a 12-month lease at an approximate cost of \$1440 per month. The facilities are sufficient to maintain the Company’s current operations.

As the largest category within this global inhalation market is the combustible tobacco market, comprising over 90% of the total, our near-term focus is on this segment, which represents the greatest opportunity for growth and the greatest opportunity to positively impact public health and wellness. To this end we have added three critical senior executives to our management team with decades of experience in the tobacco and next-generation sectors filling our Chief Operating Officer, Chief Commercial Officer and Chief Technical Officer roles. Their experience is extensive and includes executing global commercial strategy; development and scaling of reduced-risk product portfolios across multiple international markets; machinery and manufacturing solutions in the tobacco and next generations product sectors.

Further, we've established a team of employee engineers in Shenzhen, China to work closely with our US-based research and development engineering team and our Hong Kong based joint venture entity, CQENS Electronics (Hong Kong) Limited, to complete the design for manufacturability of our launch products. And with our Hong Kong JV are working to secure national and international certification markings.

Our joint venture partner in Hong Kong has sourced and secured suppliers for the device components, completed the tooling and is focused on the production process for mass manufacturing of our devices.

Our US-based joint venture partner, Firebird, is in the midst of construction of a new and much larger facility where the consumable manufacturing production line equipment will be installed for the mass production of our consumables.

We have retained the services of a related-party, Plexus Corporation, to consult with us in the design and development of our quality management systems within our corporate office and throughout our joint ventures and reaching to our suppliers and will work to ensure the manufacturing facilities are GMP compliant.

We have retained Jefferies, a leading investment banker and capital markets firm, to explore the opportunities to secure a long-term strategic partnership or to secure the capital resources necessary to successfully commercialize our products. And, we have retained Munger, Tolles and Olsen LLP who will assist in the negotiation process.

We have retained McKinney Regulatory Science Advisors LLC and Applied Research & Analysis Company LLC (ARAC) to consult, conduct trials and testing, and assist us as we navigate through the PMTA process.

We have met with the FDA and have received clear guidance on a path forward for conducting clinical trials.

Intellectual Property

We have worked with our intellectual property counsel, Cislo and Thomas LLP, for more than a decade securing patents and pending patents for our proprietary methods for heating plant-based consumable formulations that produce an aerosol for inhalation of plant constituents including heated tobacco products. Our high-temperature non-combusting technology is supported by 82 U.S. and international patents and pending patents. Our low-temperature, aerosolizing technology is supported by 30 U.S. and international patents and pending patents.

Regulation

Regulatory compliance burdens, no matter how they arise, could have a material adverse impact on our product development efforts and our operations. Historically there has been a significant regulatory burden on products in our industry and the Trump administration proposed deregulation efforts may cause uncertainty as policies are put into effect. In general there is uncertainty regarding whether, in what circumstances, how and when the FDA will seek to enforce the tobacco-related provisions of the Federal Food, Drug, and Cosmetic Act ("FFDCA") relative to HnB hardware and technology, in light of the potential for dual use with tobacco. Through amendments to the FFDCA, the Tobacco Control Act established, by statute, that the FDA has oversight over specific types of tobacco products (cigarettes, cigarette tobacco, roll-your-own tobacco, and smokeless tobacco) and granted the FDA the authority to "deem" other types of tobacco products as subject to the statutory requirements. In addition to establishing authority, defining key terminology, and setting adulteration and misbranding standards, the Tobacco Control Act established FDA's authority over tobacco products in a number of areas such as: submission of health information to the FDA; registration with the FDA; premarket authorization requirements; good manufacturing practice requirements; tobacco product standards; notification, recall, corrections, and removals; records and reports; marketing considerations and restrictions; post-market surveillance and studies; labeling and warnings; and recordkeeping and tracking. In a final rule effective August 8, 2016 ("Deeming Rule"), the FDA deemed all products that meet the Tobacco Control Act's definition of "tobacco product," including components and parts but excluding accessories, to be subject to the tobacco control requirements of the FFDCA and the FDA's implementing regulations. Accordingly, as of the Deeming Rule's effective date, deemed tobacco products that are "new" (i.e., those that were not commercially marketed in the United States as of February 15, 2007) are subject to the premarket authorization requirements. Deemed new tobacco products that remain on the market without authorization are marketed unlawfully. Deemed new tobacco products include, among other things: products such as electronic cigarettes, vape pens, certain vaporizers and e-liquids and their components or parts (such as tanks, coils and batteries) ("ENDS"). The FDA's interpretation of components and parts of a tobacco product includes any assembly of materials intended or reasonably expected to be used with or for the human consumption of a tobacco product. In a 2017 decision of the D.C. Circuit court, the court upheld the FDA's authority to regulate ENDS even though they do not actually contain tobacco, and even if the products could be used with nicotine-free e-liquids. The Tobacco Control Act and FDA's implementation of regulations require regulatory approvals before certain products may be sold and restrict the way tobacco product manufacturers, retailers, and distributors can advertise and promote tobacco products, including a prohibition against free samples or the use of vending machines, requirements for presentation of warning information, and age verification of purchasers. Newly-deemed tobacco products are also subject to the other requirements of the Tobacco Control Act, such as that they not be adulterated or misbranded. The FDA has been directed under the Tobacco Control Act to establish specific good manufacturing practice ("GMP") regulations for tobacco products, and could do so in the future, which could have a material adverse impact on the ability of some of our suppliers to manufacture, and the cost to manufacture, certain of our products. Even in the absence of specific GMP regulations, a facility's failure to maintain sanitary conditions or to prevent contamination of products could result in the FDA deeming the products produced there adulterated. The FDA has announced its intention to take enforcement measures related to ENDS products offered for sale after September 9, 2020, for which the manufacturers had not submitted a PMTA. Following that date, the FDA did in fact take actions against certain manufacturers of ENDS products for which a PMTA had not been submitted. Accordingly, and in light of the laws noted above, premarket authorizations will be necessary for us to distribute any HnB products we develop that meet the FDA's definition of ENDS. Our future suppliers that are currently, or in the future become, subject to FDA regulation must timely file applications for the appropriate authorizations so that we may continue selling their products in the United States. We have no control over the content of those applications, and we have no assurances that the outcome of the FDA's review will result in authorization of the marketing of these products. If the FDA establishes or applies review standards or processes that our suppliers are unable or unwilling to comply with, our business, results of operations, financial condition and prospects would be adversely affected. The anticipated costs to our suppliers of complying with future FDA regulations will be dependent on the rules issued by the FDA, the timing and clarity of any new rules or guidance documents accompanying these rules, the reliability and simplicity (or complexity) of the electronic systems utilized by the FDA for information and reports to be submitted, and the details required by the FDA for such information and reports with respect to each regulated product. Any failure to comply with existing or new FDA regulatory requirements could result in significant financial penalties to us or our suppliers, which could ultimately have a material adverse effect on our business, results of operations, financial condition and ability to market and sell our products. Compliance and related costs could be substantial and could significantly increase the costs of operating in the vaporization products and certain other consumption accessories markets.

In addition, failure to comply with the Tobacco Control Act and with FDA regulatory requirements could result in litigation, criminal convictions or significant financial penalties and could impair our ability to develop, market and sell our future products. At present, we are not able to predict whether the Tobacco Control Act will impact our business to a greater degree than competitors in the industry, thus affecting our competitive position.

Disruptions at the FDA and other government agencies caused by Trump administration actions or funding reductions could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent our development stage products from being developed, approved, or commercialized in a timely manner or at all, which could negatively impact our business.

President Donald Trump's January 2025 order requiring the removal of 10 regulations, rules, or guidance for each new one issued may put administrative pressure the FDA and other federal health agencies. This could disrupt or delay the FDA from promulgating new regulations and guidance. We can provide no assurance that President Trump's new administration will limit the current authority of FDA nor eliminate or lessen their authority to regulate our products and if so whether that will benefit us. A reduction in the number of employees at the FDA could negatively affect the development of our anticipated products. The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for product modifications to reviewed and/or approved by necessary government agencies, which would adversely affect our business.

Outside of the U.S, some governments have banned, are seeking to ban, or severely restrict emerging tobacco and nicotine-containing products, such as our HnB products, and communication of truthful and non-misleading information about such products. Significant markets that have prohibited or severely restricted the sale of one or more category of HnB products include Argentina, Brazil, Canada, France, India, Mexico, Turkey, Australia, Thailand, and Vietnam. These regulations might foreclose or unreasonably restrict adult consumer access to products that might be a better consumer choice than continuing to smoke cigarettes. These regulations could also constitute, in effect, non-tariff barriers to trade.

Human capital

CQENS management has attracted and retained both internal and external human resources with expertise and experience, we believe will position the Company to effectively execute its strategic plan to commercialize its heated tobacco product.

In the first quarter of 2026 we added three executives to our management team with decades of experience in the tobacco and next-generation sectors including: executing global commercial strategy; development and scaling of reduced-risk product portfolios across multiple international markets; machinery and manufacturing solutions in the tobacco and next generations product sector.

We have engaged a core group of engineers, some from the inception of CQENS, who have committed significant time and have significantly contributed to our research and development efforts and who continue to be engaged in full-time or near full-time capacity and who have developed prototypes of our launch products. Additionally, we have added employee engineering resources in Shenzhen expanding our research and development team who have advanced our efforts from prototype to product realization for our launch products. The Shenzhen-based team of employees are included in our employee count below.

At April 15, 2026, the Company had 14 employees consisting of its 6 executive officers, 2 office managers and 6 engineers.

Employee health and safety in the workplace is one of our core values. Given our current product development opportunities and commercialization efforts, we expect to expand our management and employee numbers in order to meet future strategic and operational requirements and commitments. Over the next few years, we would expect to undertake this expansion with strong consideration given to management and employee diversity, to learning and innovation and to establishing and maintaining positive and dynamic workplace environments. This will require greater compensation and benefit expenditures than the Company has incurred during its development stage.

Our history

We were incorporated under the laws of the State of Delaware on December 21, 2009 under the name OICco Acquisition IV, Inc. with the principal business objective of merging with or being acquired by another entity. On April 11, 2014, we entered into a Share Exchange Agreement and Plan of Reorganization with VapAria Solutions and its shareholders which is described in greater detail in Note 1 of the notes to our consolidated financial statements appearing later in this report. Following the closing of this transaction, in August 2014 we changed the name of our company to VapAria Corporation. In December 2019 we changed our corporate name to CQENS Technologies Inc. In December 2025, we relocated our registered corporate office from Minnesota to Nevada.

Additional Information

We file annual, quarterly and other reports, proxy statements and other information with the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers such as our Company that file electronically with the SEC. Our corporate website address is www.CQENS.com. We make available free of charge, through the Investor section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information which appears on our corporate website is not part of this report.

ITEM 1A. RISK FACTORS.

Before you invest in our securities, you should be aware that there are various risks. You should consider carefully these risk factors, together with all of the other information included in this annual report before you decide to purchase our securities. If any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected.

FINANCIAL RISKS

We have a history of losses and we do not generate any revenues.

We reported a net consolidated loss of \$13,043,195 and \$10,912,576 for 2025 and 2024, respectively, and we have a working capital surplus of \$7,427,664 at December 31, 2025. We do not have any revenue generating operations, and do not expect to launch our first products until 2027. Management believes it has sufficient funds for the next 12 months to complete the next phase of our business plan where we will then need to raise significant capital to pay our operating expenses and satisfy our obligations as they become due. If we are unable to secure the necessary capital, our ability to continue our operations will be in jeopardy.

Our auditors have raised substantial doubts in our ability to continue as a going concern.

Our consolidated financial statements have been prepared assuming we will continue as a going concern. We have experienced losses from operations, which losses have caused an accumulated deficit of \$47,789,247 at December 31, 2025. The report of our independent registered public accounting firm on our consolidated financial statements for the year ended December 31, 2025, contains an explanatory paragraph regarding our ability to continue as a going concern based upon our recurring losses and no source of revenues which are sufficient to cover our operating costs. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. While we have secured significant capital through private investments, we do not have continuous sources of capital or certainty of additional capital. We will require substantial capital for commercialization of our launch products. There are no assurances we will be able to raise sufficient capital to implement our business plan. If we unable to bring a product to market and raise capital we will not be able to meet our obligations and we could be forced to cease operations in which event investors would lose their entire investment in our company.

We will require additional capital to fund our operations and although we have been successful raising capital to date, we cannot guarantee this will continue. Should we be unsuccessful in raising capital, we could be forced to cease operations.

We have not generated any revenues to date and, subject to the availability of sufficient capital, do not expect to launch our first products until 2027, owing to our recent focus on regulatory approved products. We have raised funds through private transactions since inception that have to date covered our operating expenses. To support our initiatives, we will need to raise additional funds through public or private debt or equity financing, collaborative relationships or other arrangements with well capitalized companies. We recognize that our ability to raise additional financing depends on many factors beyond our control, including the current volatility in the capital markets, risks associated with investing in a pre-revenue company with no guarantee our products can be commercialized, the current lack of a public market for our common stock and the development or prospects for development of competitive technology by others. Sufficient additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our common stock. If we are unsuccessful in raising additional capital, or the terms of raising such capital are unacceptable, we may never be able to effectively monetize our intellectual property assets. In that event, we may have to modify our business plan and/or significantly curtail our planned activities and other operations.

BUSINESS RISKS

We have a limited operating history and have not launched any products.

We are a company with a limited operating history and while we have developed prototypes we have not launched any product. We are subject to the substantial risk of failure facing businesses seeking to develop and commercialize new products and technologies. Certain factors that could, alone or in combination, affect our ability to successfully develop and market our products, include:

- our ability to build and finance our products at our targeted scale on a cost-effective basis and in the time frame we anticipate;
- technical challenges developing our commercial production processes or systems that we are unable to overcome;
- reliance our Hong Kong-based joint venture for fabricating and assembling our products;
- Reliance on our US-based joint venture for production of our consumables

- our ability to establish markets for our products;
- our ability to obtain financing;
- our ability to meet our potential customers' requirements or specifications;
- our ability to secure and maintain all necessary U.S. and international regulatory approvals and to comply with applicable laws and regulations for our products;
- our ability to establish new relationships, or maintain and expand our existing relationships, with strategic partners, including strategic partners that will manufacture and market our products; and
- actions of direct and indirect competitors that may seek to compete with the products that we develop.

There are no assurances the Barker Group/Firebird Manufacturing joint venture will be finalized.

As of the date of this report, the Barker Group/Firebird Joint Venture has not been finalized. We expect to finalize the Joint Venture in 2026. There is no assurance that we will be able to finalize the Joint Venture by then or at any point in the future. Delays or failure to complete and finalize certain details may impair our ability to realize our business prospects and strategic objectives.

In addition to management's full-time or near full-time commitment to the Company, certain of our officers and directors have other interests and obligations outside of CQENS and may have conflicts of interest.

As of the date of this report we have fourteen employees, including our six executive officers. While our executive officers devote such time to us as they deem reasonable and necessary to discharge the business of our company, our officers have professional interests in a variety of activities other than those relevant to us. We do not have any written employment agreements with our officers. Accordingly, conflicts may arise in the allocation of time between our company and one or more of these activities. While we expect that our board of directors and management will exercise their fiduciary obligation to our company, there are no assurances any conflicts of interest which may arise will be resolved in our favor.

We rely on a third-party manufacturer of our production line equipment for our consumables and our joint venture partners for production of our devices and consumables.

We have not manufactured the products we intend to launch and must rely on a third-party manufacturer of our production line equipment for our consumables and our joint venture partners to launch products. Our anticipated future reliance on our joint venture partners and third-party manufacturer exposes us to the following risks:

- our third-party manufacturer may be unable to complete the manufacturing of the production line equipment to meet specifications and within our desired timelines
- our joint venture partners may not perform as agreed or be able to produce devices or consumables in line with our volume expectations
- our third-party and joint venture partners may fail to comply with federal, state or foreign regulations

Each of these risks could delay our product development or result in higher costs or deprive us of potential product revenues.

Certain of our proposed products will be subject to FDA oversight.

Our current business strategies call for us to develop certain products that now fall under the regulatory authority of the FDA. Our product candidates are expected to undergo costly and time-consuming rigorous non-clinical and clinical testing and we will be required to obtain regulatory approval prior to the sale and marketing of some of our products. While we believe that the features of certain of our products may enable us to secure FDA fast track approval, there are no assurances our beliefs are correct. We have engaged consultants with experience conducting the required tests and meeting requirements of all seven modules of the PMTA process however, the results of the testing or issues that develop in the review and approval by any regulatory agency, including the FDA, may subject us to unanticipated delays or prevent us from marketing any proposed products we may develop.

We have not marketed, sold or distributed products and have limited capacity and resources at this time.

We may not have the capital resources for allocation to the sales and marketing of our proposed products without a source for this capital. Our future success depends in part on our ability to maintain the collaborative relationship with our joint venture partner and their ability to market, sell and distribute our products. If our joint venture partner is unable to effectively market, sell and distribute our proposed products, we will require significant capital, management resources and time to establish and develop an in-house marketing and sales force with technical expertise or secure a third-party collaborator. There can be no assurance that we will be able to establish or maintain relationships with third-party collaborators or fully develop in-house sales and distribution capabilities. To the extent that we depend on third parties for marketing and distribution, any revenue we receive will depend upon the efforts of such third parties, and there can be no assurance that such efforts will be successful. In addition, there can also be no assurance that we will be able to market and sell our proposed products in the United States or overseas.

We may not be successful in establishing and maintaining a strategic partnership, which could adversely affect our ability to commercialize our proposed products.

We intend to enter into strategic partnerships in the future, including alliances with other consumer product companies, to enhance and accelerate the commercialization of our proposed products. We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Even if we are successful in our efforts to establish strategic partnerships, the terms that we agree upon may not be favorable to us and we may not be able to maintain such strategic partnerships if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing.

If we ultimately determine that entering into strategic partnerships is in our best interest but either fail to enter into, are delayed in entering into or fail to maintain such strategic partnerships:

- the development of certain of our proposed products may be terminated or delayed;
- our cash expenditures related to development of certain of our proposed products would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted;
- we will bear all of the risk related to the development of any such products; and
- the competitiveness of any product that is commercialized could be reduced.

To the extent we elect to enter into licensing or collaboration agreements to partner our candidate products, our dependence on such relationships may adversely affect our business.

Our commercialization strategy for certain of our proposed products may depend on our ability to enter into agreements with collaborators to obtain assistance and funding for the development and potential commercialization of these candidate products. Supporting due diligence activities conducted by potential collaborators and negotiating the financial and other terms of a collaboration agreement are long and complex processes with uncertain results. Even if we are successful in entering into one or more collaboration agreements, collaborations may involve greater uncertainty for us, as we may have less control over certain aspects of our collaborative programs than we do over our proprietary development and commercialization programs. We may determine that continuing a collaboration under the terms provided is not in our best interest, and we may terminate the collaboration. Our collaborators could delay or terminate their agreements, and our proposed products subject to collaborative arrangements may never be successfully commercialized.

Tariffs may adversely affect our business.

The imposition of new or increased tariffs, or the threat of such tariffs, could adversely affect our business, financial condition, and results of operations. Tariffs may increase the cost of raw materials, components, or finished goods that we import, which could reduce our margins. Ongoing uncertainty surrounding trade policies may also disrupt supply chains, increase procurement complexity, and require changes to sourcing strategies, any of which could negatively impact our operations.

RISK RELATED TO OUR COMMON STOCK

There is no public market for our common stock. In the event we establish a market for our common stock, it is likely that the market for that common stock will be limited.

There is no public market for our common stock, and we have not undertaken an initial public offering. The timing and success for establishing a public market for our common stock is presently unknown. Even if we are successful in establishing a public market for our common stock, it is likely that the market will be limited and sporadic and generally at very low volumes until such time, if ever, as we are able to develop a following for our common stock. An active market for our common stock may never develop.

Delaware law contains anti-takeover provisions that could deter takeover attempts that could be beneficial to our stockholders.

Provisions of Delaware law could make it more difficult for a third-party to acquire us, even if doing so would be beneficial to our stockholders. Section 203 of the Delaware General Corporation Law may make the acquisition of our company and the removal of incumbent officers and directors more difficult by prohibiting stockholders holding 15% or more of our outstanding voting stock from acquiring us, without our board of directors' consent, for at least three years from the date they first hold 15% or more of the voting stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable to a smaller reporting company.

ITEM 1C. CYBERSECURITY.

We rely on our technology infrastructure and information systems for internal and external communications, controls, and financial reporting. Our technology infrastructure and information systems also support and form the foundation for our accounting and finance systems and form an integral part of our disclosure and accounting control environment. Most of our systems and processes are provided by third-party vendors and may be susceptible to damage or interruption from cybersecurity threats, which include any unauthorized access to our information systems that may result in adverse effects on the confidentiality, integrity, or availability of such systems or the related information. Potential cybersecurity threats also include hacker attacks, the introduction of malicious computer viruses, ransomware, falsification of banking and other information, insider risk, or other security breaches. Such attacks have become more and more sophisticated over time. We expect that sophistication of cyber-threats will continue to evolve. Our processes and procedures to assess, identify and manage cybersecurity risks are overseen by an experienced, contracted resource. This resource implements cybersecurity risk mitigation strategies and activities, including the management of incident response plans, cybersecurity risks posed by third-party vendors, ensures that policies and procedures are current and followed, and reports regularly to Company's board of directors.

ITEM 2. DESCRIPTION OF PROPERTY.

We previously maintained our corporate offices at 5550 Nicollet Avenue, Minneapolis, MN 55419. We leased these premises from 5550 Nicollet LLC, an affiliate of Mr. Chong. From December 2019 through the end of 2024, we entered into month-to-month leases each December at an annual rental rate of \$9,300. We continued to rent this same space on a month-to-month basis in 2025 until our relocation to Nevada on December 23, 2025. The monthly rent was \$800. Effective December 23, 2025, the Company relocated its corporate offices from 5550 Nicollet Avenue, Minneapolis, MN 55419 to 170 S Green Valley Parkway, Suite 343, Henderson, NV 89012. The lease of the corporate office facilities in Henderson, NV, is for a term of 12 months at an approximate cost of \$1,441 per month. The facilities are sufficient to maintain the Company's current executive operations.

Effective April 15, 2022, the Company entered into a lease agreement for research and development and product engineering space located at 8035 Soquel Drive, #41, Aptos, California. The initial term of the lease was three years ending April 30, 2025. The Company extended the lease for an additional 2-year term commencing May 1, 2025 through April 30, 2027. The Company pays an escalating base rent over the life of the lease of initially \$4,800 per month increased to \$5,175 in May 2023, then \$5,555 in June of 2024. The rate increased in June 2025 to \$5,930 per month. The Company's pro rata portion of property expenses and operating expenses is included in this rent.

On November 10, 2025, we entered into a 2-year lease agreement for research and development space located at Room 407, Building 6, Qianhai Kexing Science Park, Laodong Community, Xixiang Subdistrict, Bao'an District, Shenzhen, Guangdong Province P.R. China. The rent is fixed for the duration of the term. Common area maintenance is included in the rent. The rent is 34,373 RMB per month or approximately \$4,878 USD per month.

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any pending or threatened litigation.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable to our company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

There is no public market for our common stock. As of April 15, 2026, there were approximately 228 owners of our common stock.

Dividend policy

We have never paid cash dividends on our common stock. Under Delaware law, we may declare and pay dividends on our capital stock either out of our surplus, as defined in the relevant Delaware statutes, or if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If, however, the capital of our company, computed in accordance with the relevant Delaware statutes, has been diminished by depreciation in the value of our property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, we are prohibited from declaring and paying out of such net profits and dividends upon any shares of our capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired. Even if permitted under Delaware law, we do not have any present intention of declaring or paying dividends on our common stock in the foreseeable future.

Recent sales of unregistered securities

During the period covered by this report, we sold the restricted securities below under the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The securities contain a legend restricting their transferability absent registration or applicable exemption.

In 2025 we sold an aggregate of 577,500 shares of our common stock for \$11,550,000 in private transactions with 15 accredited and/or non-U.S. persons. We did not pay a commission or finder's fee and are using the proceeds for working capital.

In 2025 we issued an aggregate of 167,869 shares of our common stock to 14 unrelated third parties as compensation for consulting services for the consultants' guidance and expertise in identifying business opportunities, partners and other skilled consultants, therapeutic applications of our patents, technologies, and formulations; as well as pathways to regulatory approvals and authorizations. The third parties are accredited and/or non-U.S. persons. The stock was valued at \$3,357,380.

Purchases of equity securities by the issuer and affiliated purchasers

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations for 2025 and 2024 should be read in conjunction with the consolidated financial statements and the notes to those statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under Cautionary Statement Regarding Forward Looking Information, Item 1A. Business and Item 1A. Risk Factors in this report. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Going concern

For 2025, we reported a net consolidated loss of \$13,043,195 and net cash used in operations of \$4,269,253. At December 31, 2025, we had cash on hand of \$8,914,107 and an accumulated deficit of \$47,789,247. The report of our independent registered public accounting firm on our consolidated financial statements for the year ended December 31, 2025 contains an explanatory paragraph regarding our ability to continue as a going concern based upon our cash balances and no source of revenues which are sufficient to cover our operating costs. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. There are no assurances we will be successful in our efforts to raise capital, develop a source of revenue, report profitable operations or continue as a going concern, in which event investors would lose their entire investment in our company.

Results of operations

Our total operating expenses for 2025 increased 21.80% over those reported for the same period in 2024. This increase is attributable to an increase in research and development expenses of 30.84% relating to increased engineering services. An increase in general and administrative expenses of 98.15%, primarily related to compensation expense, further contributed to this increase. An increase in professional fees of 9.06% rounded out this overall increase in operating expenses in 2025 versus 2024.

We expect that our operating expenses will increase as we continue to develop our business and we devote additional resources toward our product development and business opportunities, promoting that growth, most notably reflected in anticipated increases in general overhead, salaries for personnel and technical resources, as well as increased costs associated with our SEC reporting obligations, and our work to secure PMTA . However, as set forth elsewhere in this report, our ability to continue to develop our business and achieve our operational goals is dependent upon our ability to raise significant additional working capital. As the availability of this capital is unknown, we are unable to quantify the expected increases in operating expenses in future periods.

Liquidity and capital resources

Liquidity is the ability of a company to generate sufficient cash to satisfy its needs for cash. As of December 31, 2025, we had \$8,914,107 in cash and cash equivalents and a working capital surplus of \$7,427,664 compared to \$4,596,556 in cash and cash equivalents and a working capital surplus of \$1,575,975 at December 31, 2024. Our current liabilities decreased \$1,282,915 from December 31, 2024, reflecting a decrease in our accounts payable, decrease in investor deposits, decrease in our accrued expenses, and an increase in related party loans. Our source of operating capital in 2025 came from the sale of 577,500 shares of our commons stock raising \$10,700,000 and applied the investor deposit balance at December 31, 2024 of \$850,000, borrowing from related parties of \$339,650 and repayment to related party loan of \$100,000 compared to the same period in 2024 where our source of operating capital came from the sale of 343,400 shares of our common stock raising \$6,868,000 and a related party loan of \$112,467.

The ability of the Company to continue as a going concern is dependent upon the Company obtaining adequate capital to fund operating losses until it becomes profitable. As the company is not generating revenues, continued activities and expenditures to bring product(s) to market as soon as we are able is important. Management believes the currently available funding will be insufficient to finance the Company's operations for a year from the date of these consolidated financial statements and to satisfy our obligations as they become due.

In 2024 we borrowed funds from Xten Capital Group, a related party, and in 2025 we repaid a small portion. As a result on December 31, 2025, we owed Xten \$900,000. The loan is non-interest bearing and due upon demand. The funds are being used for working capital.

We raised \$10,700,000 from the sale of our securities in 2025 and applied the investor deposit balance at December 31, 2024 of \$850,000 and \$6,868,000 from the sale of our securities during 2024. We believe we have sufficient capital to fund the next 12 months, however there is no assurance we will have sufficient funds for commercialization. There is no assurance we will have sufficient funds due to circumstances beyond our control including government shutdown, regulatory changes, delays or additional requirements. In that event, our ability to continue as a going concern is in jeopardy.

During the first quarter of 2026 we sold an aggregate of 6,000 shares of common stock to two accredited investors for gross proceeds of \$120,000. Proceeds from the sales are being used for working capital.

Summary of cash flows

	December 31, 2025	December 31, 2024
Net cash (used) in operating activities	\$ (4,269,253)	\$ (3,194,369)
Net cash (used) in investing activities	\$ (2,345,913)	\$ (390,027)
Net cash provided by financing activities	\$ 10,939,650	\$ 7,830,467

Our cash used in operating activities increased 33.65% in 2025 compared to 2024. In both years we used cash primarily to fund our net losses.

In 2025, our cash used in investing activities was \$2,345,913 with \$512,005 from capitalization of intellectual property related to legal fees and \$1,833,908 from additions to property, plant and equipment. In 2024 our cash used in investing activities was \$390,027 with \$362,182 from capitalization of intellectual property related to legal fees and \$27,845 from additions to property, plant and equipment.

Net cash provided by financing activities in 2025 consisted of \$10,700,000 from sale of our common stock, \$339,650 in borrowing from related parties and \$100,000 in repayment to related parties. Net cash provided by financing activities in 2024 consisted of \$6,868,000 raised from the sale of 343,400 shares of common stock and \$112,467 in borrowing from related parties.

Critical accounting policies

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of expenses during the reported periods. We also have other key accounting policies, none of these policies are deemed to be critical accounting policies or critical estimates.

Recent accounting pronouncements

In December 2023, the financial Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 "Income Taxes (Topic 740)," to enhance the transparency and decision usefulness of income tax disclosures that would provide information for investors to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. Any additional disclosures are presented in the income taxes section of the notes to the consolidated financial statements.

On November 4, 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 which issues new guidance requiring disclosure of the disaggregation of income statement expenses (DISE) by public business entities (PBE's) and is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard. The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying consolidated financial statements.

Off balance sheet arrangements

As of the date of this report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term "off-balance sheet arrangement" generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have any obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable for a smaller reporting company.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Please see our consolidated financial statements beginning on page F-1 of this annual report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. We are required to maintain “disclosure controls and procedures” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were not effective to ensure that the information relating to our company, required to be disclosed in our Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure as a result of material weaknesses in our internal control over financial reporting.

Management’s Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

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

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Management’s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of these controls. Based on this assessment our management has concluded that as of December 31, 2025, our internal control over financial reporting was not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles as a result of material weaknesses. These material weaknesses in our internal control over financial reporting result from limited segregation of duties and limited multiple levels of review in the financial close process.

The existence of the continuing material weaknesses in our internal control over financial reporting increases the risk that a future restatement of our financials is possible. To remediate these material weaknesses, we will need to expand our accounting resources. We will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal control over financial reporting on an ongoing basis, however, we do not expect that the deficiencies in our disclosure controls will be remediated until such time as we have remediated the material weaknesses in our internal control over financial reporting. To do so, we will need additional capital to permit us to hire employees and put the requisite controls in place. Given the uncertainties with our ability to raise working capital as discussed earlier in this report, there are no assurances we will be able to remediate the material weaknesses in our internal control over financial reporting during 2026.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table provides information on our executive officers and directors:

Name	Age	Positions
Alexander Chong	61	Chairman of the Board of Directors, Chief Executive Officer
Daniel Markes	64	Chief Financial Officer, director
Titus Wouda Kuipers	59	Chief Commercial Officer
Markus Bonke	54	Chief Operating Officer
Gerard Shudall	57	Chief Technology Officer
William Bartkowski	74	Chief Administrative Officer, secretary

Alexander Chong. Mr. Chong has served as Chairman of the Board and Chief Executive Officer since July 2014. Mr. Chong is an experienced entrepreneur and businessman. Since founding the company in 1993, he has also served as the Chairman of Plexus International, a consulting and training organization with 14 international offices and its principal office located in Minneapolis, Minnesota. Mr. Chong has also served as Chief Executive Officer and a member of the board of directors of Xten Capital Group, a Minnesota-based company with investment interests in technology and a variety of Asia-based opportunities since 2007. He has broad experience in international business and manufacturing quality. Mr. Chong also has experience serving on boards of directors of privately held companies in the role of an independent director, as well as identifying key joint venture partners and negotiating and securing international distribution agreements with large multinational companies. In connection with the developer of the original e-cigarette, Mr. Chong oversaw U.S. patent filings and developed the first disposable e-cigarette offered for distribution and sale in the U.S. Mr. Chong received a B.S. in Chemistry from Boston University. Mr. Chong's significant professional experience in our business sector and international business and technology were factors considered by the board of directors in concluding that he should be serving as a director of our company.

Daniel Markes. Mr. Markes has served as Chief Financial Officer and a member of the board of directors since July 2014. In this role, Mr. Markes is responsible for the company's global financial strategy, financial performance, and financial governance. Since 1997 Mr. Markes has been a strategic partner with Mr. Chong, founder of Plexus International, a Minneapolis-based global enterprise, as its CFO. With more than thirty years of experience in financial management, strategic leadership and operations for companies and business units across global markets, Mr. Markes has executed long-term growth strategies, led organizational transformations, acquisitions and integrations that drove growth, operational efficiency and profitability. Mr. Markes serves as the Treasurer/Chief Financial Officer of Xten Capital Group, and is an officer of 5550 Nicollet LLC, affiliated entities of Mr. Chong. Mr. Markes received a BBA degree from Brock University. Mr. Markes' vast experience as a businessman and a financial executive were factors considered by the board of directors in concluding that he should be serving as a director of our company.

Titus Wouda Kuipers. Mr. Wouda Kuipers has served as Chief Commercial Officer of the Company since March 2026. In this role, Mr. Wouda Kuipers is responsible for the Company's global commercialization across multiple jurisdictions and joint venture partnerships. Before joining the Company, Mr. Wouda Kuipers was the Co-Founder and Chief Executive Officer of Vilosophy UK Ltd. starting in 2020, where he was responsible for setting the company's strategic direction, overseeing overall operations and financial performance, and representing the business to partners, customers, investors, and regulators in the Next Generation Products category. Earlier in his career, Mr. Wouda Kuipers held senior leadership roles at Imperial Brands PLC, including responsibilities relating to next-generation product categories. His experience includes global commercial strategy, market entry planning, and the development and scaling of reduced-risk product portfolios across multiple international markets. Mr. Wouda Kuipers holds a business administration degree from the University of Groningen in The Netherlands.

Markus Bonke. Mr. Bonke has served as Chief Operating Officer of the Company since March 2026. In this role, Mr. Bonke is responsible for the Company's global operations across multiple jurisdictions and joint venture partnerships. Before joining the Company, Mr. Bonke was the Co-Founder and Chief Operating Officer of Vilosophy UK Ltd. starting in 2020, where he was responsible for setting up, expanding, and positioning the company as an international player in the Next Generation Products category. Earlier in his career, Mr. Bonke held various senior leadership positions at Imperial Brands PLC, delivering large-scale business transformations, leading people, and global operational work streams in major change programs, including mergers and acquisition integration, market entries and the rollouts of new business models. Mr. Bonke holds a law degree from the University of Hamburg in Germany and was a member of the Hamburg Lawyers Bar Association from 2001 to 2019.

Gerard Shudall. Mr. Shudall has served as Chief Technology Officer of the Company since March 2026. In this role, Mr. Shudall is responsible the ongoing development of the CQENS Technology Platform in its various embodiments. Since 2017, Mr. Shudall has served as the managing director of Numstrata Limited ("Numstrata"), a consulting services firm based in the United Kingdom. Mr. Shudall served as Chief Product Officer at Vilosophy UK Ltd from 2020 to the present, where he is responsible for the development and manufacturing of a range of nicotine and other consumer products. Earlier in his career, Mr. Shudall held various leadership positions at Imperial Tobacco focused on the development of products, machinery and manufacturing solutions in the tobacco and next generation product sector. Following his 21 years in Imperial brands he cofounded Vilosophy UK Ltd and Numstrata Ltd where he has consulted for a number of international companies in the Next Generation Products sector. Mr. Shudall holds a Higher National Certificate in Electrical and Electronic Engineering from Knowsley College in the UK.

William P. Bartkowski. Mr. Bartkowski has served as an executive officer of our company since July 2014. Mr. Bartkowski has had a three-decade career in banking, consulting and marketing. Since 2008 Mr. Bartkowski has been engaged as a business consultant. From 1988 to 1995 he was an executive officer of Metropolitan Financial Corp., a NYSE listed company and from 1996 to 2004 Mr. Bartkowski was a partner in a Minneapolis-based public and investor relations firm. He has been involved with the electronic cigarette business since late 2006. In that capacity he has organized, directed and optimized marketing, consumer focus group testing, market analysis and sales testing and he has negotiated and finalized plans and agreements with major U.S. distributors and retailers with respect to electronic cigarettes. Mr. Bartkowski has also been involved extensively in U.S. and international regulatory and legal issues affecting electronic cigarettes and tobacco issues. He previously provided investor relations and capital markets advisory services, including capital formation and M&A counsel for more than a dozen public companies. From April of 2013 until November of 2015 Mr. Bartkowski served on the board of directors and was an officer of the Smoke Free Alternatives Trade Association (SFATA), a leading international advocacy group for keeping e-cigarettes innovative, accessible and unencumbered by burdensome laws and regulations. Mr. Bartkowski received a B.A. in English from the University of Mary, an M.A. in English from North Dakota State University and a PhD in Adult Education.

There are no family relationships between any of the executive officers and directors.

Board of Directors

Each director is elected at our annual meeting of stockholders and holds office until the next annual meeting of stockholders, or until his successor is elected and qualified. If any director resigns, dies or is otherwise unable to serve out his or her term, or if the board of directors increases the number of directors, the board may fill any vacancy by a vote of a majority of the directors then in office, although less than a quorum exists. A director elected to fill a vacancy shall serve for the unexpired term of his or her predecessor. Vacancies occurring by reason of the removal of directors without cause may only be filled by vote of the stockholders.

Board leadership structure and board's role in risk oversight

The board of directors is comprised of members of our management, and we do not have any independent directors. Mr. Chong, our Chief Executive Officer, also serves as Chairman of the Board. Given the early stage of our company, our board believes the current leadership structure is appropriate for our company. As our company grows, we expect to expand our board of directors through the appointment of independent directors.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of the risks we face and have responsibility for the oversight of risk management in their dual roles as directors.

Committees of the board of directors; stockholder nominations; audit committee financial expert

We have not established any committees comprised of members of our board of directors, including an Audit Committee, a Compensation Committee or a Nominating Committee, or any committee performing similar functions. The functions of those committees are being undertaken by our board of directors as a whole.

We do not have a policy regarding the consideration of any director candidates which may be recommended by our stockholders, including the minimum qualifications for director candidates, nor has our board of directors established a process for identifying and evaluating director nominees, nor do we have a policy regarding director diversity. We have not adopted a policy regarding the handling of any potential recommendation of director candidates by our stockholders, including the procedures to be followed. Our board has not considered or adopted any of these policies as we have never received a recommendation from any stockholder for any candidate to serve on our board of directors. Given the early stage of our business, we do not anticipate that any of our stockholders will make such a recommendation in the near future. While there have been no nominations for additional directors proposed, in the event such a proposal is made, all members of our board will participate in the consideration of director nominees. In considering a director nominee, it is likely that our board will consider the professional and/or educational background of any nominee with a view towards how this person might bring a different viewpoint or experience to our board.

None of our directors is an "audit committee financial expert" within the meaning of Item 401(e) of Regulation S-K. In general, an "audit committee financial expert" is an individual member of the audit committee or board of directors who:

- understands generally accepted accounting principles and consolidated financial statements;
- is able to assess the general application of such principles in connection with accounting for estimates, accruals and reserves;
- has experience preparing, auditing, analyzing or evaluating consolidated financial statements comparable to the breadth and complexity to our consolidated financial statements;
- understands internal controls over financial reporting; and
- understands audit committee functions.

Our securities are not quoted on an exchange that has requirements that a majority of our board members be independent, and we are not currently otherwise subject to any law, rule or regulation requiring that all or any portion of our board of directors include “independent” directors, nor are we required to establish or maintain an Audit Committee or other committee of our board of directors.

Code of Ethics and Conduct

We have adopted a Code of Ethics and Conduct which applies to our board of directors, our executive officers and our employees. The Code of Ethics and Conduct outlines the broad principles of ethical business conduct we adopted, covering subject areas such as:

- conflicts of interest;
- corporate opportunities;
- public disclosure reporting;
- confidentiality;
- protection of company assets;
- health and safety; and
- compliance with applicable laws.

A copy of our Code of Ethics and Conduct is available without charge, to any person desiring a copy, by written request to us at our principal offices at 170 South Green Valley Parkway, Suite 343, Henderson, Nevada 89012. A copy of our Code of Ethics and Conduct may also be found on our website at www.cqens.com.

Director Compensation

Our directors do not receive compensation for their services as directors.

ITEM 11. EXECUTIVE COMPENSATION.

The following table summarizes all compensation recorded by us in the past two years for:

- our principal executive officer or other individual serving in a similar capacity;
- our two most highly compensated named executive officers at December 31, 2025 whose annual compensation exceeded \$100,000; and
- up to two additional individuals for whom disclosure would have been required but for the fact that the individual was not serving as an executive officer at December 31, 2025.

For definitional purposes, these individuals are sometimes referred to as the “named executive officers.”

Summary Compensation Table

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	No equity incentive plan compensation (\$)	Non-qualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Alexander Chong, Chief Executive Officer	2025	343,835	-	-	-	-	-	-	343,835
	2024	230,265	-	-	-	-	-	-	230,265
Daniel Markes, Chief Financial Officer	2025	233,380	-	-	655,755	-	-	-	889,135
	2024	206,708	-	-	-	-	-	-	206,708
William Bartkowski Chief Administrative Officer	2025	156,655	-	-	327,878	-	-	-	484,533
	2024	126,295	-	-	-	-	-	-	126,295

How the executive’s compensation is determined

Effective with the end of the first pay period, on January 14, 2022, the board approved annual salaries for its: (1) CEO, Alexander Chong, of \$325,080 per annum; (2) COO, William Bartkowski, of \$125,040 per annum; and (3) CFO, Daniel Markes, of \$200,040 per annum. The Company has not entered into any written employment agreements with its officers. These rates remain in effect as of the date of this report. Due to limited cash resources in the first half of 2024, some of the executive compensation amounting to \$189,630 was deferred. There was no deferral of executive compensation in 2025. The deferred amount from 2024 outstanding as of the date of this report is \$105,920.

Outstanding equity awards at fiscal year-end

The following table provides information concerning unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer outstanding as of December 31, 2025:

Name	OPTION AWARDS					STOCK AWARDS				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (#)	
Alexander Chong, CEO	300,000	-	-	12.00	10/20/26	-	-	-	-	
William Bartkowski, CAO	42,858	-	-	12.00	10/20/26	-	-	-	-	
	20,000	-	-	10.00	10/21/27	-	-	-	-	
	25,000	-	-	20.00	12/31/30	-	-	-	-	
Dan Markes, CFO	42,858	-	-	12.00	10/20/26	-	-	-	-	
	20,000	-	-	10.00	10/21/27	-	-	-	-	
	50,000	-	-	20.00	12/31/30	-	-	-	-	

The Company's Policies and Practices Related to the Grant of Certain Equity Awards Close in Time to the Release of Material Non-public Information

The Company does not have any formal policy that requires the Company to grant, or avoid granting, equity-based compensation to its executive officers at certain times. The timing of any equity grants to executive officers in connection with new hires, promotions, or other non-routine grants is tied to the event giving rise to the award (such as an executive officer's commencement of employment or promotion effective date). As a result, in all cases, the timing of grants of equity awards, including stock options, occurs independent of the release of any material non-public information, and the Company does not time the disclosure of material non-public information for the purpose of affecting the value of equity-based compensation.

On December 31, 2025, we granted 25,000 and 50,000 options, respectively under the Company's 2019 Equity Compensation Plan to two executive officers, Mr. Bartkowski and Mr. Markes. The options granted are fully vested upon grant and are exercisable at an exercise price of \$20.00 per share. The fair market value of the options at the grant date using the Black Scholes options pricing model was determined to be \$983,633. We did not grant any options during any period beginning four business days before the filing of a periodic report or current report disclosing material non-public information and ending one business day after the filing or furnishing of such report with the SEC.

Securities authorized for issuance under equity compensation plans

The following table sets forth securities authorized for issuance under any equity compensation plans approved by our stockholders as well as any equity compensation plans not approved by our stockholders as of December 31, 2025.

<i>Plan category</i>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plans not approved by our stockholders:	196,500	\$ 20.00	-
Plans approved by stockholders:			
2014 Equity Compensation Plan	1,063,574	\$ 10.81	-
2019 Equity Compensation Plan	750,950	\$ 12.81	2,149,050

Equity Compensation Plan

Throughout 2025, we had two equity compensation plans, our 2014 Equity Compensation Plan (the "2014 Plan") and our 2019 Equity Compensation Plan (the "2019 Plan"). The 2014 Equity Compensation Plan expired in 2024. On August 19, 2014, our board of directors adopted our 2014 initially covering 10,000,000 shares of common stock. The 2019 Plan was ratified by our shareholders on August 19, 2019. The 2019 Plan initially covered 2,000,000 shares of common stock. The 2019 Plan also contains an "evergreen formula" pursuant to which the number of shares of common stock available for issuance under the 2019 Plan will automatically increase on January 1 of each calendar year during the term of the 2019 Plan, beginning with calendar year 2020, by an amount equal to 15% of the total number of shares of common stock outstanding on December 31 of the immediately preceding calendar year, up to a maximum annual increase of 150,000 shares of common stock.

During the fiscal year ended December 31, 2025, the Company granted stock options to certain third-party service providers, including consultants and advisors, outside of its shareholder-approved equity compensation plans. These awards were issued in connection with strategic advisory services and business development initiatives and were intended to align the interests of such service providers with those of the Company and its stockholders. The Company accounts for these awards in accordance with ASC 718, Compensation—Stock Compensation. The fair value of each option grant was estimated on the grant date using the Black-Scholes option pricing model, with key assumptions including expected volatility, risk-free interest rate, expected term, and dividend yield. Stock-based compensation expense associated with these awards is recognized over the requisite service period, subject to the achievement of applicable performance conditions. These grants were made outside of the Company's equity compensation plans. The Company evaluates such awards on a case-by-case basis and considers them an important tool to attract and retain specialized expertise and to advance strategic objectives where alternative forms of compensation may not be practical or cost-effective.

The other terms of the 2014 Plan and the 2019 Plan are identical. The purpose of each of the plans is to enable us to offer our employees, officers, directors and consultants, whose past, present and/or potential contributions to our company have been, are, or will be important to our success, an opportunity to acquire a proprietary interest in our company. The plans are administered by our board of directors. Plan options may either be:

- incentive stock options (ISOs),
- non-qualified options (NSOs),
- awards of our common stock, or
- rights to make direct purchases of our common stock which may be subject to certain restrictions.

Any option granted under a plan must provide for an exercise price of not less than 100% of the fair market value of the underlying shares on the date of grant, but the exercise price of any ISO granted to an eligible employee owning more than 10% of our outstanding common stock must not be less than 110% of fair market value on the date of the grant. The plan further provides that with respect to ISOs the aggregate fair market value of the common stock underlying the options which are exercisable by any option holder during any calendar year cannot exceed \$100,000. The term of each plan option and the manner in which it may be exercised is determined by the board of directors or the compensation committee, provided that no option may be exercisable more than 10 years after the date of its grant and, in the case of an incentive option granted to an eligible employee owning more than 10% of the common stock, no more than five years after the date of the grant. In the event of any stock split of our outstanding common stock, the board of directors in its discretion may elect to maintain the stated amount of shares reserved under the plan without giving effect to such stock split. Subject to the limitation on the aggregate number of shares issuable under the plan, there is no maximum or minimum number of shares as to which a stock grant or plan option may be granted to any person.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our executive officers, directors, and persons who beneficially own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership, and annual reports concerning their ownership of our common shares and other equity securities on Forms 3, 4, and 5 respectively. Executive officers, directors, and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based on a review of the copies of such forms received by us, and to the best of our knowledge, there were no reports untimely filed during the fiscal year ended December 31, 2025, except as follows:

On December 31, 2025, we granted 25,000 options and 50,000 options, respectively, under the Company's 2019 Equity Compensation Plan to two executive officers, Mr. Bartkowski and Mr. Markes. The options granted are fully vested upon grant and are exercisable at an exercise price of \$20.00 per share.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

At April 15, 2026, we had 27,579,752 shares of our common stock issued and outstanding which is our only class of voting securities. The following table sets forth information regarding the beneficial ownership of our common stock as of April 15, 2026 by:

- each person known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors;
- each of our named executive officers; and
- our named executive officers, and directors.

Unless otherwise indicated, the business address of each person listed is in care of 170 South Green Valley Parkway, Suite 343, Henderson, NV 89012. The percentages in the table have been calculated on the basis of treating as outstanding for a particular person, all shares of our common stock outstanding on that date and all shares of our common stock issuable to that holder in the event of exercise of outstanding options, warrants, rights or conversion privileges owned by that person at that date which are exercisable within 60 days of that date. Except as otherwise indicated, the persons listed below have sole voting and investment power with respect to all shares of our common stock owned by them, except to the extent that power may be shared with a spouse.

Name and Address of Beneficial Owner	Common Stock	
	Shares	%
Alexander Chong ⁽¹⁾	26,316,216	72.37%
William P. Bartkowski ⁽²⁾	67,858	*%
Daniel Markes ⁽³⁾	424,288	1.16%
Markus Bonke ⁽⁴⁾	20,000	*%
Titus Wouda Kuipers ⁽⁵⁾	20,000	*%
Gerard Shudall ⁽⁶⁾	30,000	*%
All officers and directors as a group (six persons) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	26,878,362	73.91%

* less than 1%

- (1) Includes: (i) 1,595,715 shares of our common stock held of record by Chinhak LLC; (ii) 17,420,501 shares of our common stock held of record by Xten; and (iii) 300,000 shares of common stock underlying options held with an exercise price of \$12.00 per share. Mr. Chong has voting and dispositive control over the shares held of record by both of these entities; (iv) Includes 7,000,000 warrants shares of common stock underlying warrants held with an exercise price of \$5.31 per share and excludes 14,000,000 warrants that are subject to vesting. Excludes 428,572 shares of common stock held by Mr. Chong's wife, of which he disclaims any beneficial ownership.
- (2) Includes (i) 42,858 shares of our common stock of common stock underlying options with an exercise price of \$12.00 per share; (ii) 20,000 share of our common stock underlying options with an exercise price of \$10.00 per share; and (iii) 25,000 shares of our commons stock with underlying options with an exercise price of \$20.00 per share.
- (3) Includes (i) 168,572 shares of our common stock; (ii) 42,858 shares of common stock underlying options with an exercise price of \$12.00 per share; (iii) 20,000 shares of common stock underlying options with an exercise price of \$10,00 per share; (iv) 50,000 shares of our common stock underlying options with an exercise price of \$20.00 per share; and (v) 142,858 shares of our common stock owned by Paula Markes, his spouse.
- (4) Includes 20,000 shares of the Company's common stock underlying options exercisable at an exercise price of \$10.00 per share.
- (5) Includes 20,000 shares of the Company's common stock underlying options exercisable at an exercise price of \$10.00 per share.
- (6) Includes (i) 10,000 shares of our common stock; (ii) 20,000 shares of the Company's common stock underlying options exercisable at an exercise price of \$10.00 per share.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

In 2025 the Company repaid \$100,000 to Xten, a common control entity while in 2024 the Company borrowed \$100,000 from Xten. The loan is non-interest bearing and due upon demand. The funds are being used for working capital. In 2025 the Company's subsidiary, CEL, borrowed \$62,603 from Ann Liu. Ms. Liu, the Chief Operating Officer of CEL while in 2024 we borrowed \$16,714 from Ms. Liu. At December 31, 2025, the balance outstanding is \$79,317. In 2025 we borrowed \$57,302 from Asahi Corporation Limited a common control entity of Liu Mei Chong, and our JV partner of CEL. The loan is non-interest bearing and due on demand. The balance due to Asahi at December 31, 2025 is \$57,302. In October 2025 we established operations in Shenzhen, China and in doing so we borrowed money from two individuals related to this start-up. In 2025 we borrowed \$212,045 from Tianyang Zhang and \$7,700 from Xinjie Liu to fund operations. The loans are unsecured, non-interest bearing and due on demand.

In December 2024, the Company entered into an agreement with Plexus Corporation, a common control entity, whereby Plexus will provide Consultation and Support Services to CQENS as it relates to Quality Management Systems Development (QMS) and CQENS's Product development, regulatory compliance and commercialization. In 2025 and 2024, the fees and reimbursable expenses totaled \$121,614 and \$20,125 respectively.

In 2025 and 2024, the Company utilized Plexus Corporation, a common control entity to provide accounting support. Total costs were \$1,419 and \$1,525 respectively. In August 2025 we initiated the usage of project management services provided by Plexus personnel. The total cost to the Company for this service in 2025 was \$25,000.

Through December 23, 2025, we maintained our corporate offices at 5550 Nicollet Avenue, Minneapolis, MN 55419. We leased the premises from 5550 Nicollet, LLC, a company owned by Mr. Chong. Annual rent was \$9,600 in 2025 and \$9,300 in 2024. In December 2024 we entered into a new month-to-month lease that began January 1, 2025, with a monthly rental rate of \$800. As of December 31, 2025, there is no outstanding balance due to 5550 Nicollet LLC. The lease was not renewed and we relocated our corporate office to 170 S Green Valley Parkway, Suite 343, Henderson, NV 89012.

We had existing business relationships with affiliates of our 3 new executives. We have paid for services provided and may from time to time pay these affiliates for services unrelated to the executives' roles with our company.

In 2025, the Company paid fees to Numstrata, an entity where Mr. Shudall serves as managing director, for support services, travel, and supplies in the amount of \$233,212. Through 2026, the Company has paid fees to Numstrata totalling \$54,332.

Currently, Mr. Shudall owns 10,000 share of our common stock that was granted upon Mr. Shudall's assignment, as a co-inventor, of certain HnB intellectual property to CQENS.

None of our directors is considered "independent" within the meaning of meaning of Rule 5605 of the NASDAQ Marketplace Rules.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The following table shows the fees that were billed for the audit and other services provided by MaloneBailey LLP for 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Audit Fees	\$ 116,030	\$ 125,660
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	<u>\$ 116,030</u>	<u>\$ 125,660</u>

Audit Fees — This category includes the audit of our annual consolidated financial statements, review of consolidated financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

Audit-Related Fees — This category consists of assurance and related services by the independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under “Audit Fees.” The services for the fees disclosed under this category include consultation regarding our correspondence with the Securities and Exchange Commission and other accounting consulting.

Tax Fees — This category consists of professional services rendered by our independent registered public accounting firm for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

All Other Fees — This category consists of fees for other miscellaneous items.

Our board of directors has adopted a procedure for pre-approval of all fees charged by our independent registered public accounting firm. Under the procedure, the Board approves the engagement letter with respect to audit, tax and review services. Other fees are subject to pre-approval by the board, or, in the period between meetings, by a designated member of the board. Any such approval by the designated member is disclosed to the entire board at the next meeting. The audit and tax fees paid to the auditors with respect to 2025 were pre-approved by the entire board of directors.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial statements.

- [Report of MaloneBailey, LLP, Houston, TX \(PCAOB ID 206\);](#)
- [Consolidated balance sheets at December 31, 2025 and 2024;](#)
- [Consolidated statements of operations for the years ended December 31, 2025 and 2024;](#)
- [Consolidated statements of changes in stockholders’ equity for the years ended December 31, 2025 and 2024;](#)
- [Consolidated statements of cash flows for the years ended December 31, 2025 and 2024,](#) and
- [Notes to consolidated financial statements.](#)

(b) Exhibits. [UPDATE – DELETE OLD/MATERIAL EXHIBITS. EXAMPLE – DELETE WARRANTS]

No .	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date Filed	Number	
2.1	Share Exchange Agreement and Plan of Reorganization dated April 11, 2014 by and between OICco Acquisition IV, Inc., VapAria Corporation and the listed shareholders+	8-K	4/11/14	2a	
3.1	Amended and Restated Certificate of Incorporation	S-1	6/30/14	3.C	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation	8-K	8/21/14	3.4	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation	10-Q	11/09/16	3.5	
3.4	Certificate of Amendment to the Amended and Restated Certificate of Incorporation	8-K	12/18/19	3.5	
3.5	Bylaws	S-1	3/29/10	3(b)	

4.1	Form of Series A Common Stock Purchase Warrant	8-K	10/2/20	4.1	
4.2	Form of Series B Common Stock Purchase Warrant	8-K	10/2/20	4.2	
4.3	Form of Series C Common Stock Purchase Warrant	8-K	10/2/20	4.3	
10.1	Intellectual Property Assignment Agreement dated August 1, 2010 between Alexander C. Chong, William P. Bartkowski and Chong Corporation	S-1	6/9/14	10(d)	
10.2	2014 Equity Compensation Plan *	8-K	8/21/14	10.7	
10.3	Lease extension dated December 31, 2017 with Chong Corporation	10-K	3/29/18	10.21	
10.4	Asset Purchase Agreement dated December 31, 2019 by and between COENS Technologies Inc. and Chong Corporation	8-K	1/2/20	10.1	
10.5	Form of Stock Purchase Agreement	8-K	1/31/20	10.1	
10.6	Commercial Month to Month Lease	10-K	4/10/20	10.29	
10.7	Form of Stock Purchase Agreement	8-K	6/5/20	10.1	
10.8	Form of Amended and Restated Operating Agreement dated July 24, 2020 of Leap Technology LLC by and between COENS Technologies, Inc., Zong Group Holdings LLC and Leap Management LLP	8-K	7/29/20	10.1	
10.9	Form of Contribution Agreement Via Exclusive Licensing Agreement dated July 24, 2020 by and between COENS Technologies Inc. and Leap Technology LLC	8-K	7/29/20	10.2	
10.10	Form of Intellectual Property License Agreement dated July 24, 2020 by and between COENS Technologies Inc. and Leap Technology LLP	8-K	7/29/20	10.3	
10.11	Asset Purchase Agreement dated September 30, 2020 by and between COENS Technologies Inc. and Xten Capital Group, Inc. (IP)	8-K	10/2/20	10.1	
10.12	Asset Purchase Agreement dated September 30, 2020 by and between COENS Technologies Inc. and Xten Capital Group, Inc. (other assets)	8-K	10/2/20	10.2	
10.13	Joint venture Agreement by and among Firebrand Manufacturing, LLC and COENS Technology, Inc. dated August 17, 2021	8-K	8/23/21	10.1	
10.14	Commercial Lease Agreement Research and Development Facilities effective April 15, 2022	10-K	4/14/22	10.20	
10.15	Purchase Agreement between COENS Technologies, Inc. and Montrade S.P.A. effective July 13, 2022+	10-Q	8/15/22	10.2	
10.16	Form of Stock Option Grant	8-K	10/26/22	10.1	
10.17	2019 Equity Compensation Plan,	10-K	4/14/23	10.23	
10.18	Amendment No. 2 of Montrade S.P.A. effective October 18, 2023	10-Q	11/13/23	10.2	
10.19	Intellectual Property License Agreement effective August 22, 2023, by and between COENS Technologies Inc. and XTEN Capital Group Inc.+	8-K/A	11/22/23	10.1	
10.20	COENS Electronics (Hong Kong) Limited Shareholders Agreement dated December 20, 2023 between COENS Technologies Inc. and Asahi Corporation Limited	8-K	12/21/23	10.1	
10.21	Intellectual Property Agreement dated December 20, 2023 by and between COENS Technologies Inc. and COENS Electronics (Hong Kong) Limited	8-K	12/21/23	10.2	
10.22	Purchase Agreement between COENS Technologies Inc. and Montrade S.p.A. effective June 9, 2025				Filed
10.23	Office Service Agreement dated December 12, 2025 by and between COENS Technologies Inc. and International Workplace Group				Filed
14.1	Code of Conduct and Ethics	10-K	4/14/15	14.1	
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer				Filed
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer				Filed
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer				Filed
101.INS	Inline XBRL Instance Document				Filed
101.SCH	Inline XBRL Taxonomy Extension Schema Document				Filed
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				Filed
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				Filed
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				Filed
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				Filed
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				Filed

+ Exhibits and/or Schedules have been omitted. The Company hereby agrees to furnish to the Staff of the Securities and Exchange Commission upon request any omitted information.

* Management contract or compensatory agreement, plan or arrangement.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CQENS Technologies Inc.

April 15, 2026

By: /s/ Alexander Chong
Alexander Chong, Chief Executive Officer

April 15, 2026

By: /s/ Daniel Markes
Daniel Markes, Chief Financial Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Alexander his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) and supplements to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Name</u>	<u>Positions</u>	<u>Date</u>
<u>/s/ Alexander Chong</u> Alexander Chong	Chief Executive Officer, Chairman of the Board of Directors, principal executive officer	April 15, 2026
<u>/s/ William P. Bartkowski</u> William P. Bartkowski	Chief Administrative Officer and Secretary	April 15, 2026
<u>/s/ Daniel Markes</u> Daniel Markes	Chief Financial Officer, director, principal financial and accounting officer	April 15, 2026

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
CQENS Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CQENS Technologies, Inc. and its subsidiary (collectively, the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involve our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

/s/ MaloneBailey, LLP

www.malonebailey.com

We have served as the Company’s auditor since 2013.

Houston, Texas

April 15, 2026

CQENS Technologies, Inc.
Consolidated Balance Sheets

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8,914,107	\$ 4,596,556
Prepaid expenses	360,360	109,137
Total Current Assets	9,274,467	4,705,693
Intellectual property, net	1,741,808	1,386,720
Furniture and equipment, net	37,161	-
Right-of-use asset - lease, net	193,185	21,979
Leasehold improvement, net	-	2,092
Construction in progress	2,321,489	1,315,784
TOTAL ASSETS	\$ 13,568,110	\$ 7,432,268
LIABILITIES & STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 219,300	\$ 961,887
Accrued expenses	249,374	279,138
Related party loan	1,256,364	1,016,714
Investor deposits	-	850,000
Current portion of lease liability	121,765	21,979
Total Current Liabilities	1,846,803	3,129,718
Lease liability, net of current portion	71,420	-
TOTAL LIABILITIES	1,918,223	3,129,718
STOCKHOLDERS' EQUITY		
Preferred Stock: \$0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding at December 31, 2025 and December 31, 2024	-	-
Common Stock: \$0.0001 par value; 200,000,000 shares authorized; 27,573,752 shares issued and outstanding at December 31, 2025 and 26,828,383 shares issued and outstanding at December 31, 2024	2,758	2,683
Additional paid-in capital	58,965,838	39,068,448
Non-controlling interests	475,383	(4,747)
Accumulated other comprehensive loss	(4,845)	(40)
Accumulated deficit	(47,789,247)	(34,763,794)
TOTAL STOCKHOLDERS' EQUITY	11,649,887	4,302,550
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 13,568,110	\$ 7,432,268

See accompanying notes to consolidated financial statements

CQENS Technologies, Inc.
Consolidated Statements of Operations and Comprehensive Loss

	Year ended December 31	
	2025	2024
Operating Expenses		
General and administrative	\$ 2,367,546	\$ 1,194,810
Research and development	1,968,489	1,504,416
Professional fees	8,974,395	8,229,166
Total Operating Expenses	13,310,430	10,928,392
Total Operating Loss	(13,310,430)	(10,928,392)
Other Income	267,235	15,816
Net Loss	(13,043,195)	(10,912,576)
Net loss attributable to non-controlling interests	(17,742)	(5,221)
Net Loss attributable to CQENS Technologies, Inc	\$ (13,025,453)	\$ (10,907,355)
Basic and diluted loss per common share	\$ (0.48)	\$ (0.41)
Basic and diluted weighted average shares outstanding	27,339,471	26,434,607
Comprehensive Loss:		
Change in foreign currency translation adjustments	(6,933)	(80)
Comprehensive Loss:	(13,050,128)	(10,912,656)
Comprehensive loss attributable to non-controlling interests	(19,870)	(5,261)
Comprehensive loss attributable to CQENS Technologies, Inc.	\$ (13,030,258)	\$ (10,907,395)

See accompanying notes to consolidated financial statements

CQENS Technologies, Inc
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2025 and 2024

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total	Non- controlling Interest	Total
	Number of Shares	\$0.0001 Par Value						
Balance, December 31, 2023	<u>26,174,520</u>	<u>\$ 2,618</u>	<u>\$24,799,273</u>	<u>\$(23,856,439)</u>	<u>\$ -</u>	<u>\$ 945,452</u>	<u>\$ 514</u>	<u>\$ 945,966</u>
Common stock issued for cash	343,400	34	6,867,966	-	-	6,868,000	-	\$ 6,868,000
Common stock issued for services	310,463	31	6,209,229	-	-	6,209,260	-	\$ 6,209,260
Stock options expense	-	-	1,191,980	-	-	1,191,980	-	\$ 1,191,980
Other comprehensive loss	-	-	-	-	(40)	(40)	(40)	\$ (80)
Net loss				(10,907,355)	-	(10,907,355)	(5,221)	\$(10,912,576)
Balance, December 31, 2024	<u>26,828,383</u>	<u>\$ 2,683</u>	<u>\$39,068,448</u>	<u>\$(34,763,794)</u>	<u>\$ (40)</u>	<u>\$ 4,307,297</u>	<u>\$ (4,747)</u>	<u>\$ 4,302,550</u>
Common stock issued for cash	577,500	58	11,549,942	-	-	11,550,000	-	\$ 11,550,000
Common stock issued for services	167,869	17	3,357,363	-	-	3,357,380	-	\$ 3,357,380
Stock options expense	-	-	5,490,085	-	-	5,490,085	-	\$ 5,490,085
Contribution to Joint Venture			(500,000)			(500,000)	500,000	-
Other comprehensive loss	-	-	-	-	(4,805)	(4,805)	(2,128)	\$ (6,933)
Net loss	-	-	-	(13,025,453)	-	(13,025,453)	(17,742)	\$(13,043,195)
Balance, December 31, 2025	<u>27,573,752</u>	<u>\$ 2,758</u>	<u>\$58,965,838</u>	<u>\$(47,789,247)</u>	<u>\$ (4,845)</u>	<u>\$ 10,674,504</u>	<u>\$ (475,383)</u>	<u>\$ 11,649,887</u>

See accompanying notes to consolidated financial statements

CQENS Technologies Inc.
Consolidated Statements of Cash Flows

	Year ended December 31	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (13,043,195)	\$ (10,912,576)
Adjustments to reconcile net loss to net cash used in operations:		
Amortization expense	159,009	125,762
Lease expense	74,247	62,153
Depreciation expense	1,511	157,574
Stock options expense	5,490,085	1,191,980
Common stock issued for services	3,357,380	6,204,260
Changes in operating assets and liabilities:		
Prepaid expenses	(251,223)	(60,246)
Accounts payable	46,944	68,177
Lease liability	(74,247)	(62,153)
Accrued expenses	(29,764)	30,700
Net cash used in operating activities	(4,269,253)	(3,194,369)
Cash flows from investing activities		
Additions to intellectual property	(512,005)	(362,182)
Additions to property, plant and equipment	(1,833,908)	(27,845)
Net cash used in investing activities	(2,345,913)	(390,027)
Cash flows from financing activities		
Proceeds from issuance of common stock	10,700,000	6,868,000
Investor Deposits	-	850,000
Repayment of related party loan	(100,000)	-
Borrowing from related parties	339,650	112,467
Net cash provided by financing activities	10,939,650	7,830,467
Effect of exchange rate changes on cash	(6,933)	(80)
Net change in cash and cash equivalents	4,317,551	4,245,991
Cash and cash equivalents, beginning of period	4,596,556	350,565
Cash and cash equivalents, end of period	\$ 8,914,107	\$ 4,596,556
Supplementary disclosure for noncash activities:		
Right-of-use asset in exchange for lease liability	\$ 245,453	\$ -
Common stock issued for future services	\$ -	\$ 5,000

See accompanying notes to consolidated financial statements

CQENS Technologies, Inc.
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF BASIS OF PRESENTATION

Nature of Business

CQENS Technologies, Inc., formerly VapAria Corporation (“we”, “CQENS”, the “Company”) was incorporated under the laws of the State of Delaware on December 21, 2009 under the name OICco Acquisition IV, Inc.

On April 11, 2014 the Company entered into that certain Share Exchange Agreement and Plan of Reorganization with VapAria Solutions, Inc., a Minnesota corporation formerly known as VapAria Corporation (“VapAria Solutions”), and the shareholders of VapAria Solutions (the “VapAria Solutions Shareholders”) pursuant to which we agreed to acquire 100% of the outstanding capital stock of VapAria Solutions from the VapAria Solutions Shareholders in exchange for certain shares of our capital stock. On July 31, 2014 all conditions precedent to the closing were satisfied, including the reconfirmation by the investors of the prior purchase of 1,000,000 shares of our common stock pursuant to the requirements of Rule 419 of the Securities Act of 1933, as amended (the “Securities Act”), and the transaction closed.

At closing, we issued the VapAria Solutions Shareholders 5,142,856 shares of our common stock and 500,000 shares of our 10% Series A Convertible Preferred Stock (“Series A Preferred”) in exchange for the common stock and preferred stock owned by the VapAria Solutions Shareholders.

As a result of the closing of this transaction, VapAria Solutions became a wholly owned subsidiary of our company and its business and operations represent those of our company.

On August 19, 2014, the board of directors of the Company and the holders of a majority of its issued and outstanding common stock approved a Certificate of Amendment to our Amended and Restated Certificate of Incorporation changing the name of our company to VapAria Corporation. The name change was effective on August 19, 2014. Our Board determined it was in our best interests to change our corporate name to better reflect our business and operations following our recent acquisition of VapAria Solutions.

On December 26, 2019, our Board determined it was in our best interest to change our corporate name to better reflect our business and operations and so the Company name was changed from VapAria Corporation to CQENS Technologies Inc. Our board of directors and the Majority Stockholders have approved the Name Change to more accurately reflect the current direction of our company and to eliminate potential market confusion as our business focus is not in the area of unregulated vaping. Further, the board determined it would be in our best interests to dissolve the subsidiary entity, VapAria Solutions which had no activity or operations since July 31, 2014 when the April 11, 2014 Share Exchange Agreement and Plan of Reorganization’s conditions of close were satisfied. The dissolution of the subsidiary was effective December 30, 2019.

On December 20, 2023, we acquired 50% membership in CQENS Electronics (Hong Kong) Limited (“CEL”) along with Asahi Corporation for the design, development and manufacturing of our heat-not-burn device. CQENS holds a majority of the board seats including nomination of the chair. Pursuant to the establishment of CEL, CQENS entered into an exclusive, worldwide License Agreement with CEL for designing, developing and manufacturing a consumer device consistent with our IP. CEL is included in our consolidated financial statements. In December 2025, we made a contribution to CEL of one million dollars as CEL will establish scalable manufacturing facilities, tooling and equipment for producing our electronic consumer device.

CQENS Technologies, Inc. is a technology company with a proprietary method of heating plant-based consumable formulations that produce an aerosol that lead to the effective and efficient inhalation of the plant’s constituents. This is accomplished at a high temperature but without the accompanying constituents of combustion. Our system of heating is a high temperature, non-combustion system. Our Heat-not-Burn Tobacco Product (HTP) system is a patent-pending method of heating plant-based consumables for inhalation that is superior to other methods of ingestion, smoking, vaping, swallowing or via topical application.

The Company has a fiscal year end of December 31.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying consolidated financial statements have been prepared by the Company with accounting principles generally accepted in the United States of America (“GAAP”) and have been consistently applied in the preparation of the consolidated financial statements in line with the Principles of Consolidation.

Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents – All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. As of December 31, 2025, our cash equivalent consists of a \$995,000 three-month term deposit. This term deposit is classified as a cash equivalent because it meets the strict accounting criteria of being a short-term, highly liquid investment that is readily convertible to a known amount of cash, with an insignificant risk of changes in value.

Earnings per Share Information – Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 260 “Earnings Per Share” provides for calculation of “basic” and “diluted” earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share.

Variable Interest Entity (“VIE”) - The Financial Accounting Standards Board (“FASB”) provides guidance in ASC 810, *Consolidation* (“ASC 810”) for determining whether an entity is a VIE. VIE’s are defined as entities in which equity investors of the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE is required to be consolidated by its primary beneficiary, which is the party that (i) has the power to control the activities that most significantly impact the VIE’s economic performance and (ii) has the obligation to absorb losses, or the right to receive benefits, of the VIE that could potentially be significant to the VIE. The Company enters business relationships and regularly assesses them under the requirements of ASC 810 to determine whether such relationships should be accounted for under the VIE model and if so, whether the Company is the primary beneficiary of the VIE.

The Company concluded it has a variable interest in CEL that results in the Company being the primary beneficiary. This conclusion was based on the following:

- The Company inherently has the power to direct the activities of CEL as its sole customer.
- Without the business of the Company, CEL would not be able to sustain their operations.

The following table summarizes the carrying amount of the assets and liabilities of CEL included in the Company’s Consolidated Balance Sheets as of December 31, 2025:

December 31,	2025
Cash and cash equivalents	\$ 1,094,207
Prepaid Expenses	\$ 167,427
Total Assets	\$ 1,261,634
Related party loan	\$ 136,619
Customer deposit	\$ 174,250
Total Liabilities	\$ 310,869

The results of operations of CEL are included in the Company’s consolidated financial statements.

Income Tax – Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. These assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse.

The Company has net operating loss carryforwards available to reduce future taxable income. Future tax benefits for these net operating loss carryforwards are recognized to the extent that realization of these benefits is considered more likely than not. To the extent that the Company will not realize a future tax benefit, a valuation allowance is established.

Long Lived Assets – Assessing long-lived assets for impairment will require us to make assumptions and judgments regarding the carrying value of these assets. We will evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The assets will be considered to be impaired if we determine that the carrying value may not be recoverable based upon our assessment of the following events or changes in circumstances:

If we believe our assets to be impaired, the impairment we will recognize will be the amount by which the carrying value of the assets exceeds the fair value of the assets. Any write-down will be treated as permanent reductions in the carrying amount of the asset and an operating loss would be recognized. In addition, we base the useful lives and related amortization or depreciation expense on our estimate of the useful lives of the assets. If a change were to occur in any of the above-mentioned factors or estimates, our reported results could materially change. There was no impairment at December 31, 2025 and December 31, 2024.

Intangible Assets – Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. Acquired intangible assets are carried at cost, less accumulated amortization. For intangible assets purchased in a business combination or received in a non-monetary exchange, the estimated fair values of the assets received (or, for non-monetary exchanged, the estimated fair values of the assets transferred if more clearly evident) are used to establish the cost basis, except when neither of the values of the assets received or the assets transferred in non-monetary exchanges are determinable within reasonable limits. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value. Amortization of finite-lived intangible assets is computed over the useful life of the respective assets.

Leases - In February 2016, the FASB issued ASU 2016-02 “Leases” which amended current lease accounting to require lessees to recognize (i) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and (ii) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 does not significantly change lease accounting requirements applicable to lessors; however, certain changes were made to align, where necessary, lessor accounting with the lessee accounting model. Additional ASUs have been issued subsequent to ASU 2016-02 to provide supplementary clarification and implementation guidance for leases related to, among other things, the application of certain practical expedients, the rate implicit in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payment that depend on an index or rate and certain transition adjustments.

The Company adopted the new standard on January 1, 2019, using the modified-retrospective method. The new standard provides a number of optional practical expedients in transition. The Company has elected the “package of practical expedients”, which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the land easements practical expedients as this is not applicable to the Company. The new standard also provides practical expedients for an entity’s ongoing accounting. The Company elected the short-term lease recognition exemption for all leases that qualify. This means that the Company does not recognize right-of-use assets or lease liabilities for leases with terms of 12 months or less. Certain leases of low-value assets are also not recognized.

The Company will recognize an operating lease asset and operating lease liability for each lease with a contractual term greater than 12 months at the time of lease inception. We will not record leases with an initial term of 12 months or less on our balance sheet but will continue to record rent expense on a straight-line basis over the lease term.

Operating lease assets and liabilities will be recognized at the lease commencement date, which is the date we control the use of the property. Operating lease liabilities represent the present value of lease payments not yet paid.

We made the policy election to combine lease and non-lease components. We will consider fixed CAM as part of our fixed future lease payments; therefore, fixed CAM, if any, will be included in our lease liability. To determine the present value of lease payments not yet paid, we will estimate incremental borrowing rates corresponding to the lease term including reasonably certain renewal periods. We will estimate this rate based on prevailing financial market conditions, credit analysis, and management judgment.

Total lease costs will include fixed operating lease costs, variable lease costs and short-term lease costs. Our real estate lease requires us to pay certain expenses, such as CAM costs and insurance, of which the fixed portion will be included in operating lease costs. We will recognize operating lease costs on a straight-line basis over the lease term.

Operating lease assets represent our right to use an underlying asset and will be based upon the operating lease liabilities adjusted for prepayments, initial direct costs, lease incentives, and impairment of operating lease assets.

For operating leases, operating lease assets will be reduced over the lease term by the recognized straight-line lease expense less the amount of accretion of the lease liability.

Intellectual Property - Intellectual property assets primarily represent rights through patent assignments and are generally amortized on a straight-line basis over periods of benefit, ranging up to 17 years. For the fiscal year ended December 31, 2025, the Company amortized \$156,917 compared to \$119,486 in the previous year, related to the value of its patent portfolio, some of which was acquired in 2013, 2016, 2019 and 2020 from an affiliate (see Note 5).

Accrued Research and Development Expenses – As part of the process of preparing our financial statements we are required to estimate our accrued expenses, including research and development expenses. This process involves reviewing quotations and contracts, identifying services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at the time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows in accruing service fees we estimate the time-period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we will adjust the accrual accordingly. If we do not identify costs that we have begun to incur or if we underestimate or overestimate the level of services performed or the cost of these services, our actual expenses could differ from our estimates. We do not anticipate the future settlement of existing accruals to differ materially from our estimates. Research and development expenses are expensed as incurred.

Stock-based Compensation - The Company accounts for stock-based compensation in accordance with the provision of ASC 718, “Compensation-Stock Compensation”. ASC 718 requires companies to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant-date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period.

Fair Value of Financial Instruments - Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction cost. Fair value measurement under generally accepted accounting principles provides for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company.

- Level 3: Unobservable inputs reflect the assumptions that the Company develops based on available information about what market participants would use in valuing the asset or liability. The Company does not have any assets or liabilities that are required to be measured and recorded at fair value on a recurring basis.

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts payable and debt are a reasonable estimate of fair value because of the short period of time between origination of such instruments and their expected realization and, if applicable, the stated rate of interest is equivalent to rates currently available.

Segment Information - In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which introduced new guidance for improving disclosures about a public entity’s reporting segments to provide, when applicable, more detailed information about a reportable segment’s expenses. This standard was effective for the Company as of January 1, 2024. The senior management team consisting of the CEO, CFO and COO collectively are identified as the Chief Operating Decision Maker (CODM). The CODM, for the Company, has determined, consistent with the guidance in ASC 280 paragraph 280-10-50-1, that CQENS Technologies, its subsidiary, CQENS Electronics (Hong Kong) Limited (“CEL”) and Shenzhen branch are a single operating and reporting segment. The CODM has chosen to organize the Company around differences in products and services. CQENS, CEL and Shenzhen branch are focused on research and development of our HnB technology and on production and commercialization of this same technology. The CODM evaluates the Company’s financial information and resources and assesses the performance of these resources on a consolidated and aggregate basis. Accordingly, the Company has determined that it operates in one operating and reportable segment. The Company internally reports the following segment financial information, on a consolidated basis, to the CODM: research and development expenses and professional fees, are the key contributors used to measure the reported losses used by the CODM to assess performance and allocate resources and is presented on the consolidated statements of operations and comprehensive loss. There are no segment operating expenses that require disclosure beyond the expense categories presented on the consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the consolidated balance sheets as total assets. As a result, there are no additional disclosures required and no impact to our financial statements at adoption.

Recent Accounting Pronouncements – On November 4, 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 which issues new guidance requiring disclosure of the disaggregation of income statement expenses (DISE) by public business entities (PBE’s) and is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting the standard. The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying consolidated financial statements.

There are various updates recently issued to the accounting literature and these are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

Reclassification – Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

NOTE 3 – GOING CONCERN

The Company’s consolidated financial statements are prepared in accordance with GAAP applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. Currently, the Company has recurring losses, with renewed research and development efforts and with no source of revenue and limited cash sufficient to cover its operations Management believes we have sufficient capital to complete the PMTA process that will encompass at least the next 12 months, barring an unforeseen event or circumstance that add costs we may then be unable to cover and then unable to meet our obligations. These factors may not allow it to continue as a going concern. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company will be dependent upon the raising of additional capital. The consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

NOTE 4 – INCOME TAXES

We did not provide current or deferred U.S. federal income tax provision or benefit for any of the periods presented because we reported no activity the first two years and have experienced losses since 2019. Under ACS 740: Income Taxes, when it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. We provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carryforwards, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during the carryforward period. The 2017 Tax Cuts and Jobs Act reduced the corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. For net operating losses (NOLs) arising after December 31, 2017, the 2017 Act limits a taxpayer's ability to utilize NOL carryforwards to 80% of taxable income. In addition, NOLs arising after 2017 can be carried forward indefinitely, but carryback is generally prohibited. NOLs generated in tax years beginning before January 1, 2018 will not be subject to the taxable income limitation. The One Big Beautiful Bill Act (OBBBA) provided for the immediate expensing in the net operating loss (NOL) calculation of 100% of the domestic research and development expenses beginning in 2025. It further allows for retroactive relief for years 2022 through 2024 to include the unamortized portions, of the research and development expenses, in 2025 or spread between 2025 and 2026. CQENS has elected to spread this retroactive relief between 2025 and 2026.

The component of the Company's deferred tax asset as of December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Net operating loss carryforward	\$ 2,329,299	\$ 498,557
Valuation allowance	\$ (2,329,299)	\$ (498,557)
Net deferred asset	\$ -	\$ -

The Company did not pay any income taxes during the years ended December 31, 2025 or 2024.

The Company's cumulative net operating loss carryforward as of December 31, 2025 amounted to \$11,091,898 of which \$50,052 represents net operating losses prior to 2017 and will expire between December 31, 2033 and December 31, 2038. The years going back to 2023 remain open for examination by relevant tax authorities.

NOTE 5 – STOCKHOLDERS' EQUITY

In 2025 we sold 577,500 shares of our common stock for \$11,550,000 to 15 accredited investors in private transactions. We did not pay commissions or finder's fees and are using the proceeds for working capital.

In 2025 we issued 167,869 shares of our common stock to unrelated third parties as compensation for consulting services for the consultants' guidance and expertise in identifying business opportunities, partners and other skilled consultants, therapeutic applications of our patents, technologies, and formulations; as well as pathways to regulatory approvals and authorizations. The stock was valued at \$3,357,380.

At December 31, 2024, we had investments of \$850,000 from three individuals or entities for 42,500 shares of our common stock in private transactions. We did not pay a commission or finder's fee and will be using the proceeds for working capital. Issuance of the shares were pending as of December 31, 2024.

On January 29, 2024, we issued 12,500 shares valued at \$250,000 as a retainer pursuant to our engagement of Ango-Chinese Financial in Asia. In 2024, \$215,000 of this retainer was expensed for services provided. In the first quarter of 2025, the remaining \$35,000 of this retainer was expensed.

On March 25, 2024, we sold 14,250 shares of our common stock to a "non-U.S. Person" accredited investor for \$285,000 in a private transaction. We did not pay a commission or finder's fee and are using the proceeds for working capital.

In 2024 we sold 329,150 shares of our common stock for \$6,583,000 to 35 accredited investors in private transactions. We did not pay commissions or finder's fees and are using the proceeds for working capital.

In 2024 we issued 297,963 shares of our common stock to unrelated third parties, all of whom are practicing medical professionals, as compensation for consulting services involving providing counsel and guidance related to therapeutic applications of our patents, technologies, and formulations; as well as pathways to regulatory approvals and authorizations. The stock was valued at \$5,959,260.

As of December 31, 2025, the Company had 27,573,752 shares of common stock issued and outstanding.

Preferred Stock

There are no shares of Series A Preferred issued and outstanding in 2025 or 2024.

Stock Options

On June 16, 2025, the Company granted stock options under the Company's 2019 Equity Compensation Plan to a third party for advisory services, relating to the selection of an investment bank, to purchase 20,000 shares at \$20.00 per share. These options were exercisable immediately. The fair market value of the options at the grant date was determined to be \$260,738, which was expensed in the second quarter of 2025. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 77.54%; and 4) the risk-free rate of return of 4.04%. The exercise period of the options terminates on June 16, 2030.

On July 2, 2025, the Company granted stock options under the Company's 2019 Equity Compensation plan to third parties for advisory services in foreign manufacturing to purchase 2,450 shares at \$20.00 per share. These options were exercisable immediately. The fair market value of the options at the grant date was determined to be \$31,790, which was expensed in the third quarter of 2025. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 77.26%; and 4) the risk-free rate of return of 3.87%. The exercise period of the options terminates on July 2, 2030.

On October 1, 2025, the non-qualified stock options that were granted to management on October 1, 2020, expired without exercise. The result is a reduction of 250,000 to the outstanding and exercisable options.

On December 9, 2025, the Company granted stock options under the Company's 2019 Equity Compensation plan to third parties for advisory services, in the areas of QMS systems and regulatory compliance, to purchase 40,000 shares at \$20.00 per share. 20% of the shares were exercisable immediately, with the balance vesting over the next 4 years in equal instalments and subject to certain terms and conditions. The fair market value of the options at the grant date was determined to be \$522,322 of which \$144,726 was expensed in 2025. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 78.16%; and 4) the risk-free rate of return of 3.78%. The exercise period of the immediately exercisable options terminates December 9, 2030.

On December 31, 2025, the Company granted stock options to employees under the Company's 2019 Equity Compensation plan to purchase 75,000 shares at \$20.00 per share. These options were exercisable immediately. The fair market value of the options at the grant date was determined to be \$983,633 which was expensed in the fourth quarter of 2025. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 78.76%; and 4) the risk-free rate of return of 3.73%. The exercise period of the options terminates on December 31, 2030.

On December 31, 2025, the Company granted stock options under the Company's 2019 Equity Compensation plan to third parties for a variety of business services to purchase 76,000 shares at \$20.00 per share. 20% of the shares were exercisable immediately, with the balance vesting over the next 4 years in equal instalments and subject to certain terms and conditions. The fair market value of the options at the grant date was determined to be \$996,748 of which \$200,489 was expensed in 2025. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 78.76%; and 4) the risk-free rate of return of 3.73%. The exercise period of the immediately exercisable options terminates December 31, 2030.

On December 31, 2025, the Company granted stock options to unrelated third parties outside of the Company's Equity Compensation plan for advisory services, relating to international business matters, to purchase 196,500 shares at \$20.00 per share. These options were exercisable immediately. The fair market value of the options at the grant date was determined to be \$2,577,118 which was expensed in the fourth quarter of 2025. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 78.76%; and 4) the risk-free rate of return of 3.73%. The exercise period of the options terminates on December 31, 2030.

On September 1, 2024, we granted 117,500 options under the Company's 2019 Equity Compensation Plan to seven consulting engineers. The options granted have a twelve-month vesting period and when fully vested will allow the consultants to purchase 117,500 common shares of the Company at an exercise price of \$20.00 per share. The fair market value of the options using the Black Scholes option pricing model was determined to be \$1,426,607 of which \$951,071 was expensed in 2025 and at the grant date had: 1) a current stock price per share of \$20.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 155.41%; and 4) the risk-free rate of return of 4.15%.

On December 31, 2024 the non-qualified stock options that were granted to management on December 31, 2019, expired without exercise. The result is a reduction of 250,000 to the outstanding and exercisable options.

On December 31, 2024, the Company's 2014 Equity Compensation Plan expired. The result is a reduction of 507,864 in the available options in this 2014 Plan.

On October 21, 2022, the Company granted stock options under the Company's 2014 Equity Compensation Plan to individuals who are considered related parties, in that they are employed by or otherwise associated with entities owned or controlled by our chairman and chief executive officer, Alexander Chong. Substantially all of the related party individuals are also non-U.S. persons. The various grants were made in amounts and with exercise prices and vesting conditions consistent with our corporate development objectives. Each of these individuals in this one grant group was granted 5,000 or 10,000 or 20,000 shares at \$10.00 per share. 20% of the shares (1,000 or 2,000 or 4,000 respectively) were exercisable immediately, with the balance vesting over the next 4 years in equal instalments and subject to certain terms and conditions. The fair market value of the options at the grant date was determined to be \$2,858,263 of which \$295,827 was expensed in 2025 while \$562,838 was expensed in 2024. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$10.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 85.48%; and 4) the risk-free rate of return of 4.45%. The exercise period of the immediately exercisable options terminates October 21, 2027.

Each of the individuals in this second grant group was granted 5,000 shares at \$10.00 per share. 20% of the shares or 1,000 are exercisable in 2 years from the grant date, with the balance vesting over the next 4 years in equal instalments and subject to certain terms and conditions. The fair market value of the options at the grant date was determined to be \$190,888 of which \$33,759 was expensed in 2025 and \$51,586 was expensed in 2024. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$10.00, based on the price of recent offerings; 2) expected term of 7 years; 3) computed volatility of 82.27%; and 4) the risk-free rate of return of 4.36%. The exercise period of the first exercisable options terminates October 21, 2029.

On February 15, 2021, we granted 400,000 options under the Company's 2019 Equity Compensation Plan to two consulting engineers involved in our research and development. Each of the consultants was granted options to purchase 200,000 shares at \$7.00 per share. 100,000 of the grants are exercisable immediately, with the balance vesting over the next four years in equal installments and subject to certain terms and conditions, including continuing in their consulting roles through the vesting periods. The fair market value of the options at the grant date was determined to be \$2,798,086 of which \$10,934 was expensed in 2025 and \$102,020 was expensed in 2024. The options were valued using the Black Scholes option pricing model with the following assumptions: 1) a current stock price per share of \$7.00, based on the price of recent offerings; 2) expected term of 5 years; 3) computed volatility of 303.59%; and 4) the risk-free rate of return of 0.27%. The exercise period of the immediately exercisable options terminates on February 15, 2026.

As of December 31, 2025, the Company has outstanding and exercisable 1,679,224 options at a weighted average exercise price of \$12.38 and a weighted average remaining term of 2.92 years and an intrinsic value of \$12,788,592.

The following table represents option activity for 2025 and 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding – December 31, 2023	1,983,574	\$ 8.10	3.99	\$ 23,604,531
Exercisable – December 31, 2023	1,470,574	\$ 7.64	2.71	\$ 18,176,295
Granted	117,500	\$ 20.00		
Forfeited	250,000	\$ 1.00		
Vested	1,357,574			
Outstanding - December 31, 2024	1,851,074	\$ 9.82	3.49	\$ 18,851,092
Exercisable - December 31, 2024	1,357,574	\$ 8.99	2.50	\$ 14,941,092
Granted	409,950	\$ 20.00		
Forfeited	250,000	\$ 5.31		
Vested	1,679,224			
Outstanding – December 31, 2025	2,011,024	\$ 12.45	3.34	\$ 15,178,592
Exercisable – December 31, 2025	1,679,224	\$ 12.38	2.92	\$ 12,788,592

Warrants

On September 30, 2020, the Company entered into an Asset Purchase Agreement with Xten Capital Group, a common control entity, pursuant to which it acquired a portfolio of 29 U.S. and international patents and patent applications in the areas of devices and technologies for aerosolizing certain remedies and pharmaceutical preparations, as well as the solutions and preparation for inhaled delivery.

As consideration for the acquisition, the Company issued to Xten, common stock purchase warrants exercisable for an aggregate of 21,000,000 shares of its common stock at an exercise price of \$5.31 per share (the “Warrants”), including (i) a Series A Common Stock Purchase Warrant exercisable for 7,000,000 shares of common stock commencing on September 30, 2023 and expiring on September 30, 2026, (ii) a Series B Common Stock Purchase Warrant exercisable for 7,000,000 shares of common stock commencing on September 30, 2026 and expiring on September 30, 2029, and (iii) a Series C Common Stock Purchase Warrant exercisable for 7,000,000 shares of common stock commencing on September 30, 2029 and expiring on September 30, 2032. The Company has the right to accelerate or extend the exercise period of each series of Warrants at its discretion. In addition, the exercise period of each series of Warrants automatically accelerates in the event of a “change of control” (as defined in the Warrants) prior to such series of Warrants becoming exercisable by its respective terms. The IP Asset Purchase Agreement contained customary indemnification provisions. The warrants are valued at \$191,594 based on the carrying value of the assets acquired.

The following table represents warrants activities for 2025 and 2024:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding - December 31, 2023	21,000,000	\$ 5.31	5.75	\$ 308,490,000
Exercisable - December 31, 2023	7,000,000	\$ 5.31	2.75	\$ 102,830,000
Outstanding – December 31, 2024	21,000,000	\$ 5.31	4.75	\$ 308,490,000
Exercisable – December 31, 2024	7,000,000	\$ 5.31	1.75	\$ 102,830,000
Outstanding – December 31, 2025	21,000,000	\$ 5.31	3.75	\$ 308,490,000
Exercisable – December 31, 2025	7,000,000	\$ 5.31	0.75	\$ 102,830,000

NOTE 6 – RELATED PARTY TRANSACTIONS

In December 2024, the Company entered into an agreement with Plexus Corporation, a common control entity, whereby Plexus will provide Consultation and Support Services to CQENS as it relates to Quality Management Systems Development (QMS) and CQENS’s Product development, regulatory compliance and commercialization. In 2025 and 2024, the fees and reimbursable expenses totaled \$121,614 and \$20,125 respectively.

In 2025 and 2024 the Company utilized Plexus Corporation, a common control entity to provide accounting support. Total costs were \$1,419 and \$1,525 respectively. In August 2025 we initiated the usage of project management services provided by Plexus personnel. The total cost to the Company for this service in 2025 was \$25,000.

Through December 23, 2025, we maintained our corporate offices at 5550 Nicollet Avenue, Minneapolis, MN 55419. We leased the premises from 5550 Nicollet, LLC, a company owned by Mr. Chong. Annual rent was \$9,600 in 2025 and \$9,300 in 2024. In December 2024 we entered into a new month-to-month lease that began January 1, 2025, with a monthly rental rate of \$800. As of December 31, 2025, there is no outstanding balance due to 5550 Nicollet LLC. The lease was not renewed and we relocated our corporate office to 170 S Green Valley Parkway, Suite 343, Henderson, NV 89012.

On January 15, 2023, the Company entered into an agreement to borrow up to \$1,000,000 from its largest shareholder, Xten Capital Group, a common control entity, on an as needed basis. Such borrowings will be for operations, interest free and due upon demand. During 2025 the Company repaid \$100,000 of the borrowed amount while in 2024 the Company borrowed \$100,000. The loan is unsecured, non-interest bearing and due on demand. The loan balance due to Xten at December 31, 2025 is \$900,000.

CQENS Electronics (Hong Kong) Limited (“CEL”), a subsidiary of CQENS, borrowed, from Liu Mei Chong, in 2025 the sum of \$62,603 while in 2024 we borrowed \$12,467. The loan is for operations and is unsecured, non-interest bearing and due on demand. The loan balance due to Liu Mei Chong at December 31, 2025 is \$79,317. In 2025 we borrowed \$57,302 from Asahi Corporation Limited a common control entity of Liu Mei Chong, and our JV partner of CEL. The loan is unsecured, non-interest bearing and due on demand. The balance due to Asahi at December 31, 2025 is \$57,302.

In October 2025 we established operations in Shenzhen, China and in doing so we borrowed money from two individuals related to this start-up. In 2025 we borrowed \$212,045 from Tianyang Zhang and \$7,700 from Xinjie Liu to fund operations. The loans are unsecured, non-interest bearing and due on demand.

See other related party transactions in Note 9 – Commitment and Contingencies

NOTE 7 – LEASES

In March 2022 we entered into a three-year lease agreement commencing April 15, 2022 and continuing through April 30, 2025. In April 2025 we extended the lease for two additional years commencing May 1, 2025 and continuing through April 30, 2027. The annual rate for the initial term of the lease extension is \$70,785 with installment payments of \$5,555 in May 2025 and \$5,930 each month thereafter. Annual increases are tied to the U.S. Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for all Urban Consumers for San Francisco-Oakland-San Jose area.

In October 2025, we entered into a two-year lease agreement commencing November 10, 2025 and continuing through November 9, 2027. The lease rate remains constant for the term of the lease. The annual rate is \$58,536 with installment payments of \$4,878 each month.

We account for our leases under ASC 842, Leases, which requires all leases to be reported on the balance sheet as right-of-use assets and lease obligations. We elected the expedients permitted under the transition guidance that retained lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

We categorized leases with terms longer than twelve months as either operating or finance. Finance leases are generally those leases that would allow us to substantially utilize or pay for the entire asset over its estimated life. Assets acquired under finance leases are recorded in property and equipment, net. All other leases are categorized as operating leases. We did not have any finance leases as of December 31, 2025 and 2024. Our lease for the property is for three years. We elected the accounting policy to include both the lease and non-lease components of our agreements as a single component and account for them as a lease.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on similarly secured borrowings available to us. Lease assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the lease. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. Leasehold improvements are capitalized at cost over the lesser of their expected useful life or the lease term.

When we have options to extend the lease term, terminate the lease before the contractual expiration date, or purchase the leased asset, and it is reasonably certain that we will exercise the option, we consider these options in determining the classification and measurement of the lease. Costs associated with the operating lease are recognized on a straight-line basis within operating expenses over the term of the lease. The following table presents the lease-related asset and liability recorded on the balance sheets:

	December 31, 2025
Assets	
Operating lease asset	\$ 193,185
Liabilities	
Current	
Operating lease liabilities	\$ 121,765
Noncurrent	
Operating lease liabilities	\$ 71,420

Supplemental cash flow information related to leases were as follows:

	Twelve Months Ended December 31, 2025
Cash paid for amounts included in the measurement of lease liabilities	
Right-of-use asset in exchange for lease liability	\$ 245,453
Operating Cash flows from operating leases	\$ 74,247

The table below present the remaining lease terms and discount rates for operating lease.

	December 31, 2025
Weighted-average remaining lease term	
Operating lease	1.57 years
Weighted-average discount rate	
Operating lease	6.15%

Maturities of lease liabilities as of December 31, 2025, were as follows:

	Operating Lease
2026	130,115
Thereafter	72,850
Total lease payments	202,965
Less: amount of lease payments representing interest	(9,780)
Present value future minimum lease payments	\$ 193,185
Less: current obligations under lease	\$ (121,765)
Noncurrent obligations	\$ 71,420

NOTE 8 – SEGMENT REPORTING

The Company operates as a single operating and reportable segment. The Chief Operating Decision Maker (“CODM”), identified as the Company’s senior management team consisting of the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer, evaluates financial performance and allocates resources on a consolidated basis.

The Company’s operations, conducted through CQENS Technologies, subsidiary, CQENS Electronics (Hong Kong) Limited, and Shenzhen branch are focused on the research, development, production, and commercialization of heat-not-burn (“HnB”) technology. While the CODM organizes internal considerations around differences in products and services, financial information is reviewed on an aggregate, consolidated basis.

The CODM uses consolidated net loss as the primary measure of performance. Key expense categories regularly reviewed include research and development expenses and professional fees, which are presented within the consolidated statements of operations and comprehensive loss. No additional segment-level expense disclosures are provided, as such information is consistent with amounts presented in the consolidated financial statements.

Segment assets are measured based on total consolidated assets as reported on the consolidated balance sheets. The Company does not allocate assets to individual components below the consolidated level.

Accordingly, the Company has determined that it has one operating and reportable segment, and no additional segment disclosures are required under ASC 280.

NOTE 9 – COMMITMENT AND CONTINGENCIES

The Asset Purchase Agreement entered into September 30, 2020 by the Company and Xten, a common control entity, where the Company acquired certain patents and patent applications, replaces the 2013 and 2016 License Agreements effectively eliminating the commitment and contingencies of these previous agreements.

NOTE 10 - CONSTRUCTION IN PROGRESS

On July 13, 2022, we announced that we completed R&D stages for the module for the automated manufacture of consumables for its proprietary, patented and patent pending Heat-not-Burn system. The system heats plant-based and/or medicant-infused formulations to produce aerosols for the inhalation of the plant and medicant constituents without combustion or the constituents of combustion, although there are no assurances its products can be commercialized. Contemporaneous with the completion of these R&D stages, effective July 13, 2022 the Company entered into a manufacturing contract with Montrade S.p.A., (“Montrade”) a company based in Bologna, Italy, for Montrade to manufacture and install the module. The Company made an initial payment of \$589,265 and is required to make additional payments of up to \$1,086,465 for the module as certain stages are completed. Montrade is an industry leading designer and manufacturer of machines for a wide range of products, including heated tobacco products.

On February 23, 2023, the Company made a payment of \$138,386 for completion of the design phase. On March 29, 2023, the Company signed Amendment 1 to the manufacturing contract for additional design work and paid \$12,465 of the additional \$36,809 cost. As Amendment 1 was for design work, \$12,465 was expensed. On October 18, 2023, the Company signed Amendment 2 to the manufacturing contract to modify certain components and paid \$40,091 of the \$114,546 cost.

In 2022, \$130,948 of the initial payment was expensed for design services completed by Montrade. The remaining payment of \$458,317 and the additional payment on October 24, 2023, for Amendment 2 of \$40,091 for a combined total of \$498,408 are related to the manufacturing of the module for the automated manufacture of consumables for the Company’s proprietary, patented and patent pending Heat-not-Burn system. The \$498,408 payment is recorded as Construction in progress. With the two amendments added and with payments made in 2023 the Company will be required to pay up to \$1,046,878. On February 26, 2024, the Company signed Amendment 3 to the manufacturing contract, for a change to a component with a cost of \$27,845 and made payment in full on March 6, 2024 for this change. On December 28, 2024, the Company signed Amendment 4 to the manufacturing contract, adjusting the payment terms. The Company committed to payments of up to ninety percent (90%) of the outstanding balance for the equipment build. This balance payment amounted to \$813,875 and was paid in January 2025. On February 12, 2025, the Company signed Amendment 5 to the manufacturing contract for a modification to the machine. The cost of this Amendment 5 was \$160,106 of which \$80,053 was paid in February 2025. On December 30, 2025 we signed Amendment 6 to the manufacturing contract for a modification to the machine. The cost of this Amendment 6 was \$58,170 and was paid in full on December 30, 2025.

Effective June 3, 2025, CQENS entered into an Agreement with Montrade for the development, manufacture, delivery and installation of faster speed machine to manufacture consumables for the Company’s proprietary, patented and patent pending Heat-not-Burn system. We made an initial down payment of \$1,016,531 on June 4, 2025. The design phase was completed in November 2025 and we paid the balance in December 2025 and expensed a total of \$302,299 related to the design phase. At December 31, 2025, the balance remaining under this Agreement is \$1,839,348.

NOTE 11 – SUBSEQUENT EVENTS

In the first quarter of 2026 we sold 6,000 shares of our common stock for \$120,000 in private transactions to two individuals. We did not pay a commission or finder’s fee and are using the proceeds for working capital.

In January 2026, we completed the set-up of our wholly owned subsidiary in China, Shenzhen CQENS Technology Company Limited. We made an initial capital investment of \$200,000.

Purchase Agreement

No.: CO25-023

Between

CQENS Technologies Inc

And

Montrade S.p.A.

For the purchase of:

The development, manufacture, delivery, and installation of an automated 300 stick per minute 'vapour/heat stick' manufacturing line.

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THIS AGREEMENT is made on 19th May 2025 **BETWEEN:**

- (1) CQENS Technologies Inc, of 5550 Nicollet Avenue, Minneapolis, MN 55419, USA or its assigns (the "**Buyer**");

and
- (2) Montrade S.p.A., Via Armando Sarti 6, 40132 Bologna, Italy (the "**Seller**").

RECITALS

- (A) The Seller carries on the business of manufacturing and selling the Equipment, as defined below.
- (B) The Buyer carries on the business of manufacturing and selling the Finished Products, as defined below.
- (C) The Buyer is willing to purchase from the Seller the Equipment for use in connection with its business on the terms set out in this agreement.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this agreement, the following words and expressions shall have the following meanings, unless the context otherwise requires:

"Acceptance" means the successful completion of the Acceptance Tests and any relevant Repeat Tests (and **"Accepted"** shall be construed accordingly);

"Acceptance Certificate" means the letter to be issued by the Buyer on Acceptance confirming the successful completion of the Acceptance Tests;

"Acceptance Date" means the date of issue of the Acceptance Certificate;

"Acceptance Tests" means the tests to be carried out by the Buyer and Seller pursuant to clause 10 (and **"Acceptance Testing"** shall be construed accordingly);

"Computer Software" means any and all computer programs as back up files including the Human machine Interface back up file and all documentation, including user manuals, relating to the foregoing.

"Delivery Premises" means the Buyers facility in USA or such other place as Buyer shall designate.

"Delivery" means the Equipment having been brought on to the Delivery Premises and being in all respects ready and available for installation;

"Delivery Date" has the meaning given to it in the Timetable at schedule 4;

"Documentation" means the documentation listed at schedule 3, together with any further documentation in respect of the operation, maintenance, or repair of the Equipment supplemental to it issued by the Seller from time to time;

"Encumbrance" means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, trust, right of set-off or other third party right or interest (whether legal or



equitable and including, without limitation, a third party right or interest arising out of or referable to a conditional sale, credit sale, hire-purchase agreement or agreement for lease or use), assignment by way of security, reservation of title or any other security interest of any kind however created or arising or any other agreement or arrangement (including, without limitation, a sale and repurchase arrangement) having similar effect;

"Equipment" means the equipment to be designed and built by Seller and purchased by the Buyer as summarized at the head of this agreement and described more particularly in the Technical Specification.

"Finished Products" means "vapor/heat" stick/sticks as described in Schedule 1.1

"Force Majeure" has the meaning given to it in clause 16;

"Installation" means the process of setting up the Equipment (including its unpacking, assembly, installation, and commissioning) at the Buyer's premises in order to render the Equipment ready for commercial operation and Acceptance Testing;

"Intellectual Property Right" means any (i) Patent, Trademark, Trade Secrets, design right (whether registered or unregistered), copyright, database right, semiconductor topography right, right of confidence or other similar intellectual or industrial property rights, (ii) any similar right which could be patented, trademarked or copyrighted anywhere in the world including any application in respect of the registration of any of the foregoing if not already protected, and (iii) all other intellectual property or proprietary rights and claims or causes of action arising out of or related to any infringement, misappropriation, or other violation of any of the foregoing, including rights to recover for past, present, and future violations thereof;

Intellectual Property shall not include drawings and software of the Equipment so long as such drawings and software are related solely to the Equipment and are not related to the production of the Finished Product in any way whatsoever;

"Patents" means all inventions and discoveries, and all patents and patent applications therefore, including divisions, continuations, continuations-in-part, and re-issues;

"Performance Standards" has the meaning given to it in schedule 2;

"Purchase Price" has the meaning given to it in clause 3;

"Related Equipment" means the Buyer's existing equipment with which the Equipment is required to operate, or to which the Equipment is required to interface, as set out in schedule 6;

"Site" means the area within the Buyer's premises where the Equipment is to be installed, together with all fixtures and fittings appurtenant to it;

"Spare Parts" means any replacement parts or components as set out in schedule 5 which may be required from time to time for the maintenance or repair of the Equipment;

"Start Date" means the date by which the Equipment shall be ready for commercial operation, as specified in the Timetable;

"Technical Specification" means the technical specification of the Equipment as set out in schedule 1;

"Timetable" means the timetable in accordance with which the Seller shall carry out its obligations as set out in schedule 4;



"Trade Secrets" means confidential and proprietary information, trade secrets and know-how, including confidential processes, schematics, databases, formulae, drawings, prototypes, models, designs, know-how and customer lists, in each case, to the extent protectable under applicable law as a trade secret.

"Trademarks" means all trademarks, service marks, internet domain names, logos, symbols, trade dress, assumed names, fictitious names, trade names, social media account handles, and other indicia of origin, all applications, and registrations for all the foregoing, and all goodwill associated therewith and symbolized thereby, including all renewals of same;

"Training" means the training to be provided by the Seller pursuant to clause 12;

"Value Added Tax" means value added tax or any other tax of a similar nature that may be substituted for or levied in addition to it in each case at the rate current from time to time;

"Warranties" means the warranties given by the Seller pursuant to clause 9;

"Warranty Period" means the period commencing on the date of this agreement and expiring on the date 12 months from the Acceptance Date;

"Working Days" means Monday to Friday inclusive in every week of a calendar year excluding only public holidays in North Carolina (USA);

"Working Hours" means 8 a.m. to 6 p.m. on Working Days; and

"Works" means all duties and obligations of the Seller set out in this agreement (including as the same may be amended from time to time) relating to the manufacture, Installation, , and Acceptance Testing of the Equipment and the provision of the Training.

1.2 In this agreement unless otherwise specified, reference to:

- (a) clauses, paragraphs, and schedules are to clauses and paragraphs of and schedules to this agreement. The schedules form part of the operative provisions of this agreement and reference to this agreement shall, unless the context otherwise requires, include references to the schedules;
- (b) a person includes any individual, firm, corporation or undertaking (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
- (c) a statute or statutory instrument or any of their provisions is to be construed as a reference to that statute or statutory instrument or such provision as the same may have been or may from time-to-time hereafter be amended or re-enacted; and
- (d) references to the Seller or Buyer shall be deemed to include their respective permitted assignees and the successors in title to substantially the whole of their respective undertakings;
- (e)
- (f) The index and the headings in this agreement are for information only and are to be ignored in construing the same.
- (g) The terms **"including" or "includes"** are to be construed as being without limitation.



2. **SALE AND PURCHASE**

2.1 Subject to the terms and conditions of this agreement:

(a) the Seller shall:

- (i) perform the Works according to Schedule 1.1, the product; and
- (ii) sell and Deliver the Equipment free from any Encumbrance; and

(b) the Buyer shall pay for the Project/machinery development cost part (A):

- (i) Payment 1 - 1st instalment on signing of contract - 50%
- (ii) Payment 2 - 2nd instalment on completion of design phase within 4 months from signing of contract - 50%

(c) the Buyer shall purchase the Equipment part (B):

- (i) Payment 1 - Deposit on signing of contract - 35%
- (ii) Payment 2 - Successful completion of FAT - 55%
- (iii) Payment 3 - Final Payment on install and SAT - 10% part (B) plus installation part (C) and (D) and training options as taken

The transportation as delivery to the Buyer site is an additional service provided by the Seller, but it is purely a transportation service not including any import fee or taxation . The insurance fee is to be covered by the Buyer.

3. **PRICING AND PAYMENT**

3.1 The total price payable by the Buyer for the Equipment and the performance by the Seller of the Works (the "**Purchase Price**") shall be that sum set out in, or calculated in accordance with, the table below:

Item	Description	Price (EUR)
(A)	[REDACTED]	€257,500
(B)	[REDACTED] EX works Bologna, Italy	€910,970
(C)	[REDACTED]	€1,230,000
(D)	[REDACTED] determined by Buyer in its sole	€155,010

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(E)	[REDACTED]	€21,030
	Total	€2,574,510
OPTIONS TO BE EXERCISED BY THE BUYER		
(F)	[REDACTED]	■56,120
(G)	[REDACTED]	€0.00
(H)	[REDACTED]	■9,000

- 3.2 This agreement and payment schedule calls for the payment of €257,500 to cover the project/machinery development costs for the machine contemplated herein. Once made, the parties agree the payment fulfills clause 3.2 in contract, 'Purchase Agreement NO.: 0122' between CQENS and Montrade Spa
- 3.3 The Purchase Price DOES NOT include all other taxes and import duties whatsoever to the Seller of effecting Delivery of the Equipment according to Incoterms 2000. The Purchase Price DO NOT include any insurance to deliver the Equipment to Buyer's site.
- 3.4 The Buyer shall pay the Purchase Price as per clause 2.1 at the date as shown by an appropriate invoice from the Seller. The Seller shall issue an invoice for the relevant percentage of the Purchase Price on or by the dates, or within three Working Days after the events.
- 3.5 Bank Warranty

A bank warranty/guaranty equal to the amount of the payment 1 of part (B) and part (C) as per clause

2.1 must be supplied to the Buyer and be granted by a European bank of recognised reputation approved by the Buyer and is binding until successful FAT and it expires before the Equipment is dispatched to its destination. It does not create any additional costs, toward the Buyer and must be paid on the first Buyer's call.

The outstanding amount of the part (B) and part (C) of the contract value will be paid to the Seller by the Buyer after signing the final protocol of acceptance by both parties, latest however 120 days after receiving the equipment on site, in case, that the test of acceptance for reasons which do not have to be represented by the Seller cannot be carried out.

Unless the Buyer instructs otherwise, the Seller shall address each invoice to:

CQENS Technologies Inc., [REDACTED]
[REDACTED]

4. TERMS OF DELIVERY AND DEADLINES

- 4.1 The Seller shall effect Delivery of the Equipment according to Schedule 1, the product, and carry out the Works in accordance with the Timetable in Schedule 4.
- 4.2 The Seller shall effect Delivery of the Equipment according to delivery terms Incoterm 2020; Ex-Works Bologna (Italy).

Unless agreed otherwise in writing, the Seller shall notify the Project Manager at the Buyer by facsimile or email, at least two weeks prior to Delivery, full details of the Equipment, including the dimensions, weight, and contents of any case to be used to deliver the Equipment to the Buyer.

5. INSURANCE

The Buyer shall insure the Equipment at his own expense.

LIQUIDATED DAMAGES

- 6.1 The parties agree that there are no liquidated damages to be compensated by the Seller to the Buyer.
- (a) Attached hereto and made a part hereof as Schedule 6.1(a), is a list of sole source suppliers of Seller for parts or materials critical to the Equipment, the parts or materials supplied by such sole source supplier, and the delivery dates agreed to by the Seller and the sole source supplier. If any sole source supplier, notifies Seller of a delay in the delivery date of such soul source part or material which delivery shall be outside the delivery date set forth on Schedule 6.1(a), then in such event, Seller shall immediately notify Buyer of such delay and an estimated time of delivery of such sole source product. Buyer shall have ten (10) days form such notice to agree that (i) the Delivery Date and Acceptance Date shall be extended day for day of the soul source supplier delay, If any sole source supplier fails to provide a delay notice, and also fails to deliver such sole source product or material, then in such event, Seller shall immediately notify Buyer of such sole source supplier's failure to deliver. Buyer shall have ten (10) days form such notice to agree that (i) the Delivery Date and Acceptance Date shall be extended day for day of the soul source supplier delay, or
- 6.2 If the Equipment is not, for any reason solely attributable to the Seller, Accepted by the "Acceptance Date", the Seller shall pay, by way of liquidated damages, to the Buyer, for each full week by which the Acceptance is delayed more than 6 weeks beyond that date a sum per delayed week equal to 0.1% (or whatever is agreed) of the part (B) and part (C) of the Purchase Price, which sum the Seller acknowledges is a genuine and reasonable assessment of the damages incurred by Buyer for such delayed Acceptance .



6.3 The total sum payable by the Seller to the Buyer pursuant to clause 6.2 shall not exceed **two** per cent of the Purchase Price.

6.4 No further claims for compensation will be allowed on the basis of a delay for which the Seller is responsible.



WARRANTIES

- 7.1 The Seller warrants to the Buyer that:
- (a) it will use and will procure that its employees, agents, sub-contractors use all reasonable skill and care in the performance of the Works;
 - (b) the Equipment shall meet the Technical Specification, be of satisfactory quality and shall operate in accordance with the Performance Standards throughout the Warranty Period;
 - (c) it will comply with all applicable legislation or standards (CE mark or UL Mark), including all health and safety regulations, product safety regulations and noise emission regulations in the performance of the Works and the Equipment shall as at the Acceptance Date comply with the same; and
 - (d) the Equipment is, and shall continue to be, until title in it transfers to the Buyer in accordance with clause 4, its absolute property free from any Encumbrance except the rights provided to CQENS under this Agreement.
- 7.2 The Warranties shall continue to apply in full notwithstanding the issue of an Acceptance Certificate by the Buyer.

PRE-DELIVERY INSPECTION (FAT)

- 8.1 The Buyer shall be entitled at any time prior to Delivery to inspect the Equipment at the Seller's premises to ensure its compliance with the Technical Specification schedule 1.1 , and the Buyer and the Seller shall together conduct such preliminary checks of the performance of the Equipment at the Seller's premises (not amounting to the full performance of the Acceptance Tests) as the Buyer shall reasonably require. Buyer's right to or actual inspection of the Equipment or any preliminary checks will not act to void Seller's Warranty.
- 8.2 Following completion of the inspection and the checks referred to in clause 8.1 to the Buyer's reasonable satisfaction, once the Seller declare the Equipment readiness, the Buyer shall fulfil the payment 2 of part (B) and part (C) as per clause 2.1 and effect the Delivery of the Equipment in accordance with clause 4.
- 8.3 Completion of the inspection and checks referred to in this clause shall not operate to limit the rights of the Buyer in relation to Acceptance or otherwise void or alter the Warranty.

9. **INSTALLATION AND COMMISSIONING**

9.1 Following Delivery of the Equipment, the Buyer shall notify the Seller that the Equipment is ready to be Installed. The Seller shall Install the Equipment in accordance with the Timetable. Seller shall be liable for any and all of its, its employees, contractors, or agents' actions related to the installation of the Equipment.

9.2 When installing the Equipment, the Seller shall comply with and shall procure that its employees, agents and sub-contractors comply with all reasonable instructions issued by the Buyer to ensure that Installation and operation of the Equipment does not present any risk to the health and safety of individuals at the Buyer's premises and that the Equipment complies with CE mark. Buyer's instructions will not act to void the Warranty, and Seller shall remain liable for the proper installation and operation of the Equipment until the Equipment maintains the original status of parts and the correct handling in operations is executed according to the Seller's training instructions.

9.3

10. **ACCEPTANCE TESTING**

10.1 The Buyer and the Seller shall together conduct the Acceptance Tests in accordance with the Timetable to determine whether the Equipment:

- (a) complies in all material respects with the Technical Specification, schedule 1; and
- (b) operates in accordance with the Performance Standards (together the "**Acceptance Criteria**").

10.2 If during the course of the Acceptance Tests the Equipment does not comply with any of the Acceptance Criteria to the satisfaction of the Buyer, for reasons only attributable to the Seller, the Equipment shall fail the Acceptance Tests and the Seller shall forthwith and at its own expense:

- (a) rectify any defects to the Equipment; and
- (b) conduct a repeat of the Acceptance Tests ("**Repeat Tests**") and
- (c) pay the liquidated damages, per week, if such failure continues past the 6 weeks from Acceptance Date

10.3 Subject to clause 10.5, the Seller shall repeat the process set out in clause 10.2 until the relevant Repeat Test demonstrates to the satisfaction of the Buyer that the Equipment complies with the Acceptance Criteria. If the Equipment fails the Acceptance Tests three or more times, Buyer may, in its sole discretion require Seller to pick up the Equipment, at Seller's sole cost and receive a refund for the full Purchase Price.

10.4 Where the Acceptance Tests or Repeat Tests have been completed successfully the Equipment shall be deemed to be Accepted and the Buyer shall forthwith issue an Acceptance Certificate.

10.5 If the Equipment is delayed beyond 6 weeks by the Acceptance Date for reasons only attributable to the Seller, then the Seller shall be liable to pay liquidated damages to the Buyer in accordance with clause 6.2.



DEFECTIVE EQUIPMENT

- 11.1 During the Warranty Period:
- (a) if the Equipment ceases to operate properly or absolutely, or if it fails to continue to comply with the Performance Standards (in each case a "**Defect Event**") for any reason not attributable to the actions of Buyer, then the Seller shall, at the Buyer's request, make available in a reasonable period of time at the Buyer's premises trained staff to inspect and commence repair of the Equipment in order to remedy the Defect Event within a reasonable time of such request;
 - (b) on request by the Buyer during Working Hours the Seller shall provide advice to the Buyer over the telephone or by way email or facsimile (whichever is requested by the Buyer) in relation to the maintenance or repair of the Equipment; and
 - (c) the Seller shall retain sufficient, trained staff to fulfil its obligations in this clause.
- 11.2 All services provided by the Seller pursuant to clause 11.1 shall be undertaken or provided at no cost to the Buyer, save that where the Seller can show that the Defect Event is attributable to the Buyer's failure to operate or maintain the Equipment in accordance with the Service Manual, in case of natural wear and tear or by the use of non-specified materials or replacement materials, the Seller may charge for that work undertaken or those services provided in accordance with its then current price list.
- 11.3 The Seller undertakes that it shall at all times during the Warranty Period maintain a sufficient stock of the Spare Parts and shall deliver any Spare Parts reasonably required by the Buyer for the purposes of any maintenance of the Equipment by it as soon as possible after Buyer's request.
- 11.4 All Spare Parts provided by the Seller pursuant to clause 11.3 shall be provided at no cost to the Buyer save where the Seller can show that the Buyer's requirement for the Spare Parts in question is attributable to its failure to operate or maintain the Equipment in accordance with the Service Manual, in cases of natural wear and tear or by the use of non-specified materials or replacement materials, in which case the Spare Parts shall be supplied at the Seller's then current price list.
12. **TRAINING**
- 12.1 The Seller shall, in accordance with Schedule 7, provide Buyer's skilled employees with all necessary training in order to enable those employees to properly use and maintain the Equipment. •
13. **DOCUMENTATION**
- 13.1 The Seller shall on or prior to the Acceptance Date supply the Buyer with the Documentation.
- 13.2 Seller shall maintain an insurance policy acceptable to Buyer in its reasonable discretion for Seller's liability for any actions or inactions taken on Buyer's property or otherwise related to the installation and operation of the Equipment a.

14. LIMITATION OF LIABILITY

- 14.1 Subject to binding statutory requirements, the Seller shall be liable for personal injury and damage to property. The Seller shall supply the Buyer with evidence of the extent of its liability insurance on request. Seller shall be liable for any and all damages caused by it, its agents, employees, or contractor, while on the property of Buyer or otherwise engaged in the installation of the Equipment

The Buyer will not be entitled to make claims other than those mentioned, except in cases of wilful intent or gross negligence on the part of the Seller in particular, neither party shall have any claims for indirect or consequential damages and shall not be liable to the other by reason of any negligence or any other tortuous action or any representation (unless fraudulent), or any implied warranty, condition or other term, or under the express terms of this agreement, for any loss of anticipated revenues, loss of profits, loss of business opportunities, indirect loss or damage, costs, expenses or other such claims for compensation whatsoever (whether caused by its negligence or that of its employees, agents or otherwise) which arises out of or in connection with the agreement, except as expressly provided in this clause.

- 14.3 Subject to clause 14.1 and 14.4 below, the aggregate liability of each party to the other under or in connection with the agreement shall not exceed the amount of the Purchase Price.
- 14.4 Nothing in this agreement shall operate to limit or exclude the liability of either party to the other for death or personal injury caused by its negligence or that of its employees, agents, or subcontractors; or for fraud (including, but not limited to, fraudulent misrepresentation), provided that nothing in this clause confers any right or remedy upon any party to which it would not otherwise be entitled.
- 14.5 The Seller will not be liable for the suitability of the premises, building or facilities for the installation and operation of the Equipment supplied.

15. INTELLECTUAL PROPERTY

This section reflects the commitment of both the Buyer and the Seller to collaborate and cooperate consistent with the agreement each executed on March 18, 2025 (the "March 2025 Agreement") as to the development and protection of all specific equipment by US and international patents and patent filings related to the machinery and methods used or anticipated to be used in the production of Heatable Stick consumables as defined in the March 2025 Agreement.

If use of the delivered Equipment within the Warranty Period leads to the infringement of Intellectual Property rights or Copyright, for any reason solely attributable to the Equipment mechanism, the Seller will obtain the right of continued use for the Buyer or the Seller will modify the delivered Equipment to prevent continued infringement of the intellectual property right, at its discretion. The Seller will also indemnify the Buyer against any claims by the owners of the intellectual property rights concerned, including but in no way limited to, attorneys' fees.

The Buyer will indemnify the Seller against any claims related to the infringement of intellectual property rights or copyrights concerned the product and the methods to produce.

- 15.1 Save as provided in this agreement the above undertakings will be final in the event of intellectual property right or copyright infringement.

They will apply only if

- a. the Buyer informs the Seller of the intellectual property right or copyright infringement claims within 20 working days,

- b. the Buyer provides the Seller with reasonable assistance to counter these claims and enable the Seller, where appropriate, to make the modifications referred to in clause 15.1 at no cost to Buyer

- c. the Seller reserves the right to take any action to counter these claims, including the right to settle out of court,
- d. , and
- e. the infringement did not occur because the Buyer altered the delivered Equipment independently or used it in violation of the agreement.

15.2 For purposes of this Agreement, "Innovations" shall mean any invention, improvement, discovery or idea, whether or not shown or described in writing or reduced to practice, and works of authorship, whether or not patentable or copyrightable, including "works for hire" as that term is defined in the United States Copyright Act (17 U.S.C. § 101), which (i) relate directly to the business of the Buyer, (ii) relate to the Buyer's actual or demonstrably anticipated research and development, (iii) result from any work performed by the Seller's employees agents, independent contractors, shareholders or officers pursuant to this Agreement, or (iv) are developed or conceived through the use of Confidential Information or equipment, supplies or facilities provided by Buyer.

Seller acknowledges that all Innovations have been created or are being created at the instance of Buyer and are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101) and otherwise by common law. If such laws are inapplicable or in the event that such works, or any part thereof, are determined by a governmental authority or a court of competent jurisdiction not to be works made for hire, then Seller hereby grants an irrevocable, exclusive, and unconditional assignment by Seller to Buyer of all of Seller's right, title and interest (including, without limitation, all rights in and to the patents, copyrights, or comparable protections throughout the world, including the right to prepare derivative works and the right to all renewals and extensions).

16. **FORCE MAJEURE**

- 16.1 For the purpose of this clause 16 the term **""Force Majeure Even""** means, in relation to either party, an event or circumstance beyond the reasonable control of that party (the **""Claiming Party""**).
- 16.2 The Claiming Party shall not be deemed to be in breach of this agreement (the **""Non-claiming Party""**) for any delay in performance or any non-performance of any obligations under this agreement (and the time for performance shall be extended accordingly) if and to the extent that the delay or non-performance is due to a Force Majeure Event, always provided that:
- (a) the Claiming Party could not have avoided the effect of the Force Majeure Event by taking precautions which, having regard to all matters known to it before the occurrence of the Event of Force Majeure and all relevant factors, it ought to have taken but did not take; and
 - (b) the Claiming Party has used its best endeavours to mitigate the effect of the Force Majeure Event and continues to carry out its obligations under this agreement in any other way that is practicable.
- 16.3 As a condition precedent of relief under this clause, the Claiming Party shall promptly notify the Non-claiming Party of the nature and extent of the circumstances giving rise to the Force Majeure Event within seven days of becoming aware of the Force Majeure Event.

- 16.4 If the Force Majeure Event in question prevails for a continuous period of more than **six** months after the date on which it began, the Non-claiming Party may give notice to the Claiming Party terminating this agreement. The notice to terminate must specify the termination date, which must be not less than **20 Working Days** after the date on which the notice to terminate is given. Once a notice to terminate has been validly given, this agreement will terminate on the termination date set out in the notice.

CONFIDENTIAL INFORMATION

- 17.1 For the purposes of this clause, "**Business Information**" means all business, commercial, economic, financial, operational, technical, administrative, marketing, planning and staff information and data relating to either party or any of its group companies and "**Equipment Information**" means all technical information and data relating to the nature or specification of the Equipment provided by either party to the other.
- 17.2 Each party undertakes to the other in respect of all Business Information and in respect of all Equipment Information that:
- (a) it shall not use any such Business Information or Equipment Information for any purpose other than the proper performance by it of the obligations to which it is subject pursuant to this agreement; and
 - (b) it shall not, without the express written consent of the other, disclose any such Business Information or Equipment Information to any person other than to such of its directors, employees and advisers who are necessarily required in the course of their duties to receive and act on the same for the purpose of the proper performance by it of the obligations to which it is subject pursuant to this agreement.
- 17.3 The obligations of confidentiality provided for by clause 17.2 shall not apply in respect of Business Information or Equipment Information to the extent that such information:
- (a) is in the public domain as at the date of this agreement or comes into the public domain hereafter otherwise than by reason of the disclosure of such information in breach of the terms of this agreement; or
 - (b) is required to be disclosed as a matter of law or by any court or governmental, administrative, or regulatory authority (including pursuant to the rules of any stock exchange) competent to require such disclosure.
- 17.4 Each party shall, forthwith upon receipt by it of written demand from the other, return all written Business Information and Equipment Information provided to it, its directors, employees and advisers and all copies of the same, and shall either return or destroy all notes, memoranda and other stored information (including information stored in any computer system or other device capable of containing information whether in readable form or otherwise) prepared by it, its directors, employees and advisers which relate to any Business Information or Equipment Information, whether or not any of the same are then in its possession and it will, upon receipt of written demand, confirm in writing that all such Business Information and Equipment Information has been returned or destroyed.
- 17.5 Neither party shall disclose the making of this agreement nor its terms without the prior written consent of the other.
- 17.6 Each party undertakes to the other that it shall procure that each of its employees and all those persons to whom Business Information or Equipment Information is disclosed pursuant to clause 17.2(b) shall observe the terms of this agreement relating to such Business Information and Equipment Information in all respects as if they were party to it.

17.7 The obligations and restrictions provided for by this clause shall apply without limit of time and whether or not this agreement has expired or been terminated.

18. **GOVERNING LAW AND JURISDICTION**

THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY: (1) AGREE THAT ANY ACTION OR PROCEEDING RELATED TO THIS AGREEMENT SHALL BE BROUGHT IN, AND HEREBY SUBMITS ITSELF AND ITS PROPERTY TO THE JURISDICTION OF, THE COURTS OF THE STATE OF MINNESOTA LOCATED IN THE CITY OF MINNEAPOLIS. THE COURTS OF THE UNITED STATES OF AMERICA FOR THE STATE OF MINNESOTA, AND THE APPELLATE COURTS FROM ANY THEREOF; (2) CONSENT TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY OF SAID COURTS AND WAIVES ANY OBJECTION THAT IT MAY HAVE, NOW OR HEREAFTER, THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME; AND (3) AGREE THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO THE PARTY AGAINST WHOM THE ACTION OR PROCEEDING IS BROUGHT AT ITS ADDRESS SET FORTH HEREIN, PROVIDED THE SAME IS PERMITTED BY THE APPROPRIATE RULES OF THE GOVERNING COURT.

THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, THE OBLIGATIONS OF THE PARTIES, AND ANY CLAIMS OR DISPUTES RELATING TO THIS AGREEMENT, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE DOMESTIC LAWS OF THE STATE OF MINNESOTA EXCLUDING THE CHOICE OR CONFLICTS OF LAW RULES.

19. **NOTICES**

Any notice, demand or other communication given or made under or in connection with this agreement (other than requests made pursuant to clause 11.1) shall be in writing and shall be delivered personally or sent by fax or prepaid first-class post or overnight delivery service (air mail or overnight delivery service if posted to or from a place outside the country of delivery):

[REDACTED]

and shall be deemed to have been duly given or made as follows:

- (a) if personally delivered, upon delivery at the address of the relevant party;
- (b) if sent by first class post, two Working Days after the date of posting;

- (c) if sent by air mail, five Working Days after the date of posting;
- (d) if sent by fax, when dispatched; and
- (a) if sent by overnight delivery service, three working days after date of delivery to such service;

provided that, if in accordance with the above provision, any such notice, demand or other communication would otherwise be deemed to be given or other communication would otherwise be deemed to be given or made outside Working Hours, such notice, demand, or other communication shall be deemed to be given or made at the start of Working Hours on the next Working Day.

20. **ASSIGNMENT AND SUB-CONTRACTING**

- 20.1 Seller party may, without the prior written consent of the Buyer, assign the benefit of all or any of the Seller's obligations under this agreement, nor any benefit arising under or out of this agreement, nor sub-contract or delegate the performance of any obligation to which it is subject pursuant to this agreement. Buyer may assign its rights and obligations under this agreement in its sole discretion.

21. **INVALIDITY**

- 21.1 If any provision of this agreement is or becomes (whether or not pursuant to any judgment or otherwise) invalid, illegal, or unenforceable in any respect under the law of any jurisdiction:

- (a) the validity, legality, and enforceability under the law of that jurisdiction of any other provision; and
- (b) the validity, legality, and enforceability under the law of any other jurisdiction of that or any other provision,

shall not be affected or impaired in any way thereby.

- 21.2 If any provision of this agreement shall be held to be void or declared illegal, invalid, or unenforceable for any reason whatsoever, such provision shall be divisible from this agreement and shall be deemed to be deleted from this agreement and the validity of the remaining provisions shall not be affected. In the event that any such deletion materially affects the interpretation of this agreement then the parties shall negotiate in good faith with a view to agreeing a substitute provision which as closely as possible reflects the commercial intention of the parties.

22. **WAIVER**

- 22.1 A waiver of any term, provision, or condition of, or consent granted under, this agreement shall be effective only if given in writing and signed by the waiving or consenting party and then only in the instance and for the purpose for which it is given.
- 22.2 No failure or delay on the part of any party in exercising any right, power or privilege under this agreement shall operate as a waiver of such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise of such (or any other) right, power, or privilege.
- 22.3 The rights and remedies set out in this agreement are cumulative with, and not exclusive of, any rights or remedies to which either party may be entitled by law. The termination of this agreement for any reason whatsoever shall not affect or prejudice each party's rights or remedies that may have accumulated as of the date of such termination.

23. **NO PARTNERSHIP**

Nothing in this agreement and no action taken by the parties pursuant to this agreement shall constitute, or be deemed to constitute, between the parties a partnership, association, joint venture, or other co-operative entity.

AGREEMENT DATE : 12 DECEMBER 2025

BUSINESS CENTRE ADDRESS:	CLIENT ADDRESS (NOT A BUSINESS CENTRE ADDRESS):
	Company Name CQENS Technologies Inc.
NV, Henderson - The District at Green Valley Parkway	Contact Name Dan Markes
170 S. Green Valley Parkway	Address * 5550 Nicollet Avenue
Suite 300	
Henderson	City * Minneapolis
Nevada	State/ County/ Province/ Municipality/ Governorate * Minnesota
89012	Post Code * 55419
United States of America	Country * United States of America
	Phone number * United States of America +1 651-402-5236
	Email * dmarkes@cqens.com

OFFICE PAYMENT DETAILS (EXCLUDING TAX AND OPTIONAL SERVICES)

Office Number	Number of People	Total Monthly Office Price	Discount for Longer Term	One-time Special Discount	Total Monthly Discount	Discounted Monthly Office Price
343	1	\$ 2,062.00	\$ 367.00	\$ 254.25	\$ 621.25	\$ 1,440.75
TOTALS	1	\$ 2,062.00	\$ 367.00	\$ 254.25	\$ 621.25	\$ 1,440.75

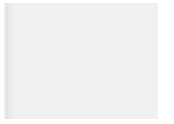
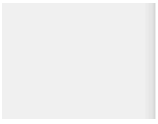
SERVICE PROVISION:	Start Date 12 December 2025	End Date* 31 December 2026
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COMMENTS:

* All agreements end on the last calendar day of the month. [More info](#)

- Invoices/Fees are charged on a monthly basis which is calculated based on a 30-day month. [More info](#)
- An Activation fee of \$ 65.00 per occupant will be payable. [More info](#)
- A refundable service retainer equivalent to 2 x monthly office fee will be payable. [More info](#)

Promotion: Any promotion or discount is for the initial term of the agreement.



TERMS AND CONDITIONS

We are Regus Management Group, LLC, referred to in the terms and conditions as "We", "Us", "Our". The Company Name listed above will be referred to in the terms and conditions as "You", "Your". This Agreement incorporates Our terms of business set out on attached Terms and Conditions, attached House Rules and Service Price Guide (where available), which You confirm You have read and understood. We both agree to comply with those terms and our obligations as set out in them. This agreement is binding from the agreement date and may not be terminated once it is made, except in accordance with its terms. Note that the Agreement does not come to an end automatically. See "Automatic Renewal" section of Your terms and conditions for the notice terms if You wish to end your agreement.

AGREEMENT TO ARBITRATE/CLASS ACTION WAIVER: YOU AND WE MUTUALLY AGREE TO WAIVE OUR RESPECTIVE RIGHTS TO RESOLVE DISPUTES IN A COURT OF LAW BY A JUDGE OR JURY AND AGREE TO RESOLVE ANY DISPUTE BETWEEN US BY BINDING ARBITRATION, except as expressly provided in this paragraph. Any dispute or claim relating in any way or arising out of this Agreement shall be resolved by binding arbitration administered by the American Arbitration Association in accord with its Commercial Arbitration Rules (available at www.adr.org), except that You or We may assert claims in small claims court and We may pursue a court action to remove You if You do not leave when this Agreement terminates (and You may pursue a court action to prevent Your removal). The arbitrator, and not a court of law, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this agreement to arbitrate, and shall conduct the arbitration on an individual basis only and not as a class or representative action. You and We acknowledge that this Agreement is governed by the Federal Arbitration Act and will survive after this Agreement terminates or your relationship with Us ends.

CLASS ACTION WAIVER: YOU UNDERSTAND AND AGREE THAT YOU AND WE MAY EACH BRING CLAIMS AGAINST THE OTHER, WHETHER IN COURT OR ARBITRATION, ONLY IN AN INDIVIDUAL CAPACITY AND NOT ON A CLASS, COLLECTIVE ACTION, OR REPRESENTATIVE BASIS, AND EXPRESSLY WAIVE THE RIGHT TO PURSUE OR HAVE A DISPUTE RESOLVED AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS, COLLECTIVE OR REPRESENTATIVE PROCEEDING.

I accept the terms and conditions / house rules

 [Download the terms and conditions](#)

 [Download the house rules](#)

CONFIRM BY TYPING YOUR NAME IN THE BOX BELOW

Name : on behalf of
CQENS Technologies Inc.

Signed on
12 December 2025

I confirm these details are correct to the best of my knowledge



This website is secure. Your personal details are protected at all times.



[Print Agreement](#)

CONFIRMATION NO : PRT13020949

IF YOU NEED ASSISTANCE CALL OUR HELPLINE ON +1-855-400-3575

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Rule 13a-14(a)/15d-14(a) Certification

I, Alexander Chong, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2025 of CQENS Technologies Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 15, 2026

/s/ Alexander Chong

Alexander Chong, Chief Executive Officer, principal executive officer

Rule 13a-14(a)/15d-14(a) Certification

I, Daniel Markes, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2025 of CQENS Technologies Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 15, 2026

/s/ Daniel Markes

Daniel Markes, Chief Financial Officer, principal financial and accounting officer

Section 1350 Certification

In connection with the Annual Report of CQENS Technologies Inc. (the "Company") on Form 10-K for the year ended December 31, 2026 as filed with the Securities and Exchange Commission (the "Report"), I, Alexander Chong, Chief Executive Officer of the Company, and I, Daniel Markes, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial conditions and results of operations of the Company.

April 15, 2026

By: /s/ Alexander Chong
Alexander Chong, Chief Executive Officer

April 15, 2026

By: /s/ Daniel Markes
Daniel Markes, Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
