

VSBLTY Groupe Technologies Corp. NEWS RELEASE

CSE: VSBY | OTCQB: VSGBF | FSE: 5VS

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VSBLTY Reports First Quarter 2026 Financial Results; Reduces Operating Losses 15% While Advancing Defense and Security Pipeline

Philadelphia, PA and Vancouver, BC — August 14, 2026 — VSBLTY Groupe Technologies Corp. (CSE: VSBY, OTCQB: VSGBF, FSE: 5VS) ("VSBLTY" or the "Company") today reported financial results for the three months ended March 31, 2026.

Q1 2026 Highlights

- **Operating Loss Reduction:** Operating loss improved 15% to \$1,279,236 from \$1,507,105 in Q1 2025, reflecting disciplined cost management
- **Reduced Net Loss:** Comprehensive loss narrowed 15% to \$1,579,674 from \$1,849,919 in the prior-year quarter
- **Cost Discipline:** General and administrative expenses decreased 8% to \$586,459 from \$635,606, while share-based compensation declined 77% to \$63,972 from \$282,545
- **Revenue Transition:** Revenue of \$113,286 in Q1 2026 reflects the Company's ongoing transition from smaller per-endpoint subscriptions toward materially larger system integration engagements in defense, security, and smart city markets, where contract values typically range from \$2 million to \$50 million with multi-year operations and maintenance tails
- **Growing Pipeline:** The Company continued to advance active work packages across facility security for multinational enterprises, AI-enabled command and control bids for state governments in India, body-worn camera platform proposals in Southeast Asia and Latin America, border and critical infrastructure surveillance in the Middle East, counter-UAS programs, and live event security platforms

Commentary from CEO Jay Hutton

"The first quarter of 2026 reflects a period of disciplined perseverance for VSBLTY. We have been transparent about the financial challenges we face, and I want to acknowledge the difficulty of this environment for our shareholders, our team, and our partners. Operating with

severely constrained capital while pursuing transformative opportunities requires resilience, and I am grateful for the commitment shown by every member of this organization."

"However, the strategic work we are doing today is laying the foundation for a fundamentally different company. Our pipeline of defense and security opportunities has grown meaningfully, with active engagements spanning India, the Philippines, the Middle East, Guatemala, and North America. These are not speculative — they are active work packages with defined scopes, identified funding sources, and established partner relationships. The contract values we are pursuing — ranging from \$2 million to over \$50 million — represent a step change from our historical revenue profile."

"Our silicon-agnostic AI platform, which runs on Qualcomm, NVIDIA, Blaize, and Intel hardware, is precisely what sovereign governments and defense organizations require: technology that is not locked to a single vendor and can integrate with existing infrastructure. Combined with our sensor fusion capabilities, governance frameworks, and command platform integration, we offer a complete stack that partners and governments can deploy at scale."

"We remain firmly committed to persevering through this transition period. The opportunities in front of us — in the global smart city and sovereign security markets that industry analysts estimate will exceed \$250 billion annually by 2028 — are real, growing, and strategically aligned with our capabilities. We are building something that matters, and we intend to see it through."

Selected Financial Results

	Q1 2026	Q1 2025
Revenue	\$113,286	\$343,470
Cost of Sales	(\$168,766)	(\$374,446)
Gross Profit (Loss)	(\$55,480)	(\$30,976)
Sales and Marketing	(\$271,203)	(\$259,228)
General and Administrative	(\$586,459)	(\$635,606)
Research and Development	(\$302,122)	(\$298,750)
Share-Based Payments	(\$63,972)	(\$282,545)
Operating Loss	(\$1,279,236)	(\$1,507,105)
Comprehensive Loss	(\$1,579,674)	(\$1,849,919)

Revenue

Revenue for Q1 2026 was \$113,286, compared to \$343,470 in Q1 2025. The decrease is attributable to the timing of project-based engagements and the Company's strategic pivot toward larger-scale defense, security, and smart city contracts that have longer sales cycles but

substantially higher contract values. Media management revenue of \$109,317 comprised the majority of Q1 2026 revenue.

The Company's revenue model is transitioning from per-endpoint software subscriptions to a blended model comprising professional services fees, hardware margin on proprietary edge computing devices, perpetual or subscription software licensing, and recurring managed services fees. Management believes this evolution will produce both higher initial project revenue and long-duration recurring revenue streams with greater visibility and predictability.

Cost Management

The Company continued to prioritize cost discipline during Q1 2026. General and administrative expenses declined 8% to \$586,459 from \$635,606, reflecting management's ongoing effort to reduce overhead while preserving the operational capacity needed to execute on the growing pipeline. Share-based compensation decreased 77% to \$63,972, as the Company aligns equity compensation with performance and cash conservation objectives.

Total operating expenses (excluding cost of sales and share-based payments) were \$1,159,784 compared to \$1,193,584 in the prior-year period, a decrease of approximately 3%.

Defense and Security Pipeline

During Q1 2026 and continuing into the current period, the Company advanced a growing portfolio of defense and security opportunities across multiple geographies:

- **India:** AI-enabled command and control center bids for state governments, facility security deployments for multinational enterprise customers, and partner-led smart city governance solutions
- **Southeast Asia:** Body-worn camera platform proposals for national police forces, sovereign satellite integration for ISR and critical infrastructure surveillance
- **Middle East:** Border and critical infrastructure surveillance solutions through established channel partners
- **Latin America:** Body-worn camera mandate for national police forces under legislative directive
- **North America:** Counter-UAS programs and live event security platforms for major entertainment venues

These opportunities are characterized by contract values typically ranging from \$2 million to \$50 million, with implementation periods of 12 to 18 months followed by multi-year operations and maintenance tails of five to ten years. The Company participates predominantly through consortium arrangements with established system integrators, channel partners, and regional technology firms.

Liquidity and Capital Resources

As at March 31, 2026, the Company had cash of \$1,893 and total assets of \$126,805. The working capital deficit was \$16,858,913 compared to \$14,733,877 at December 31, 2025. The Company's financial statements have been prepared on a going concern basis, and there exists a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's common shares remain subject to a cease trade order ("CTO") issued by the British Columbia Securities Commission as a result of the late filing of the audited annual financial statements for the year ended December 31, 2024. Management continues to work toward the satisfaction of all conditions necessary for the revocation of the CTO, including the completion of the change of auditor process for the year ended December 31, 2025.

Subsequent Events

Subsequent to March 31, 2026, the Company completed the following capital activities demonstrating continued investor confidence:

- Completed a non-brokered private placement of 8,125,395 units at CAD \$0.105 per unit for gross proceeds of CAD \$853,166. Each unit consists of one common share and one share purchase warrant exercisable at CAD \$0.18 per share for five years.
- Converted \$254,916 in convertible debenture principal and \$104,159 in accrued interest into 2,943,233 units on the same terms as the private placement.
- Settled \$450,985 of indebtedness through the issuance of 8,805,589 units at CAD \$0.105 per unit, and an additional \$500,000 through the issuance of 5,000,000 common shares at \$0.136 per share.
- Issued promissory notes for total principal of \$276,743 with effective interest rates of 10% to 18% per annum.
- Granted 2,045,000 restricted share units and 250,000 stock options to directors, officers, and consultants.

As at August 11, 2026, the Company had 113,350,343 common shares, 5,051,287 stock options, 5,045,000 restricted share units, and 71,749,084 warrants outstanding.

About VSBLTY Groupe Technologies Corp.

VSBLTY (CSE: VSBY, OTCQB: VSGBF, FSE: 5VS) is a software provider of artificial intelligence — primarily computer vision and machine learning — used to deliver security intelligence and audience measurement analytics in real time. The Company's silicon-agnostic AI platform runs on Qualcomm, NVIDIA, Blaize, and Intel hardware, enabling deployment across edge computing environments for defense, security, smart city, and place-based media applications.

VSBLTY's capabilities span weapons detection, intrusion detection, crowd analytics, sensor fusion, governance and data provenance, and command platform integration.

For more information, visit www.vsblyt.net.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's business strategy, plans and objectives, the Company's expected pipeline of defense and security opportunities, anticipated contract values and revenue models, the Company's pursuit of the revocation of the cease trade order, and the Company's expectations regarding its ability to secure additional financing. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "anticipates", "intends", "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, without limitation: the Company's limited operating history; the Company's history of operating losses; the Company's need for additional financing; the Company's limited cash resources; the impact of the current cease trade order on the Company's ability to access capital markets; the Company's ability to achieve profitable operations; general business, economic, competitive, political and social uncertainties; and other risks described in the Company's public disclosure documents filed on SEDAR+ at www.sedarplus.ca.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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Neither the Canadian Securities Exchange nor its regulation services provider have reviewed or accept responsibility for the adequacy or accuracy of this news release.

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