Filed Pursuant to Rule 424(b)(3)
Registration No. 333-298813

SUPPLEMENT NO. 3 TO

PROSPECTUS OF GENERAL FUSION GROUP LTD.

This prospectus supplement amends and supplements the prospectus dated October 6, 2026, as supplemented or amended from time to time (the "Prospectus"), which forms a part of our Registration Statement on Form F-1 (Registration Statement No. 333-298813). This prospectus supplement is being filed to update and supplement the information included or incorporated by reference in the Prospectus with the information contained in our Report on Form 6-K, which was filed with the Securities and Exchange Commission (the "SEC") on November 16, 2026 (the "Form 6-K"). Accordingly, we have attached the Form 6-K to this prospectus supplement.

This prospectus supplement updates and supplements the information in the Prospectus and is not complete without and may not be delivered or utilized except in combination with the Prospectus, including any amendments or supplements thereto. This prospectus supplement should be read in conjunction with the Prospectus and if there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Our Subordinate Voting Shares and Public Warrants are listed on the Nasdaq Stock Market LLC ("Nasdaq") under the symbol "GFUZ" and "GFUZW," respectively. On November 13, 2026, the last reported sales prices of the Subordinate Voting Shares and the Public Warrants on Nasdaq were $5.16 and $0.80, respectively.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" beginning on page 15 of the Prospectus, and under similar headings in any amendments or supplements to the Prospectus.

None of the Securities and Exchange Commission, any state securities commission or the securities commission or regulatory authority of any Canadian province or territory has approved or disapproved of the securities offered by this prospectus supplement or the Prospectus or determined if the Prospectus or this prospectus supplement is accurate or adequate. Any representation to the contrary is a criminal offense.

This Supplement No. 3 is dated November 16, 2026.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 Under the
Securities Exchange Act of 1934

For the month of November 2026

General Fusion Group Ltd.

(Name of registrant)

Not Applicable
(Translation of registrant's name into English)

6020 Russ Baker Way
Richmond, BC V7B 1B4
Canada
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

EXHIBIT INDEX

Exhibit	Description
99.1	Interim Condensed Consolidated Financial Statements (Unaudited) for the three and nine months ended September 30, 2026 and 2025
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations
99.3	Press Release dated November 16, 2026

SIGNATURE

Pursuant to the requirements 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.

General Fusion Group Ltd.

Date: November 16, 2026

By: /s/ Robert Crystal
Name: Robert Crystal
Title: Senior Vice President, Finance

Exhibit 99.1

Interim Condensed Consolidated Financial Statements (Unaudited)
(Expressed in thousands of U.S. dollars unless otherwise stated)

GENERAL FUSION GROUP LTD.

For the three and nine months ended September 30, 2026 and 2025.

GENERAL FUSION GROUP LTD.
Interim Condensed Consolidated Balance Sheets (Unaudited)
(Expressed in thousands of U.S. dollars, except share amounts)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents (note 5)	$ 105,567	$ 49,125
Short-term investments (note 6)	35,254	–
Restricted cash (note 5)	306	667
Other receivables	529	315
Prepaid expenses and other	2,806	908
Total current assets	144,462	51,015
Property and equipment (note 7)	4,423	6,424
Right-of-use assets (note 9)	2,660	2,918
Other assets	37	37
Total assets	$ 151,582	$ 60,394
Liabilities, Temporary Equity and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 5,003	$ 5,133
Lease liabilities (note 9)	406	454
SRF contribution liability (note 12)	67,260	28,369
SAFE liabilities (note 13)	–	40,837
SAFE liabilities – related parties (note 13)	–	3,503
Total current liabilities	72,669	78,296
Lease liabilities (note 9)	3,782	4,233
Share-based compensation (note 16)	4,284	15,545
Warrant liabilities (notes 13 and 14)	51,296	13,171
Earnout liabilities (note 15)	74,411	–
Total liabilities	206,442	111,245
Temporary equity:		
Redeemable convertible multiple voting shares, 12,000,000 multiple voting shares authorized, 10,416,663 issued and outstanding (2025 – nil) (note 14)	128,390	–
Old General Fusion redeemable convertible preferred shares, nil issued and outstanding (2025 – 32,462,149) (notes 4 and 17)[1]	–	122,953
Shareholders' deficiency:		
Subordinate voting shares, unlimited voting and non-voting shares authorized without par value, 53,132,058 shares issued and outstanding (2025 – nil) (note 18)	364,749	–
Old General Fusion common shares, no par value, nil issued and outstanding (2025 – 2,272,902) (notes 4 and 18)[1]	–	146,525
Additional paid-in capital	–	18,327
Accumulated other comprehensive loss	(4,030)	(6,704)
Accumulated deficit	(543,969)	(331,952)
Total shareholders' deficiency	(183,250)	(173,804)
Total liabilities, temporary equity, and shareholders' deficiency	$ 151,582	$ 60,394

(1) Old General Fusion's redeemable convertible preferred shares and common shares have been retroactively recast to reflect the exchange ratio applied in the business combination, which was accounted for as a reverse recapitalization (see note 1 and note 4 for the definitions of "Old General Fusion," "Exchange Ratio," and "Business Combination").

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GENERAL FUSION GROUP LTD.
Interim Condensed Consolidated Statements of Operations and Comprehensive (Income) Loss (Unaudited)
(Expressed in thousands of U.S. dollars, except share and per share data)

	Note	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Operating costs					
Research and development	21	$ 5,849	$ 1,516	$ 18,064	$ 10,847
Business development, marketing, communications, and government relations	22	1,222	885	3,556	2,458
General and administrative	23	4,454	(3,340)	16,294	539
Depreciation and amortization	7, 9	862	696	2,584	2,205
Government assistance	11	–	–	–	(5,921)
Operating loss (income)		12,387	(243)	40,498	10,128
Other Expense (Income)					
Interest expense[1]	10	14	224	38	1,149
Interest and other income		(1,172)	(136)	(1,866)	(269)
Financing costs	4	11,458	–	11,484	–
Foreign exchange loss (gain)		2,055	(86)	757	(1,103)
Gain on revaluation of convertible notes[2]	10	–	(22,544)	–	(22,036)
Loss (gain) on revaluation of SRF contribution liabilities	12	(20,714)	(18,026)	37,328	(18,970)
Loss (gain) on revaluation of SAFE liabilities	13	(2,778)	–	11,120	–
Loss (gain) on revaluation of PIPE subscription obligation	14	(1,769)	–	20,282	–
Gain on revaluation of warrant liabilities	13, 14	(10,296)	–	(7,952)	–
Gain on revaluation of earnout liabilities	15	(19,384)	–	(19,384)	–
Net (income) loss before income taxes		(30,199)	(40,811)	92,305	(31,101)
Income tax expense					
Current		41	22	41	22
Deferred		–	3	–	3
Net (income) loss for the period		$ (30,158)	$ (40,786)	$ 92,346	$ (31,076)
Other comprehensive (income) loss					
Foreign currency translation		665	(401)	(2,674)	2,805
Change in fair value of convertible notes attributable to changes in credit risk		–	–	–	(57)
Reclassification of changes in fair value of convertible notes attributable to changes in credit risk upon settlement		–	347	–	347
Total other comprehensive (income) loss for the period		665	(54)	(2,674)	3,095
Total comprehensive (income) loss for the period		$ (29,493)	$ (40,840)	$ 89,672	$ (27,981)
Net (income) loss per share – basic	25	$ 0.84	$ (27.59)	$ 9.17	$ (45.26)
Net (income) loss per share – diluted	25	$ 0.84	$ 0.00	$ 9.17	$ 0.65
Weighted average number of common shares outstanding – basic[3]	25	48,275,373	1,461,834	17,793,700	638,974
Weighted average number of common shares outstanding – diluted[3]	25	48,275,373	27,543,020	17,793,700	15,675,460

1 Of the interest expense for the three month and nine month periods ended September 30, 2025, $211 and $1,081 is attributable to related parties, respectively.

2 Of the gain on the revaluation of convertible notes for the three month and nine month periods ended September 30, 2025, ($21,207) and ($20,729) is attributable to related parties, respectively.

3 The weighted average shares outstanding for the three month and nine month period ended September 30, 2025, has been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split effective August 2025 (see note 17) and all periods presented have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GENERAL FUSION GROUP LTD.

Interim Condensed Consolidated Statements of Changes in Temporary Equity and Shareholders' Deficiency (Unaudited)

(Expressed in thousands of U.S. dollars, except share amounts)

	Nine months ended September 30, 2026													
	Temporary Equity						Shareholders' Deficiency							
	Old General Fusion redeemable convertible preferred shares (notes 4 and 17)		Redeemable convertible multiple voting shares (note 14)		Redeemable common shares		Old General Fusion common shares (notes 4 and 18)		Class A subordinate voting shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount				
Balance, December 31, 2025	32,462,149	$ 122,953	–	–	–	–	2,272,902	$ 146,525	–	$ –	$ 18,327	$ (331,952)	$ (6,704)	$ (173,804)
Exercise of common share options	–	–	–	–	–	–	2,670	42	–	–	(42)	–	–	–
Issuance of common shares	–	–	–	–	3,500,000	26,306	–	–	–	–	–	–	–	–
Share-based compensation (note 16)	–	–	–	–	–	–	–	–	–	–	105	–	–	105
Net and comprehensive loss for the period	–	–	–	–	–	–	–	–	–	–		(38,812)	886	(37,926)
Balance, March 31, 2026	32,462,149	$ 122,953	–	$ –	3,500,000	$ 26,306	2,275,572	$ 146,567	–	$ –	$ 18,390	$ (370,764)	$ (5,818)	$ (211,625)
Exercise of common share options	–	–	–	–	–	–	3,111	42	–	–	(28)	–	–	14
Share-based compensation (note 16)	–	–	–	–	–	–	–	–	–	–	224	–	–	224
Net and comprehensive loss for the period	–	–	–	–	–	–	–	–	–	–	–	(83,692)	2,453	(81,239)
Balance, June 30, 2026	32,462,149	$ 122,953	–	$ –	3,500,000	$ 26,306	2,278,683	$ 146,609	–	$ –	$ 18,586	$ (454,456)	$ (3,365)	$ (292,626)
Deemed dividend on Old GF preferred shares (notes 4 and 17)	264,106	2,409	–	–	–	–	–	–	–	–	–	(2,409)	–	(2,409)
Exchange of Old GF preferred shares to Class A subordinate voting shares upon Closing (notes 4, 17 and 18)	(32,726,255)	(125,362)	–	–	–	–	–	–	32,726,255	125,362	–	–	–	125,362
Exchange of Old GF common shares to Class A subordinate voting shares upon Closing (notes 4 and 18)	–	–	–	–	–	–	(2,278,683)	(146,609)	2,278,683	146,609	–	–	–	–
Exchange of Old GF Class B subordinate voting shares (notes 4, 14 and 18)	–	–	–	–	(3,500,000)	(26,306)	–	–	3,500,000	26,306	–	–	–	26,306
Issuance of subordinate voting shares for settlement of SAFEs (notes 4, 13 and 18)	–	–	–	–	–	–	–	–	5,887,290	53,692	–	–	–	53,692
Issuance of subordinate voting shares to SVIII shareholders upon reverse recapitalization (notes 4 and 18)	–	–	–	–	–	–	–	–	8,590,771	11,144	7,830	–	–	18,974
Issuance of Multiple Voting Shares from the PIPE financing (notes 4 and 14)	–	–	10,556,367	81,772	–	–	–	–	–	–	–	–	–	–
Share issuance costs (notes 4, 14 and 18)	–	–	–	(20,154)	–	–	–	–	–	(270)	–	–	–	(270)
Accretion of Multiple Voting Shares to redemption value (note 14)	–	–	–	65,068	–	–	–	–	–	–	(65,068)	–	–	(65,068)
Paid-in-kind dividends (note 14)	–	–	–	3,376	–	–	–	–	–	–	(3,376)	–	–	(3,376)
Conversion of Multiple Voting Shares (notes 14 and 18)	–	–	(139,704)	(1,672)	–	–	–	–	140,303	1,672	–	–	–	1,672
Recognition of Earnout		–	–	–	–	–	–	–	–	–	(98,735)	–	–	(98,735)

liabilities (notes 4 and 15)														
Reclassification of share-based compensation liability to equity (notes 4 and 16)	–	–	–	–	–	–	–	–	–	–	21,485	–	–	21,485
Exercise of common share options (note 18)	–	–	–	–	–	–	–	–	8,756	234	(218)	–	–	16
Share-based compensation (note 16)	–	–	–	–	–	–	–	–	–	–	2,234	–	–	2,234
Reclassification of additional paid-in capital deficit to accumulated deficit	–	–	–	–	–	–	–	–	–	–	117,262	(117,262)	–	–
Net and comprehensive (income) loss for the period	–	–	–	–	–	–	–	–	–	–	–	30,158	(665)	29,493
Balance, September 30, 2026	–	$ –	10,416,663	$128,390	–	–	–	$ –	53,132,058	$364,749	$ –	$ (543,969)	$ (4,030)	$(183,250)

(1) Prior year share amounts have been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split effective August 2025 (see note 17) and all periods have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

	Nine months ended September 30, 2025									
	Temporary Equity				Shareholders' Deficiency					
	Old General Fusion redeemable convertible preferred shares (note 17) Redeemable convertible multiple voting shares		Class B subordinate shares		Old General Fusion common shares (note 18) Class A subordinate voting shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
	Number	Amount	Number	Amount	Number	Amount				
Balance as of December 31, 2024,	3,092,467	245,121	–	–	225,180	2,407	15,920	(298,566)	(3,849)	(284,088)
Share-based compensation (note 16)	–	–	–	–	–	–	285	–	–	285
F1 preferred shares deemed dividend	–	1,694	–	–	–	–	–	(1,694)	–	(1,694)
Net and comprehensive loss for the period	–	–	–	–	–	–	–	(5,688)	(623)	(6,311)
Balance, March 31, 2025	3,092,467	$ 246,815	–	–	225,180	$ 2,407	$ 16,205	$ (305,948)	$ (4,472)	$ (291,808)
Exercise of common share options	–	–	–	–	374	6	(4)	–	–	2
Share-based compensation (note 16)	–	–	–	–	–	–	233	–	–	233
Net and comprehensive loss for the period	–	–	–	–	–	–	–	(4,022)	(2,526)	(6,548)
Balance, June 30, 2025	3,092,467	$ 246,815	–	$ –	225,554	$ 2,413	$ 16,434	$ (309,970)	$ (6,998)	$ (298,121)
Share-based compensation	–	–	–	–	–	–	542		–	542
Rights Offering deemed dividends	–	459	–	–	–	–	–	(459)	–	(459)
Extinguishment of preferred shares	–	(148)	–	–	–	11	–	137	–	148
Rights Offering share reorganization	26,812,109	(129,695)	–	–	2,045,480	148,122	–	–	–	148,122
Transfer of historical share issuance costs due to share reorganization	–	4,024	–	–	–	(4,024)	–	–	–	(4,024)
Share issuance costs	–	(260)	–	–	–	–	–	–	–	–
Settlement of convertible notes	2,557,573	1,758	–	–	–	–	–	–	–	–
Net and comprehensive loss for the period	–	–	–	–	–	–	–	40,786	54	40,840
Balance, September 30, 2025	32,462,149	$ 122,953	–	$ –	2,271,034	$ 146,522	$ 16,976	$ (269,506)	$ (6,944)	$ (112,952)

(2) Prior year share amounts have been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split effective August 2025 (see note 17) and all periods have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GENERAL FUSION GROUP LTD.
Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Net (loss) income for the period	$ (92,346)	$ 31,076
Adjustments:		
Depreciation and amortization	2,584	2,205
Gain on disposal of assets	–	(10)
Share-based compensation	8,419	(5,144)
Loss (gain) on revaluation of SRF contribution liability (note 12)	37,328	(18,970)
Loss on revaluation of SAFE liabilities (note 13)	11,120	–
Loss on revaluation of PIPE subscription obligation (note 14)	20,282	–
Gain on revaluation of convertible notes (note 10)	–	(22,036)
Gain on revaluation of warrant liabilities	(7,952)	–
Gain on revaluation of Earnout liabilities	(19,384)	–
Share consideration expensed (note 4)	9,251	–
Interest expense	–	1,124
Interest paid	–	(1)
Deferred income tax	–	3
Unrealized foreign exchange loss (gain)	1,077	(952)
Changes in operating assets and liabilities:		
Other receivables	(220)	97
Prepaid expenses and other	(2,051)	248
Accounts payable and accrued liabilities	(373)	(1,926)
Lease liabilities and right of use assets	(351)	(59)
	(32,616)	(14,345)
Investing activities:		
Additions to property and equipment	(551)	(172)
Purchase of short-term investments	(35,291)	–
	(35,842)	(172)
Financing activities:		
Proceeds from reverse recapitalization and Private Investment in Public Equity (“PIPE”) transaction, net of transaction costs	123,330	–
Proceeds from issuance of redeemable convertible preferred shares	–	17,020
Proceeds from issuance of SRF Warrants (note 12)	3,624	4,570
Proceeds from issuance of SAFE liabilities (note 13)	200	–
Proceeds from short-term loan	–	1,400
Proceeds from exercise of stock options	20	2
Share issuance costs on SAFE issuance	(27)	(20)
	127,147	22,972
Effect of foreign exchange rates on cash and cash equivalents	(2,608)	208
Increase (decrease) in cash and cash equivalents, and restricted cash	56,081	8,663
Cash and cash equivalents, and restricted cash, beginning of period	49,792	6,561
Cash and cash equivalents, and restricted cash, end of period	$ 105,873	$ 15,224

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Nature of business:

General Fusion Group Ltd. and its subsidiaries (collectively, "General Fusion" or the "Company") whose principal business is the research, development and future commercialization of fusion energy through its Magnetized Target Fusion approach. The Company is headquartered in Richmond, British Columbia, Canada.

General Fusion, formerly known as Spring Valley Acquisition Corp. III ("SVIII"), was incorporated as a Cayman Islands exempted company on March 12, 2025, as a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses.

On July 10, 2026 (the "Closing Date"), the previously announced business combination pursuant to the business combination agreement dated January 21, 2026, as amended (the "Business Combination Agreement" or the "BCA"), by and among SVIII, General Fusion Inc., a British Columbia limited company ("Old General Fusion" or "Old GF"), and 1573562 B.C. Ltd., a British Columbia limited company and wholly-owned direct subsidiary of SVIII ("NewCo") was consummated (the "Closing").

Pursuant to the Business Combination Agreement, SVIII deregistered from the Cayman Islands, continued to the Province of British Columbia, Canada under the *Business Corporations Act* (British Columbia), and changed its name to "General Fusion Group Ltd." By way of a plan of arrangement completed pursuant to the Business Combination Agreement, NewCo amalgamated with and into Old General Fusion, with the amalgamated entity surviving as "General Fusion Inc.," a wholly-owned subsidiary of General Fusion Group Ltd. (collectively, with the other transactions contemplated by the Business Combination Agreement and the plan of arrangement, the "Business Combination"). In connection with the Closing of the Business Combination, the Company's Class A common shares were redesignated as common shares, now referred to as subordinate voting shares, ("Subordinate Voting Shares") and a new class of convertible preferred shares, referred to as multiple voting shares ("Multiple Voting Shares"), was created. See Note 4 — Reverse Recapitalization for additional information regarding the Business Combination. On July 13, 2026, General Fusion Group Ltd.'s Subordinate Voting Shares and warrants began trading on the Nasdaq under the symbols "GFUZ" and "GFUZW", respectively.

2. Basis of presentation and liquidity:

These unaudited interim condensed consolidated financial statements ("Interim Financial Statements") include the accounts of General Fusion Group Ltd., and its wholly owned subsidiaries General Fusion Inc., incorporated in British Columbia, General Fusion Corp., incorporated in the state of Delaware in the United States, General Fusion (UK) Limited, incorporated in the United Kingdom, General Fusion Technologies Inc., incorporated in British Columbia, and 1410498 B.C. Ltd., incorporated in British Columbia. All intercompany accounts and transactions have been eliminated upon consolidation.

Old General Fusion was deemed the accounting acquirer in the Business Combination based on an analysis of the criteria outlined in Accounting Standards Codification ("ASC") 805. Under this method of accounting, SVIII is treated as the acquired company for financial reporting purposes, and the Business Combination is treated as the equivalent of Old General Fusion issuing shares for the net assets of SVIII, accompanied by a recapitalization. The net assets of SVIII are recognized at their carrying value, with no goodwill or other intangible assets recorded.

While SVIII was the legal acquirer in the Business Combination, because Old General Fusion was deemed the accounting acquirer, the historical financial statements of Old General Fusion became the historical financial statements of the combined company upon consummation of the Business Combination. As a result, the financial statements included in this report reflect (i) the historical operating results of Old General Fusion prior to the Business Combination; (ii) the combined results of the Company following the Closing Date; (iii) the assets and liabilities of Old General Fusion at their carrying value; and (iv) the Company's equity structure for all periods presented. All share and per share amounts for periods prior to the Business Combination have been retroactively restated to reflect the exchange ratio set forth in the Business Combination Agreement.

The Interim Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information as determined by the Financial Accounting Standards Board ("FASB") ASC and pursuant to the regulations of the U.S. Securities and Exchange Commission ("SEC"). They do not include all the information required for a complete set of financial statements prepared in accordance with U.S. GAAP and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2025. The condensed consolidated balance sheet data as of December 31, 2025 was derived from the Company's audited consolidated financial statements for the year ended December 31, 2025 but does not include all disclosures required by U.S. GAAP.

The Interim Financial Statements are unaudited, but in management's opinion, reflect all normal recurring adjustments that are necessary to fairly present the information set forth herein. The results of operations for the three and nine month periods ended September 30, 2026 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2026. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last Annual Financial Statements as at and for the year ended December 31, 2025.

These Interim Financial Statements of the Company have been presented in US dollars ("$" or "USD"), except as disclosed otherwise. Certain disclosures include amounts presented in Canadian dollars ("CAD").

Liquidity

The accompanying Interim Financial Statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the 12 months from the issuance of these Interim Financial Statements.

The Company has historically experienced recurring losses from operations and as of September 30, 2026 had an accumulated deficit of $543,969 (December 31, 2025 - $331,952). For the nine month periods ended September 30, 2026 and 2025, the Company incurred a net loss of $92,346 and net income of $31,076, respectively, and cash flows used in operating activities of $32,616 and $14,345, respectively.

As of September 30, 2026, the Company had cash and cash equivalents of $105,567 and working capital (current assets less current liabilities) of $71,793 compared to cash and cash equivalents of $49,125 and a working capital deficit of $27,281 as of December 31, 2025. Current liabilities as of September 30, 2026 include the SRF contribution liability of $67,260 which, as described in Note 12, the Company does not expect will require settlement in cash.

In connection with the preparation of these Interim Financial Statements, management evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within 12 months from the date these Interim Financial Statements are issued. Based on this evaluation, management believes that the Company's existing cash and cash equivalents and short-term investments will be sufficient to fund its planned operations and meet its obligations as they become due for at least 12 months from the issuance date of these Interim Financial Statements.

The Company does not currently generate revenue and has historically financed its operations through equity financing, debt and government assistance. Management expects that operating losses and negative cash flows from operations will continue in the foreseeable future. Our continuation as a going concern for a period beyond those 12 months will be dependent upon our ability to obtain adequate additional financing, as our operations are capital intensive and future capital expenditures are expected to be substantial.

These Interim Financial Statements were authorized for issuance by the Board of Directors of the Company on November 16, 2026.

3. Significant accounting policies:

(a) Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of expenses during the period. Actual results and outcomes could differ significantly from the Company's estimates, judgments, and assumptions. Significant estimates include the valuation of the Company's common shares prior to Closing of the Business Combination, preferred shares, earnout securities, share-based compensation, convertible notes, SRF contribution liabilities, SAFE liabilities, PIPE subscription obligation, warrants and certain accruals. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

(b) Recently issued and newly adopted accounting pronouncements:

(i) Accounting pronouncements not yet adopted:

In November 2024, the FASB issued Accounting Standards Update ("ASU") 2024-03, *Income Statement - Reporting Comprehensive Income: Expense Disaggregation Disclosures (subtopic 220-40): Disaggregation of Income Statement Expenses*, which includes amendments to require the disclosure of certain specific costs and expenses that are included in a relevant expense caption on the face of the income statement. Specific costs and expenses that would be required to be disclosed include: purchases of inventory, employee compensation, depreciation and intangible asset amortization. Additionally, a qualitative description of other items is required, equal to the difference between the relevant expense caption and the separately disclosed specific costs. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, and are applied either prospectively or retrospectively at the option of the Company. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*. This update establishes authoritative guidance on the accounting for government grants received by business entities. The standard is effective for our annual and interim reporting periods beginning in 2029, with early adoption permitted. The standard may be applied using a modified prospective, modified retrospective or full retrospective transition approach. We are currently evaluating the timing and method of adoption and assessing the impact of this ASU on our consolidated financial statements and disclosures.

In April 2026, the FASB issued ASU 2026-01, *Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock*. This update establishes authoritative guidance on the accounting for the initial measurement of paid-in-kind dividends on equity-classified preferred stock. The standard is effective for our annual and interim reporting periods beginning in 2027, with early adoption permitted. The standard may be applied using a prospective or modified retrospective transition approach. We are currently evaluating the timing and method of adoption and assessing the impact of this ASU on our consolidated financial statements and disclosures.

ASUs recently issued but not discussed above are not expected to have a material impact on the Company's consolidated financial statements or related disclosures.

(c) Earnout liabilities:

The Earnout Shares and Earnout Warrants issued as consideration in the Business Combination (see Notes 4 and 15) are evaluated under ASC 815-40. Due to certain settlement provisions, the instruments are precluded from being considered indexed to the Company's own stock and are therefore classified as liabilities. The earnout liability was initially recognized at fair value on the Closing Date with the offsetting entry recorded in additional paid-in capital, and is remeasured to fair value at each reporting date using a Monte Carlo simulation, with changes in fair value recognized in gain on revaluation of Earnout liabilities within other expense (income). Earnout Options and Restricted Earnout Shares held by employees and other service providers are accounted for as share-based compensation under ASC 718 (see Note 16). The Earnout Shares are contingently issuable shares and are excluded from net loss per share until the applicable Earnout Targets are achieved.

4. Reverse Recapitalization

On July 10, 2026, the previously announced Business Combination Agreement, by and among SVIII, Old General Fusion, and NewCo was consummated.

Pursuant to the BCA, each issued and outstanding Class A ordinary share and Class B ordinary share of SVIII was re-designated as one Class A common share and one Class B common share, respectively. Each Class B common share was converted, on a one-for-one basis, into one Class A common share; the Class A common shares were designated as Subordinate Voting Shares upon adoption of the Company's new articles.

Immediately prior to the effective time of the Business Combination, the following occurred:

Preferred Share Conversion. Each then issued and outstanding preferred share of Old General Fusion was automatically converted into Class A common shares of Old General Fusion ("Old GF Class A Common Shares"). Immediately prior to the Closing, the down-round feature of the preferred shares was triggered, increasing the number of shares into which the preferred shares are convertible. The Company recognized the $2,409 value of this down-round effect as a deemed dividend, recorded as an increase to accumulated deficit, and the resulting carrying amount of $125,362 was reclassified from temporary equity to permanent equity. As the conversion was affected in accordance with the contractual terms of the preferred shares, no gain or loss was recognized. No redeemable convertible preferred shares remain outstanding (see Note 17).

SAFE Conversion. Each then issued and outstanding Simple Agreement for Future Equity ("SAFE") of Old General Fusion was converted into 34,425,186 Old GF Class A Common Shares pursuant to its terms. The SAFEs were remeasured to fair value immediately prior to conversion, with a change in fair value of ($2,778) recognized in the consolidated statement of operations, and the resulting fair value of $53,692 reclassified to equity (see Note 13).

At the Closing, pursuant to the plan of arrangement:

Recapitalization and Share Exchange: Each outstanding Old GF Class A Common Share (including those issued upon the Preferred Share Conversion and the SAFE Conversion) was exchanged for Subordinate Voting Shares based on an exchange ratio determined by dividing (a) $600,000 divided by $10.00, by (b) the number of Old General Fusion shares outstanding on a fully diluted basis (the "Exchange Ratio"), resulting in an Exchange Ratio of 0.1710 Subordinate Voting Shares for each Old GF Class A Common Share.

PIPE Financing: Concurrently with the execution of the BCA, Old General Fusion entered into subscription agreements with investors (the "PIPE Investors") for the issuance of convertible preferred shares (subsequently renamed to Multiple Voting Shares after Closing) and warrants exercisable into common shares (subsequently renamed to Subordinate Voting Shares after Closing) for aggregate gross proceeds of $107,675. At Closing, the 10,556,367 Multiple Voting Shares were issued, each of which is convertible into one Subordinate Voting Share, and 10,556,367 warrants issued, with each warrant exercisable into one Subordinate Voting Share at an exercise price of $12.00 per share, subject to adjustment (the "PIPE Warrants") (see Note 14).

Commitment Shares: In connection with the execution of the PIPE subscription agreements in January 2026, Old General Fusion issued 3,500,000 Class B common shares to the lead PIPE investor (the "Commitment Shares"), which were exchanged for Subordinate Voting Shares on a one-for-one basis at Closing (see Notes 14 and 18).

Equity Award Exchange: Each Old General Fusion option outstanding immediately prior to Closing (whether vested or unvested) was exchanged for an option to purchase Subordinate Voting Shares and either an option to purchase Earnout Shares or Restricted Earnout Shares (each as defined below). The number of Subordinate Voting Shares subject to each new option was determined by multiplying the number of Old GF Class A Common Shares subject to the original option by the Exchange Ratio (rounded up to the nearest whole share), and the per-share exercise price of each new option was determined by dividing the original exercise price by the Exchange Ratio. The exchange of Old General Fusion options for options to acquire Subordinate Voting Shares preserved the aggregate fair value of the awards and did not result in incremental compensation cost; options previously classified as liabilities were remeasured to fair value at the Closing Date and the related liability was reclassified to additional paid-in capital, as the awards are equity classified following the listing of the Subordinate Voting Shares (see Note 16).

Warrant Exchange: Each outstanding warrant of Old General Fusion was exchanged for warrants to purchase Subordinate Voting Shares and warrants exercisable into Earnout Shares (as defined below), based on the Exchange Ratio and with exercise prices adjusted accordingly (see Notes 11, 13 and 18).

SVIII Warrants: At Closing, the Company assumed 15,996,064 warrants of SVIII outstanding immediately prior to the Business Combination, each of which became exercisable to acquire one Subordinate Voting Share on the same terms and conditions as were in effect prior to Closing (see Note 18(c)).

Sponsor Earnout Shares: Pursuant to the sponsor letter agreement dated January 21, 2026 among SVIII, Old General Fusion and Spring Valley Acquisition III Sponsor, LLC (the "Sponsor") (the "Sponsor Letter Agreement"), the Sponsor surrendered 1,000,000 Class B founder shares for cancellation in exchange for 1,000,000 Earnout Shares, which were classified as a liability and recognized at their Closing Date fair value of $7,830 (see Earnout Shares below and Note 15).

The Company received aggregate gross proceeds of approximately $129,721, consisting of (i) $108,025 from the PIPE Financing, inclusive of proceeds of the Commitment Shares, and (ii) $21,696 from SVIII's trust account, inclusive of accrued interest, together with funds in SVIII's operating account.

The Company incurred $31,882 in total transaction costs directly attributable to the Business Combination and PIPE Financing, inclusive of the estimated fair value of the Commitment shares. Of this amount, $20,154 and $270 were allocated to the Multiple Voting Shares and the Subordinate Voting Shares, respectively, and recorded as a reduction of the carrying amount of the Multiple Voting Shares (temporary equity) and of share capital, respectively, and $11,458 was allocated to liability-classified instruments, including the PIPE Warrants, and expensed within financing costs in the statements of operations and comprehensive (income) loss.

Net assets (liabilities) of Spring Valley recognized at acquisition

Cash and cash equivalents	$	21,696
Accounts payable and accrued liabilities		(2,722)
Earnout Shares issued to Sponsor		(7,830)
Net assets recognized	$	11,144

Accounting treatment

The Business Combination was accounted for as a reverse recapitalization in accordance with ASC 805, with Old General Fusion identified as the accounting acquirer. Under this method of accounting, SVIII is treated as the acquired company for financial reporting purposes, and the Business Combination is treated as the equivalent of Old General Fusion issuing shares for the net assets of SVIII, accompanied by a recapitalization. Accordingly, the consolidated financial statements of the Company for periods following the Closing represent a continuation of the financial statements of Old General Fusion, with the net assets of SVIII recorded at their carrying value and no goodwill or other intangible assets recognized. Operations prior to the Business Combination are those of Old General Fusion.

Old General Fusion was determined to be the accounting acquirer based on, among other factors: (i) Old General Fusion’s former shareholders hold a majority of the voting power of the Company; (ii) Old General Fusion’s senior management comprises the senior management of the Company; (iii) Old General Fusion’s former directors represent a majority of the Company’s board of directors; and (iv) Old General Fusion’s operations comprise the ongoing operations of the Company.

All periods presented have been retroactively adjusted to reflect the Exchange Ratio applied to Old General Fusion's issued and outstanding share capital, and share and per share amounts have been restated accordingly.

Earnout Shares

In connection with the Business Combination, the Company issued Class A, Class B and Class C earnout shares (collectively, the "Earnout Shares") to (i) holders of Old General Fusion Class A Common Shares, (ii) the Sponsor, (iii) holders of Old General Fusion warrants in the form of warrants exercisable for Earnout Shares at an exercise price of $0.01 per share (the "Earnout Warrants") and (iv) holders of Old General Fusion options in the form of either options exercisable for Earnout Shares at an exercise price of $0.01 per share or restricted Earnout Shares ("Earnout Options" and "Restricted Earnout Shares", respectively).

Immediately following the Closing, approximately 12,500,000 Earnout Shares or securities convertible into Earnout Shares were held by former Old General Fusion securityholders and 1,000,000 Earnout Shares were held by the Sponsor, in each case allocated equally among the Class A, Class B and Class C series. The composition of these amounts by instrument is set out in Note 15.

Each class of Earnout Shares will automatically convert into Subordinate Voting Shares on a one-for-one basis if, at any time during the period ending on the fifth anniversary of the Closing Date (the "Earnout Period"), the volume weighted average trading price ("VWAP") of the Subordinate Voting Shares equals or exceeds the applicable price target of $15.00 for the Class A Earnout Shares, $20.00 for the Class B Earnout Shares and $25.00 for the Class C Earnout Shares (each, an "Earnout Target"). The detailed terms of the Earnout Shares, including the measurement period for the Earnout Targets, redemption if an Earnout Target is not achieved and the rights attaching to the Earnout Shares, are described in Note 15.

The Earnout Shares issued to former Old General Fusion shareholders and to the Sponsor were determined to be liability classified under ASC 815-40, and the Earnout Warrants held by non-employee warrant holders are liability classified on the same basis. The Earnout Shares and Earnout Warrants were recognized at their Closing Date fair value of $93,795 as a liability, with the offset recorded to additional paid-in capital as part of the reverse recapitalization. Refer to Note 15 for the classification analysis, subsequent remeasurement and valuation of the earnout liability.

Earnout Options issued in exchange for Old General Fusion options held by employees and other service providers are accounted for as share-based compensation under ASC 718. Changes in the fair value of the Earnout Options are recognized as share-based compensation expense within loss from operations, and the Earnout Option liability is presented separately from the earnout liability for Earnout Shares and Earnout Warrants (see Note 16).

The Earnout Shares are contingently issuable shares under ASC 260 and are excluded from basic loss per share until the applicable Earnout Targets are achieved; they are excluded from diluted loss per share for all periods presented as their inclusion would be anti-dilutive.

5. Cash and cash equivalents and restricted cash:

The Company's cash and cash equivalents consists of the following:

	September 30, 2026	December 31, 2025
Cash on deposit	$ 27,686	$ 49,125
Guaranteed investment certificates	77,881	–
Total cash and cash equivalents	$ 105,567	$ 49,125

The following table is a reconciliation of cash and cash equivalents, and restricted cash reported in the consolidated balance sheets to the consolidated statements of cash flows.

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 105,567	$ 49,125
Restricted cash	306	667
Total cash and cash equivalents, and restricted cash shown on the statements of cash flows	$ 105,873	$ 49,792

As of September 30, 2026, $306 in deposits served as collateral for the Company's lease obligations and credit card facilities (2025 - $108). As of December 31, 2025, $351 of gross proceeds from the issuance of SAFE liabilities was held in a third-party trust account and recognized by the Company as restricted cash. The proceeds were released from the trust during the nine months ended September 30, 2026.

Should the financial institutions holding these assets become insolvent, the Company's maximum exposure to credit risk is the carrying amount of these assets less any amounts covered by the Canada Deposit Insurance Corporation and/or the U.S. Federal Deposit Insurance Corporation. The Company is also subject to concentration risk, as these assets are held with a limited number of financial institutions. The Company does not consider any of its financial assets to be impaired as of September 30, 2026.

6. Short-term investments:

Short-term investments of $35,254 consist of non-redeemable guaranteed investment certificates ("GICs") with original maturities greater than 90 days and less than one year. The GICs are held with a Canadian chartered bank, and are measured at amortized cost, which approximates fair value due to their short-term nature (2025 - $nil).

The Company is subject to concentration risk on its short-term investments, as these assets are held with a single financial institution. The Company does not consider any of its financial assets to be impaired as of September 30, 2026.

7. Property and equipment:

Property and equipment consisted of the following:

	September 30, 2026	December 31, 2025
Machinery and equipment	$ 2,478	$ 2,200
Computers, software and hardware	2,866	2,817
Leasehold improvements	11,603	11,935
	16,947	16,952
Accumulated depreciation and amortization	(12,524)	(10,528)
Property and equipment, net	$ 4,423	$ 6,424

Depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2026, was $799 and $2,398 (2025 - $673 and $2,003), respectively.

8. Accounts payable and accrued liabilities:

The principal components of accounts payable and accrued liabilities are as follows:

	September 30, 2026	December 31, 2025
Accounts payable	$ 794	$ 1,561
Accrued payroll liabilities	2,076	1,949
Other accrued liabilities	2,133	1,623
	$ 5,003	$ 5,133

9. Leases:

Lease balances consisted of the following:

	September 30, 2026	December 31, 2025
Right-of-use assets	$ 2,660	$ 2,918
Lease liabilities, current	$ 406	$ 454
Lease liabilities, non-current	3,782	4,233
Total operating lease liabilities	$ 4,188	$ 4,687

The Company leases its office and lab facilities under non-cancellable operating leases with various lease terms. As of September 30, 2026, non-cancellable leases expire at the end of 2032.

As of September 30, 2026, the weighted average remaining lease term is 6.2 years (December 31, 2025 – 7.0 years).

As the implicit rate is not available to the Company, it determined its incremental borrowing rate and used this as the discount rate for its lease calculations. The incremental borrowing rate is based on the Company's borrowing rate and adjusted for payment structure, the securitized nature of the lease, the term of the lease and the economic environment of the lease. As of September 30, 2026, the weighted average discount rate was 11.35% (December 31, 2025 - 11.35%).

Maturities of operating lease liabilities were as follows as of September 30, 2026:

Fiscal year ending:	
2026	$ 208
2027	841
2028	950
2029	950
Thereafter	2,852
Future minimum payments	5,801
Impact of discounting	(1,613)
Total	$ 4,188

10. Convertible notes:

In July 2024, the Company issued convertible promissory notes (the "Convertible Notes") with an aggregate principal amount of $15,800, bearing simple interest at 12% per annum. The Convertible Notes were originally scheduled to mature on July 16, 2025 and subsequently amended to August 8, 2025. All accrued interest is payable in kind and converts into equity along with the principal amount upon conversion of the Convertible Notes.

In August 2025, the Company completed a financing structured as a rights offering (the "Rights Offering"). Concurrent with the closing of the Rights Offering, the Company issued 14,955,023 Series 2 Class B redeemable convertible preferred shares at a 25% discount to the Series 1 Class B redeemable convertible preferred shares price to settle the Convertible Notes outstanding principal and accrued interest of $17,800. Of the 14,955,023 Series 2 Class B redeemable convertible preferred shares issued, 14,068,229 were issued to settle outstanding principal and accrued interest of $16,744 owing to related parties of the Company. The debt holders are considered related parties of the Company due to their representation on the Company's Board of Directors.

The estimated fair value of the Convertible Notes at settlement was based on the fair value of the 14,955,023 Series 2 Class B redeemable convertible preferred shares that the notes were exchanged for at maturity.

The following table summarizes activity for the nine month period ended September 30, 2025:

Convertible Notes Continuity	**Total**
Balance, January 1, 2025	$ 21,412
Accrued interest	1,115
Gain on the change in fair value of Convertible Notes	(21,689)
Change in fair value attributable to changes in credit risk	(57)
Settlement of Convertible Notes	(1,758)
Foreign currency translation adjustment	977
Balance, September 30, 2025	$ -

11. Government assistance:

The following table contains a summary of government assistance recorded in the statement of operations.

	SRF (a)	Other	Total
Government assistance for the three months ended September 30, 2026	$ –	$ –	$ –
Government assistance for the three months ended September 30, 2025	$ –	$ –	$ –
Government assistance for the nine months ended September 30, 2026	$ –	$ –	$ –
Government assistance for the nine months ended September 30, 2025	$ 5,907	$ 14	$ 5,921

(a) Government of Canada Strategic Response Fund ("SRF" or "SIF"):

The Company entered into a contribution agreement with SRF in 2019, which was subsequently amended in 2020, 2023, and January 2025 (as amended, the "SRF Contribution Agreement"), to fund a portion of certain eligible research and development expenditures. The January 2025 amendment extended the project completion date from June 30, 2024 to April 30, 2025, increased total allowable eligible costs from CAD 132,318 ($93,100) to CAD 138,550 ($97,500), and increased the contribution ratio from 41.02% to 50.0%. The project completion date represents the last date on which the Company may incur eligible costs under the agreement.

As consideration for contributions received under the SRF Contribution Agreement, the Company was obligated to issue Class B non-voting common share purchase warrants (the "SRF Warrants"). Pursuant to the SRF Contribution Agreement, the SRF Warrants were issued annually within thirty days of March 31st. The number of SRF Warrants to be issued annually was based on a formula incorporating the Company's most recent arm's length qualified share issuance price, as defined in the SRF Contribution Agreement. The SRF Warrants are exercisable immediately upon issuance at a $nil exercise price per share.

In March 2026, the Company and the Government of Canada, through the Strategic Response Fund, finalized a further amendment to the SRF Contribution Agreement (the "Amended and Restated SRF Contribution Agreement"), which extended the project completion date to March 31, 2026, and increased total allowable eligible costs from CAD 138,550 ($97,500) to CAD 148,550 ($104,550). As a result, total available funding to the Company increased by CAD 5,000 (approximately $3,600). The Amended and Restated SRF Contribution Agreement will expire five years after the project completion date (the "Term"), and certain of SRF's contractual rights under the agreement will survive for an additional three years beyond the Term. SRF Warrants issued prior to the date of the Amended and Restated SRF Contribution Agreement remain outstanding.

As consideration for the additional funding of CAD 5,000 (approximately $3,600) available to the Company under the Amended and Restated SRF Contribution Agreement, the Company agreed to issue Class B1 Preferred Shares warrants at a purchase price of $1.587 per warrant (the "Class B1 Warrants"). For each Class B1 warrant issued, the Company will also issue 12.542 Class B3 Preferred Shares warrants (the "Class B3 Warrants" and, together with the Class B1 Warrants, the "Preferred Share Warrants"). The Preferred Share Warrants are exercisable into Class B1 Preferred Shares and Class B3 Preferred Shares, respectively, for no additional consideration.

Funds received under the agreement are recognized as a financial liability measured at fair value, with any excess of proceeds received over the fair value of the liability recognized as government assistance. Refer to note 12 for the classification and measurement of the SRF contribution liability.

During the nine months ended September 30, 2026, the Company exercised its contractual right to receive funding under the Amended and Restated SRF Contribution Agreement and received $3,624 (CAD 5,000), resulting in the issuance of 2,283,169 Class B1 Warrants and 28,635,504 Class B3 Warrants. For the three and nine month periods ended September 30, 2026, $nil government assistance was recognized, as the funding received was fully attributed to the estimated fair value of the warrant consideration (three and nine month periods ended September 30, 2025 - $nil and $5,921, respectively).

The cumulative amount contributed by SRF as of September 30, 2026 was $55,123 (CAD 74,275), with $51,499 (CAD 69,275) as of December 31, 2025.

The SRF Warrants and Preferred Share Warrants expire immediately prior to the occurrence of certain triggering events as defined in the SRF Contribution Agreement, which includes (a) sale, merger, amalgamation of the Company which results in current shareholders not owning a majority of the voting control; (b) sale of substantially all assets; or (c) public listing (each, a 'Triggering Event'). Notwithstanding such expiry, if the consideration paid to the Company in connection with a Triggering Event is in the form of shares, the holder of the SRF Warrants and Preferred Share Warrants is entitled to receive securities of the same class and type, and on the same terms and conditions, as those issued to other holders of the same class securities. On July 10, 2026, upon the Closing, all outstanding SRF Warrants and Preferred Share Warrants were exchanged for warrants to purchase Subordinate Voting Shares of the Company at the Exchange Ratio (see Note 4). The SRF Warrants and Preferred Share Warrants were transferred to another Canadian government entity, BDC Capital Inc. ("BDC"), prior to the closing of the Business Combination.

12. SRF contribution liability:

The Amended and Restated SRF Contribution Agreement defines the issuance of the SRF Warrants and Preferred Share Warrants as repayment for funding received under the arrangement; however, the Company is subject to events of default, including but not limited to, the Company's failure to comply with covenants under the agreement, use of funding for the purposes other than those permitted, and insolvency-related events, that could result in the Company being required to pay all or a portion of funding received under the agreement in cash. As the resolution of certain default clauses is not solely within the Company's control, the SRF Warrants and Preferred Share Warrants do not qualify for equity classification and are classified as liabilities in accordance with ASC 480, *Distinguishing Liabilities from Equity*.

The fair value of the SRF contribution liability is estimated using the Probability Weighted Expected Return Model ("PWERM") that takes into account the value of the SRF Warrants and Preferred Share Warrants that is based on the underlying securities and the amount that would have to be repaid in the event of a default, including the probability of default. The SRF contribution liability is remeasured to its estimated fair value at each financial reporting date.

A summary of the Company's SRF contribution liability amount is as follows:

	Warrant obligation	Funding liability	Total
Balance, January 1, 2025	$ 1,553	$ 14,128	$ 15,681
SRF Warrant obligation	4,570	–	4,570
Issuance of SRF Warrants	(5,494)	5,494	–
Change in fair value	548	6,773	7,321
Foreign currency translation	180	617	797
Balance, December 31, 2025	1,357	27,012	28,369
SRF Warrant obligation	3,624	–	3,624
Issuance of SRF Warrants	(5,008)	5,008	–
Change in fair value	184	37,144	37,328
Foreign currency translation	(157)	(1,904)	(2,061)
Balance, September 30, 2026	$ –	$ 67,260	$ 67,260

As a result of funding received under the Amended and Restated SRF Contribution Agreement during the nine months ended September 30, 2026, the Company recognized a contribution liability of $45,141, measured at the fair value of the associated warrant consideration. The excess of the fair value of the liability over the proceeds received was recognized as a loss on initial recognition and is presented within the loss on revaluation of the SRF contribution liability within the statement of operations.

For the three and nine months ended September 30, 2026, the Company recognized a gain of $20,714 and a loss of $37,328, respectively (three and nine months ended September 30, 2025 – gains of $18,026 and $18,970, respectively), on the revaluation of the SRF contribution liability, reflecting the remeasurement of all outstanding SRF Warrants and Preferred Share Warrants.

The fair value of the SRF contribution liability includes the funding liability and warrant obligation. The funding liability represents the fair value of the issued SRF Warrants, Preferred Share Warrants and the contingent obligation to repay contributions in cash upon an event of default (the "Contingent Repayment Obligation"). Amounts reported as warrant obligation represent the value for contributions received, for which SRF Warrants have yet to be issued. The fair value of the funding liability was estimated using the PWERM, which accounts for the complexity of the dual-settlement nature of the arrangement by assigning probabilities to discrete future outcomes. The valuation considers two settlement alternatives:

- Warrant Settlement Scenario: This scenario assumes the Company satisfies its obligation through the issuance of warrants based on the defined terms of the Amended and Restated SRF Contribution Agreement.
- Cash Repayment Scenario: This scenario assumes a trigger event that necessitates a cash repayment of the funding received.

As of September 30, 2026 and December 31, 2025, management has judged it highly likely that the obligation will be settled through the issuance of SRF Warrants and SRF Preferred Share Warrants rather than cash repayment. This judgment is based on the Company's compliance with the SRF Contribution Agreement, including but not limited to, quarterly and annual compliance reporting to SRF, which includes details of expenditures incurred under the arrangement on a disaggregated level as well as underlying support documents. The reports are reviewed by SRF on a quarterly basis. Consequently, the PWERM reflects a significantly higher probability weighting toward the warrant settlement scenario.

As of September 30, 2026, the estimated fair value of the Contingent Repayment Obligation was $132 with the remaining fair value of the funding liability attributable to the issued SRF Warrants and Preferred Share Warrants (December 31, 2025 – $102). As of September 30, 2026, in determining the fair value of the funding liability, the Company judged the probability of cash repayment to be 1% with the remaining probability allocated to repayment via SRF Warrants and SRF Preferred Share Warrants (December 31, 2025 – 1%).

The value of the Contingent Repayment Obligation that is subject to the PWERM valuation is estimated using a discounted cash flow model. The assumptions used within the discounted cash flow model for the September 30, 2026 and December 31, 2025 valuations are set forth in the table below.

	September 30, 2026	December 31, 2025
Amount funded (CAD)	$ 74,275	$ 69,275
Market debt recovery rate	14 – 28%	14 – 28%
Risk-adjusted discount rate	13 – 20%	13 – 20%

As of September 30, 2026, the fair value of the SRF contribution liability was estimated using the common share value of $7.41 (December 31, 2025 - $7.49, as retrospectively adjusted to reflect the Exchange Ratio (see note 4)).

Sensitivities for key assumptions were as follows:

- With other variables unchanged, an increase or decrease in the estimated common share price of 20% would result in an increase decrease in the fair value of the SRF contribution liability by approximately $13.5 million or ($13.5 million), respectively;

- with other variables unchanged, an increase the estimated probability of cash repayment of amounts received under the SRF contribution liability from 1% to 5% with a corresponding decrease in the probability repayment via the Exchanged SRF Warrants (as defined below), would result in a decrease in the estimated fair value of the liability of approximately $2.7 million.

Upon the Closing of the Business Combination, all outstanding SRF Warrants and Preferred Share Warrants were exchanged for warrants to purchase Subordinate Voting Shares (the "Exchanged SRF Warrants") at the Exchange Ratio, with exercise terms adjusted accordingly (see Note 4). The exchange was affected under the terms of the BCA and the Exchanged SRF Warrants are economically equivalent to the original instruments; accordingly, the exchange was accounted for as a modification and no gain or loss was recognized. The Exchanged SRF Warrants remain subject to the Contingent Repayment Obligation and continue to be classified as liabilities and measured at fair value at each reporting date.

A summary of the SRF Warrants and Preferred Share Warrants and the Exchange SRF Warrants issued and outstanding is as follows:

	Number	Exercise Price
Warrants outstanding December 31, 2024	2,597,953	$ –
Issuance of SRF Warrants	1,012,097	–
Warrants outstanding December 31, 2025	3,610,050	$ –
Issuance of SRF Warrants	179,263	–
Preferred Share Warrants	5,287,667	–
Warrants outstanding, September 30, 2026	9,076,980	$ –

Warrant amounts for all periods presented have been retrospectively adjusted to reflect the Exchange Ratio (see note 4). Warrants outstanding as of September 30, 2026 represent the Exchanged SRF Warrants.

13. SAFE liabilities:

During the year ended December 31, 2025 and the nine months ended September 30, 2026, the Company issued SAFEs to several investors for aggregate gross proceeds of $44,507, of which $44,307 was received during the year ended December 31, 2025 and $200 was received in January 2026. As part of the total proceeds received on the issuance of the SAFEs, $350 of proceeds related to the issuance of 11,056,427 Class A common share warrants ("Old General Fusion SAFE Warrants").

The Company received $3,500 in gross proceeds from related parties in connection with the issuance of SAFEs, of which $28 was attributable to the issuance of 876,646 Old General Fusion SAFE Warrants. The investors are considered related parties of the Company due to their representation on the Company's Board of Directors.

The Company also received nominal cash proceeds of $112 in exchange for 3,625,000 Old General Fusion SAFE Warrants issued as consideration for the finders' fees relating to proceeds received on SAFE financing ("Finders' Fee SAFE Warrants").

Under the SAFEs, investors provided upfront cash in exchange for the right to receive future shares upon the occurrence of specified events. Pursuant to their terms, upon the earlier of a qualifying equity financing or a liquidity event, the SAFEs convert or settle according to their contractual terms. A qualifying equity financing is sale of preferred shares of the Company in a transaction or series of transactions resulting in gross proceeds of not less than $100,000 ("Qualifying Equity Financing"), and a liquidity event is defined as an initial public offering ("IPO"), Special Purpose Acquisition Company ("SPAC") merger, direct listing or a change of control ("Liquidity Event").

In a Qualifying Equity Financing, the SAFEs shall convert into equity of the Company at the price per share equal to the lower of:

(a) a 25% discount to the price per share at which the preferred shares of the Company are sold for cash proceeds in such Qualifying Equity Financing; or
(b) the valuation cap defined as $500,000 plus the amount raised under the SAFE ("Valuation Cap") divided by the Company's fully diluted number of shares as determined on a post-money basis.

In the event of an IPO, direct listing, or SPAC merger, each SAFE shall convert into a number of common shares equal to the SAFE purchase amount divided by the liquidity price, which is the lower of:

(a) a 25% discount to the price per share at which common shares are sold in a Liquidity Event; or
(b) the valuation cap divided by the Company's fully diluted number of shares on an "as converted" basis immediately prior to the Liquidity Event.

The SAFEs are considered freestanding financial instruments as they are legally detachable and separately exercisable from other instruments. While the SAFEs do not meet the definition of a liability under ASC 480, *Distinguishing Liabilities from Equity*, the Company determined they do not qualify for equity classification under ASC 815, *Derivatives and Hedging* as the SAFEs fail the indexation criteria under ASC 815-40 as the number of shares to be issued upon settlement is variable. Furthermore, the SAFEs contain provisions requiring cash settlement upon a change of control. As a change of control is an event deemed to be outside the Company's control, equity classification is precluded under ASC 815-40-25. Accordingly, the SAFEs were classified as liabilities within the consolidated balance sheets and are measured to fair value at each financial reporting date with changes in fair value recognized in loss (gain) on revaluation of SAFE liabilities within other expense (income) in the consolidated statement of operations. Upon settlement of the SAFEs into preferred or common shares of the Company, the carrying amount of the SAFE liability was reclassified to equity at the fair value of the shares issued.

The Old General Fusion SAFE Warrants do not qualify for the scope exception for contracts indexed to an entity's own stock under ASC 815-40, as the exercise price and number of shares issuable are subject to adjustment upon modification of the terms of other outstanding instruments, which are not inputs to the fair value of a fixed-for-fixed option on the Company's shares. Accordingly, the Old General Fusion SAFE Warrants are liability classified and are measured at fair value at each reporting period with changes in fair value recognized within gain on revaluation of warrant liabilities within other expense (income) in the consolidated statement of operations.

Settlement of the SAFEs

The closing of the Business Combination on July 10, 2026 constituted a Liquidity Event under the terms of the SAFEs. Immediately prior to the consummation of the Business Combination, all outstanding SAFEs were converted into 34,425,186 Old GF Class A Common Shares, which at Closing were exchanged for 5,887,290 Subordinate Voting Shares at the Exchange Ratio (see Note 4). The fair value of the SAFEs immediately prior to settlement was determined based on the number of Subordinate Voting Shares issued to the SAFE holders and the publicly traded price of the Subordinate Voting Shares, resulting in a final remeasurement of the SAFE liability to $53,692. The change in fair value through the settlement date was recognized in loss on revaluation of SAFE liabilities, and the carrying amount of the liability was reclassified to equity upon conversion. Following the settlement at Closing no SAFEs remain outstanding as of September 30, 2026.

SAFE Warrant Exchange

The Old General Fusion SAFE Warrants, including Finders' Fee SAFE Warrants, were exchanged for 2,538,646 warrants (the "SAFE Warrants") to purchase Subordinate Voting Shares, with the exercise price correspondingly adjusted to reflect the Exchange Ratio. The exchange was effected under the terms of the BCA and the replacement SAFE Warrants are economically equivalent to the original Old General Fusion SAFE Warrants; accordingly, the exchange was accounted for as a modification and no gain or loss was recognized. The SAFE Warrants remain classified as liabilities and continue to be measured at fair value at each reporting date.

A summary of the Company's SAFE liabilities balances is as follows:

	SAFEs	SAFE Warrants	Total
Balance, January 1, 2025	$ –	$ –	$ –
Initial recognition	38,206	6,101	44,307
Finders' Fee SAFE Warrants	–	2,000	2,000
Change in fair value	5,084	5,049	10,133
Foreign currency translation	1,050	21	1,071
Balance, December 31, 2025	$ 44,340	$ 13,171	$ 57,511
Issuance	172	28	200
Change in fair value	11,120	(5,041)	6,079
Foreign currency translation	(1,940)	(63)	(2,003)
Settlement	(53,692)	–	(53,692)
Balance, September 30, 2026	$ –	$ 8,095	$ 8,095

As of September 30, 2026, 2,538,646 SAFE Warrants were outstanding and exercisable (December 31, 2025 – 2,502,230).

For the three and nine months ended September 30, 2026, the Company recognized a gain of $2,778 and a loss of $11,120, respectively, on the change in fair value of the SAFEs, which is presented within loss (gain) on revaluation of SAFE liabilities in the consolidated statements of operations and comprehensive (income) loss. For the same periods, the Company recognized gains of $7,385 and $5,041, respectively, on the change in fair value of the SAFE Warrants, which are presented within gain on revaluation of warrant liabilities, together with the change in fair value of the PIPE Warrants (see note 14).

Valuation of the SAFEs

Prior to settlement, the fair value of the SAFEs was estimated using a PWERM, which incorporated assumptions regarding the timing and probability of four mutually exclusive scenarios: SPAC conversion, IPO conversion, change of control event, and dissolution. The values for the respective scenarios that are subject to the PWERM valuation are as follows:

- SPAC Transaction: The value is derived from the estimated total equity value of the Company upon the projected completion of a de-SPAC transaction.
- IPO and Change of Control: These scenarios are modeled based on the implied equity value from the actual SAFE financing, incorporating both the time-value of money (discounting) and the contractual conversion discount. Furthermore, the IPO scenario accounts for the upside potential triggered by the adjusted valuation cap, which is calculated based on the aggregate SAFE proceeds.
- Dissolution: The value in the dissolution scenario is assumed to be $nil.

Upon the closing of the BCA, the fair value of the SAFEs was no longer estimated using the PWERM and was instead determined by reference to the value of the shares issued in settlement, as described above.

The significant assumptions used in the December 31, 2025 valuation of the SAFEs are set forth in the table below.

	December 31, 2025
SPAC probability	91%
IPO probability	3%
Change of control probability	3%
Dissolution	3%
Estimated time to conversion event (years)	0.75

Valuation of the SAFE Warrants

The assumptions used to estimate the fair value of the SAFE Warrants issued are set forth in the table below:

	September 30, 2026	December 31, 2025
Fair value of common shares	$ 7.41	$ 7.49
Exercise price	11.55	11.68
Expected term	2.1 years	2.9 years
Expected volatility	110%	135%
Risk-free interest rate	4.88%	3.49%
Expected dividend	$ –	$ –

(1) Common share values as of December 31, 2025 have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

During the nine months ended September 30, 2026, an anti-dilution adjustment under the terms of the Old General Fusion SAFE Warrants was triggered, resulting in the exercise price being adjusted from $11.68 to $11.55 per share and a corresponding increase in the number of shares issuable upon exercise. The impact of the adjustment is reflected in the fair value of the SAFE Warrants as of September 30, 2026.

14. PIPE Financing

On January 21, 2026, concurrently with the execution of the Business Combination Agreement, Old General Fusion and SVIII entered into securities purchase agreements (the "PIPE Subscription Agreements") with certain investors, in connection with the PIPE Financing pursuant to which, immediately prior to the consummation of the Business Combination, Old General Fusion issued and sold an aggregate of 10,556,367 units for aggregate gross proceeds of $107,675, at a purchase price of $10.20 per unit, reflecting a 15% original issue discount from the $12.00 deemed original issue price. Each unit consisted of (i) one convertible preferred share of Old General Fusion with a deemed original issue price of $12.00 and (ii) one warrant to purchase one common share at an initial exercise price of $12.00 per share.

In addition and in connection with the execution of the PIPE Subscription Agreements in January 2026, Old General Fusion issued 3,500,000 Class B common shares to the lead PIPE investor (the "Commitment Shares").

Upon consummation of the Business Combination, each Old General Fusion convertible preferred share was exchanged for one Multiple Voting Shares and each warrant was exchanged for one PIPE Warrant, in each case having the same rights and terms as the corresponding Old General Fusion instrument. The Multiple Voting Shares and the PIPE Warrants are legally detachable and separately exercisable, and accordingly each is accounted for as a freestanding financial instrument.

Accounting Prior to Issuance - PIPE Forward Contract

Prior to the issuance of the units, the Company evaluated the PIPE Subscription Agreements under ASC 480, *Distinguishing Liabilities from Equity*. Pursuant to ASC 480-10-25-8, a financial instrument other than an outstanding share that embodies a conditional or unconditional obligation to transfer assets or issue equity shares is classified as a liability. Because the PIPE Subscription Agreements obligated the Company to issue units comprising preferred shares that are contingently redeemable at the holder's option and liability-classified warrants, the arrangement represented a forward sale contract classified as a liability under ASC 480. The forward contract was recognized at fair value, with changes in fair value recognized in the consolidated statements of operations and comprehensive (income) loss at each reporting date. For the three and nine months ended September 30, 2026, the Company recognized a gain of $1,769 and a loss of $20,282, respectively, on the revaluation of the PIPE subscription obligation through the Closing Date. Upon issuance of the units on the Closing Date, the forward contract was settled, at its then-current fair value of $20,210.

Terms of the Multiple Voting Shares

The Multiple Voting Shares are convertible at any time at the option of the holder into that number of Subordinate Voting Shares determined by dividing the Accrued Value by the conversion price, initially $12.00, subject to adjustment. If, on the twenty-first trading day immediately following the date that is six months after the Closing Date, the 20-day volume weighted average trading price of the Subordinate Voting Shares is less than the conversion price then in effect, the conversion price will be reduced, on a one-time basis, to the greater of (i) such measured price and (ii) $5.00. The conversion price is also subject to customary anti-dilution adjustments and a down-round provision, including a reversal of any down-round adjustment if the option or convertible security that triggered the adjustment expires unexercised.

Holders of Multiple Voting Shares are entitled to cumulative dividends at a rate of 10% per annum if paid in cash or 12% per annum accruing daily (compounding semi-annually) if paid in kind, payable if declared by the board of directors and otherwise accrued to the Accrued Value and participate on an as-converted basis in any dividends declared on the Subordinate Voting Shares. The Multiple Voting Shares vote together with the Subordinate Voting Shares as a single class on all matters, on an as-if converted basis, are entitled to class approval rights over certain matters (including liquidation, amendments adversely affecting the Multiple Voting Shares, issuances of senior or pari passu securities, redemptions or payments of dividends on junior shares, affiliate transactions and the incurrence of indebtedness), and rank senior to the Subordinate Voting Shares and all other junior securities as to dividends and distributions upon liquidation.

The Multiple Voting Shares are not mandatorily redeemable. They are redeemable in cash at the option of the holder at 100% of the Accrued Value at any time after the fifth anniversary of the Closing Date and are redeemable by the Company at any time at a fixed price of 150% of the Accrued Value in Year 1 and 10% less per year with a floor at 100% of the accrued value on or after the fifth anniversary of the Closing Date, in case, in cash.

Accounting for the Multiple Voting Shares

The Company evaluated the Multiple Voting Shares under ASC 480 and concluded they are not mandatorily redeemable and do not otherwise meet the requirements for liability classification, as redemption is at the option of the holder or the Company and the shares could remain outstanding in perpetuity. The Company determined that the Multiple Voting Shares represent an equity-like host based on an evaluation of the instrument's substantive terms and features under ASC 815-15, including the substantive conversion option, full voting rights and participating dividend features, and concluded that no embedded features require bifurcation.

As the Multiple Voting Shares are redeemable at the option of the holder after five years, an event not solely within the Company's control, they are classified as temporary equity in accordance with ASC 480-10-S99-3A. As redemption depends solely on the passage of time, the Multiple Voting Shares are probable of becoming redeemable. The Company has elected as an accounting policy to recognize changes in the redemption value immediately as they occur and to adjust the carrying amount of the Multiple Voting Shares to equal the redemption value (being the Accrued Value), at the end of each reporting period. Remeasurement adjustments are treated as deemed dividends, recorded as a reduction of additional paid-in capital (in the absence of retained earnings) and included in net loss attributable to common shareholders for purposes of net loss per share (see Note 25). For the period from the Closing Date to September 30, 2026, the Company recorded accretion of the Multiple Voting Shares to their redemption value of $65,068. As of September 30, 2026, the carrying amount of the Multiple Voting Shares was $128,390.

Dividends on the Multiple Voting Shares accrued in kind during the period of $3,376 were added to the Accrued Value and recorded as a deemed dividend on the same basis.

Accounting for the PIPE Warrants

Each PIPE Warrant is exercisable from issuance for one Subordinate Voting Share at an initial exercise price of $12.00 per share, expires five years from issuance, and is subject to the same six-month price reset, anti-dilution and down-round adjustments as the Multiple Voting Shares. Upon any price adjustment, the number of shares underlying the warrant is adjusted concurrently such that the aggregate exercise price remains unchanged.

The Company evaluated the PIPE Warrants under ASC 480 and ASC 815-40 and concluded they are not liabilities within the scope of ASC 480 but do not meet the criteria to be considered indexed to the Company's own stock under ASC 815-40. Specifically, the PIPE Warrants provide for adjustments to the exercise price and the number of underlying shares in the event the economic terms of other outstanding options or convertible securities are modified after issuance, and for the reversal of prior downward adjustments if such instruments expire unexercised, the adjustments that are not inputs to the fair value of a fixed-for-fixed option on the Company's shares. Accordingly, the PIPE Warrants are classified as liabilities and measured at fair value, with changes in fair value recognized in the consolidated statements of operations and comprehensive (income) loss each reporting period. For the period from the Closing Date to September 30, 2026, the Company recognized a gain on the change in fair value of the PIPE Warrants of $2,911, which is presented within gain on revaluation of warrant liabilities in the consolidated statements of operations and comprehensive (income) loss, together with the change in fair value of the SAFE Warrants (see note 13).

Allocation of Proceeds and Transaction Costs

As the Commitment Shares were issued to an arm's-length investor, the excess of their fair value over the nominal cash consideration received represents a direct and incremental cost of the PIPE financing and was recorded as deferred offering cost.

Transaction costs of $31,612 directly attributable to the PIPE Financing, inclusive of the estimated fair value of the Commitment Shares, were allocated to the Multiple Voting Shares and the PIPE Warrants in proportion to their relative allocation of the gross proceeds. Costs of $11,458 allocated to the PIPE Warrants were expensed as incurred within the consolidated statements of operations and comprehensive (income) loss, and costs of $20,154 allocated to the Multiple Voting Shares were recorded as a reduction of the temporary equity carrying amount.

The fair value of the forward contract is measured as the fair value of the preferred shares and warrants issued under the PIPE subscription agreements, less the fixed consideration to be received. The fair values of the preferred shares and warrants comprising the units issued pursuant to the PIPE subscriptions agreements were estimated using the Monte Carlo simulation method. The assumptions used to estimate the fair value of these preferred shares and warrants contained within the PIPE subscription agreements are set forth in the table below:

	January 21, 2026	July 10, 2026
Fair value of common shares	$ 7.52	$ 9.12
Expected term	5.7 years	5.0 years
Expected volatility	80%	80%
Risk-free interest rate	3.83%	4.11%
Expected dividend	12%	12%
Weighted average discount rate	47.6%	46.1%

The assumptions used to estimate the fair value of the PIPE Warrants are set forth in the table below:

	July 10, 2026	September 30, 2026
Fair value of common shares	$ 9.12	$ 7.41
Expected term	5.0 years	4.8 years
Expected volatility	80%	85%
Risk-free interest rate	4.11%	4.96%
Weighted average discount rate	46.1%	46.1%

As of September 30, 2026, 10,556,367 PIPE Warrants were outstanding (December 31, 2025 – nil). The PIPE Warrants were recognized at their Closing Date fair value of $46,112, and the fair value of the PIPE Warrants as of September 30, 2026 was $43,201 (December 31, 2025 - $nil), included within warrant liabilities in the Interim Condensed Consolidated Balance Sheets.

A summary of the Company's PIPE Warrant liability is as follows:

	Number of warrants	Amount
Balance, December 31, 2025	–	$ –
Issuance on Closing Date	10,556,367	46,112
Change in fair value	–	(2,911)
Balance, September 30, 2026	10,556,367	$ 43,201

15. Earnout liabilities:

In connection with the Business Combination (see Note 4), the Company issued 12,500,000 Earnout Shares or securities convertible into Earnout Shares to former Old General Fusion securityholders on a pro-rata basis, and 1,000,000 Earnout Shares to the Sponsor in consideration for the surrender and cancellation of 1,000,000 Class B founder shares. Immediately following the Closing, there were outstanding (i) 8,519,181 Earnout Shares held by former Old General Fusion shareholders, (ii) 1,000,000 Earnout Shares held by the Sponsor, (iii) 2,459,745 Earnout Warrants, and (iv) 1,518,807 Earnout Options exercisable at $0.01 per share and Restricted Earnout Shares, in each case allocated equally among the Class A, Class B and Class C series.

Each class of Earnout Shares will automatically convert into Subordinate Voting Shares on a one-for-one basis if, during the five-year Earnout Period, the VWAP of the Subordinate Voting Shares equals or exceeds $15.00 (Class A), $20.00 (Class B) or $25.00 (Class C) for any 20 trading days within any 30 consecutive trading day period or upon a liquidation, dissolution or winding up of the Company, or a merger, amalgamation, sale of all or substantially all of the Company's assets, or other change of control transaction (each, a "Deemed Liquidation Event"), if the implied transaction valuation per Subordinate Voting Share equals or exceeds the applicable Earnout Target. If an Earnout Target is not achieved during the Earnout Period, the applicable class of Earnout Shares will be redeemed for a nominal amount and cancelled. Except as required by law, the Earnout Shares are non-voting and are not entitled to dividends or other distributions other than a liquidation distribution equal to the redemption price, and are subject to transfer restrictions.

Classification and measurement

The Earnout Shares issued to former Old General Fusion shareholders and to the Sponsor were issued as consideration in the reverse recapitalization rather than for services and were evaluated under ASC 815-40. As the Deemed Liquidation Event conversion feature provides for settlement contingent on a transaction valuation that is not an input to the fair value of a fixed-for-fixed option on the Company's shares, the Earnout Shares fail the indexation criterion of ASC 815-40-15-7E and are classified as liabilities. The Earnout Warrants held by non-employee warrant holders are liability classified on the same basis. The Earnout Shares and Earnout Warrants were recognized at their Closing Date fair value of $93,795 with the offsetting entry recorded in additional paid-in capital as part of the reverse recapitalization. The earnout liability is remeasured to fair value at each reporting date, with changes in fair value recognized in gain on revaluation of Earnout liabilities within other expense (income) in the Interim Condensed Consolidated Statements of Operations and Comprehensive (Income) Loss.

The Earnout Options issued to former holders of Old General Fusion options held by employees and other service providers are within the scope of ASC 718 and are accounted for as share-based compensation (see Note 16). The Earnout Option liability is presented separately from the earnout liability for Earnout Shares and Earnout Warrants.

For the three and nine months ended September 30, 2026, the Company recognized a gain on the change in fair value of the earnout liability of $19,384 (2025 – $nil). As of September 30, 2026, the fair value of the earnout liability was $74,411 (December 31, 2025 – $nil).

Valuation of the Earnout Shares and Earnout Warrants

The fair value of the Earnout Shares and Earnout Warrants is estimated using a Monte Carlo simulation, which models the future path of the Subordinate Voting Share price over the Earnout Period to determine the probability of achieving each Earnout Target and the expected timing of conversion. The assumptions used to estimate the fair value of the Earnout Shares and Earnout Warrants are set forth in the table below:

	July 10, 2026	September 30, 2026
Fair value of common shares	$ 9.12	$ 7.41
Expected term	5.0 years	4.8 years
Expected volatility	80%	85%
Risk-free interest rate	4.11%	4.95%

16. Share-based compensation plan:

Legacy Option Plan

The Company has established a share option plan which provided for options to be granted by the Company to its directors, employees and consultants (the "Legacy Option Plan"). Immediately prior to Closing, the Legacy Option Plan was amended and restated to provide for the issuance of options to acquire Subordinate Voting Shares, Restricted Earnout Shares and Earnout Options in exchange for options granted by Old General Fusion and outstanding at Closing. The Legacy Option Plan was carried forward by General Fusion; however, no new options may be granted under the Legacy Option Plan. As of September 30, 2026, 7,283,344 options were outstanding under the Legacy Option Plan exercisable into Subordinate Voting Shares (December 31, 2025 – 4,974,592). The exercise price, vesting terms, and contractual life of an option were determined by the Company's Board of Directors when the option was granted. Option grants typically vest over four years, with vesting ranging from immediate partial vesting to straight-line vesting over the full term. New shares are issued for all options exercised. Options granted under the Option Plan have exercise periods which are not to exceed 15 years after issuance.

2026 Long-Term Incentive Plan

At Closing, General Fusion adopted the 2026 Long-Term Incentive Plan ("LTIP"). The LTIP provides for the grant of stock options, restricted share units, deferred share units, and other share-based awards to eligible employees, officers, directors, and consultants of the Company. The aggregate number of Subordinate Voting Shares reserved for issuance under the LTIP shall not exceed 15% of the total issued and outstanding Subordinate Voting Shares at any time. As of September 30, 2026, 59,436 awards were outstanding under the LTIP and 7,910,408 Subordinate Voting Shares remained available for issue pursuant to grants under the LTIP.

The Company estimates the fair value of stock options granted using a Black-Scholes option pricing model, which requires assumptions, including the fair value of the Company's underlying common shares, expected term, expected volatility, risk-free interest rate and expected dividend yield of the Company's Subordinate Voting Shares. These estimates involve inherent uncertainties and the application of management's judgment. These assumptions are estimated as follows:

- Fair value of common shares. For grants prior to the Business Combination, management engaged an external valuation specialist to assist in estimating the fair value of the Company's common shares. Valuation is based on the most recent information available at the time of valuation, including consideration of the Company's current financial information, forecasts provided by management, and recently completed financings, among other factors. For grants following the Closing Date, the fair value of the underlying shares is the quoted closing price of the Subordinate Voting Shares on the Nasdaq on the grant date.

- Expected term. In estimating the expected life of the options, management considers the vesting term of the grants, the contractual life of the option grants, actual exercises, and forfeiture/cancellations of historical option grants.

- Expected volatility. The Company determined the volatility based on a calculation of the volatility of similar entities that have traded equity instruments over a comparable term.

- Risk-free interest rate. The risk-free interest rates are determined by reference to Canadian Benchmark Bond Yield and U.S. Treasury rates with maturities that approximate the expected life.

- Expected dividend. The Company has not paid and does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero in the option pricing model.

16. Share-based compensation plan (continued):

Classification of awards

Prior to January 1, 2021, the Company granted options with an exercise price that was denominated in CAD and these stock options were equity-classified awards. Options granted after January 1, 2021 are denominated in USD. ASC 718, *Compensation - Stock Compensation* requires that an award indexed to a factor that is not a market, performance or service condition should be classified as a liability. ASC 718-10-25-14 provides an exception when the award is granted to an employee resident in a foreign jurisdiction where the currency which the award is denominated in is equivalent to the currency in which the employee is paid. Accordingly, the Company had classified USD denominated awards to employees paid in USD as equity-classified awards and USD denominated awards paid to employees paid in CAD as liability-classified awards as the Company's shares did not then trade in any market prior to the Business Combination. Liability-classified awards were remeasured to fair value at each reporting date, with changes in fair value recognized as share-based compensation expense.

Following the consummation of the Business Combination on July 10, 2026, the Subordinate Voting Shares underlying the options trade on the Nasdaq in U.S. dollars. As a result, the U.S. dollar-denominated awards held by employees paid in Canadian dollars are no longer required to be classified as liabilities. In connection with the Business Combination, each Old General Fusion option was exchanged for an option to purchase Subordinate Voting Shares and for Earnout Options as described in Note 4 — Reverse Recapitalization.

The Company remeasured the liability-classified awards to fair value through the Closing Date, recognizing share-based compensation expense of $7,611 for the period from January 1, 2026 through the Closing Date. On the Closing Date, the share-based compensation liability of $21,485, representing the fair value of the awards on that date, was reclassified to additional paid-in capital. Following the reclassification, all outstanding awards are equity-classified, measured at their Closing Date fair value, with no subsequent remeasurement. Unrecognized compensation cost of $31,220 attributable to unvested awards will be recognized over the remaining requisite service period.

(a) Share-based compensation for equity-classified options:

The following table summarizes the stock option activity under the Company's Legacy Option Plan and LTIP for equity-classified options:

	Number of options	Weighted average exercise price
December 31, 2024	226,265	$ 42.33
Stock options granted	705,913	1.17
Stock options exercised	(866)	20.93
Stock options forfeited and cancelled	(16,640)	37.31
Stock options expired	(812)	20.93
Stock options modification	–	(9.41)
December 31, 2025	913,860	1.46
Stock options granted	531,469	8.77
Stock options exercised	(13,789)	2.09
Stock options forfeited and cancelled	(105,667)	1.05
Stock options expired	(941)	5.74
Reclassified from liability classification	6,011,030	3.60
September 30, 2026	7,335,962	$ 3.75
Exercisable as of September 30, 2026	2,993,873	$ 1.29

(1) The number of stock options and exercise prices as of December 31, 2024 and transactions prior to the August 2025 Rights Offering during the year ended December 31, 2025 have been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split (see note 17) and all periods presented have been retrospectively adjusted to reflect the Exchange Ratio (see Note 4).

16. Share-based compensation plan (continued):

Subsequent to the Rights Offering in August 2025, the Company adjusted the exercise price of stock options outstanding at the time of the reverse share split. The exercise price of stock options was adjusted to their pre-Rights Offering price. The adjustment to the exercise price was determined to be a modification per ASC 718, *Compensation — Stock Compensation* and resulted in an incremental share-based compensation of $21 being recognized during the year ended December 31, 2025.

The following table summarizes information about the Company's equity-classified stock options outstanding and exercisable as of September 30, 2026.

Exercise prices	Number of options outstanding	Weighted average years to expiry	Number of options exercisable	Weighted average years to expiry
$0.01 - $2.99	4,411,435	8.71	2,651,632	8.61
$3.00 - $5.99	224,716	6.96	138,339	6.26
$6.00 - $12.00	2,699,811	9.28	203,902	4.71
Total	**7,335,962**	**8.86**	**2,993,873**	**8.24**

The aggregate intrinsic value of options exercised is calculated as the difference between the exercise price of the underlying stock option awards and the market value of Subordinate Voting Shares on the date of exercise or date of the consolidated balance sheets. The aggregate intrinsic value of stock options (market value less exercise price) as of September 30, 2026, was $30,782 (December 31, 2025 - $31,953, representing the combined intrinsic value of the previously separately presented equity and liability classified options of $5,545 and $26,408, respectively).

The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2026 was $114 (December 31, 2025 - $20).

16. Share-based compensation plan (continued):

The grant weighted average assumptions used to estimate the fair value of equity-classified stock options granted were as follows:

	Nine months ended September 30, 2026
Fair value of common shares	$ 8.77
Weighted average expected term	7.0 years
Weighted average expected volatility	110%
Weighted average risk-free interest rate	3.26%
Expected dividend	$ nil

(1) The weighted average common share fair value has been adjusted to reflect the Exchange Ratio (see Note 4) for any options granted prior to July 10, 2026.

For the three and nine months ended September 30, 2026, the Company recorded share-based compensation expense of $2,234 and $2,563 related to its equity-classified options (2025 - $542 and $1,060), respectively.

(b) Share-based compensation for liability-classified options:

The following table summarizes the stock option activity under the Company's Legacy Option Plan for liability-classified options:

	Number of options outstanding	Weighted average exercise price
December 31, 2024	312,883	$ 67.95
Stock options granted	3,797,265	0.58
Stock options exercised	(1,628)	0.53
Stock options forfeited and cancelled	(47,788)	32.86
Stock options modification	–	(4.39)
December 31, 2025	4,060,732	0.99
Stock options granted	1,966,113	8.94
Stock options exercised	(2,993)	0.90
Stock options forfeited and cancelled	(12,822)	2.18
Reclassified to equity classification	(6,011,030)	(3.60)
September 30, 2026	–	$ -
Exercisable as of September 30, 2026	–	$ –

(1) The number of stock options and exercise prices as of December 31, 2024 and transactions prior to the August 2025 Rights Offering during the year ended December 31, 2025 have been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split (see note 17) and all periods presented have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

Subsequent to the Rights Offering in August 2025, the Company adjusted the exercise price of stock options outstanding at the time of the reverse share split. The exercise price of stock options was adjusted to their pre-Rights Offering price. The adjustment to the exercise price was determined to be a modification per ASC 718, *Compensation — Stock Compensation* and the resulting impact of the modification is reflected in share-based compensation liability as of December 31, 2025.

The weighted average assumptions used to estimate the fair value of liability-classified stock options were as follows:

	July 10, 2026	December 31, 2025
Fair value of common shares	$ 9.12	$ 7.49
Weighted average expected term	5.7 years	5.6 years
Weighted average expected volatility	110%	138%
Weighted average risk-free interest rate	3.13%	2.93%
Expected dividend	$ nil	$ nil

(1) Common share value as of December 31, 2025 have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

The following table presents changes in Level 3 share-based liabilities measured at fair value:

	Amount
December 31, 2024	$ 6,889
Share-based compensation	3,235
Exercise of stock options	(2)
Change in fair value of share-based compensation	5,056
Foreign currency translation adjustment	367
December 31, 2025	15,545
Share-based compensation	3,042
Exercise of stock options	(10)
Change in fair value of share-based compensation	3,460
Foreign currency translation adjustment	(552)
Reclass to equity classification	(21,485)
September 30, 2026	$ -

Earnout Options

In connection with the Business Combination, the Company issued 1,518,807 Earnout Options and Restricted Earnout Shares to former holders of Old General Fusion options, in exchange for those options, and as part of the 12,500,000 Earnout Shares and securities convertible into Earnout Shares issued to Old General Fusion shareholders on a pro-rata basis. The Earnout Options and Restricted Earnout Shares are allocated equally among three classes (Class A, Class B and Class C) and are exercisable for nominal consideration.

Each class of Earnout Option vests and becomes exercisable into one Earnout Share of the corresponding class, which in turn converts into one Subordinate Voting Share on a one-for-one basis, if the Company's VWAP equals or exceeds the applicable threshold for any 20 trading days within a 30 consecutive trading-day period during the five years following the closing of the Business Combination (the "Earnout Period"), or upon a Deemed Liquidation Event in which the implied transaction valuation equals or exceeds the applicable threshold. The VWAP thresholds are $15.00 (Class A), $20.00 (Class B) and $25.00 (Class C). Each class vests independently. Earnout Options issued in exchange for options held by employees and other service providers are within the scope of ASC 718, *Compensation – Stock Compensation*. Compensation cost is recognized over the requisite service period irrespective of whether the market conditions are achieved.

Earnout Options and Restricted Earnout Shares are subject to the same time-based vesting as the related Subordinate Voting Share option ("related SVS option"), and may be exercised only to the extent time-vested, whether or not a VWAP threshold has been met. Earnout Options and Restricted Earnout Shares expire on the earlier of (i) five years after the closing of the Business Combination and (ii) the expiry of the related SVS option, which has a maximum term of 15 years from the date of grant of the original option. The Earnout Options are classified as a liability and are remeasured at fair value at each reporting date until settlement. The Earnout Option liability is presented separately from the Earnout Shares and Earnout Warrants liability, and changes in the fair value of the Earnout Options are recognized as compensation cost within loss from operations.

The grant-date fair value of each class was determined using a Monte Carlo simulation. The following assumptions were used in the Monte Carlo simulation.

	July 10, 2026	September 30, 2026
Fair value of common shares	$ 9.12	$ 7.41
Weighted average expected term	5.0 years	4.8 years
Weighted average expected volatility	80%	85%
Weighted average risk-free interest rate	4.21%	4.95%

The following table presents changes in Level 2 Earnout Options measured at fair value:

	Amount
December 31, 2025	$ -
Initial recognition	4,940
Exercise of earnout options	-
Change in fair value of Earnout Option liability	(656)
September 30, 2026	$ 4,284

From the Closing of the Business Combination to September 30, 2026, 24 Earnout Options were exercised for Earnout Shares and 2,265 Earnout Options were forfeited. As of September 30, 2026, 1,516,518 Earnout Options were outstanding (December 31, 2025 – nil).

17. Redeemable preferred shares:

On August 6, 2025, the Company completed the Rights Offering for total proceeds of $18,428. The total proceeds of the Rights Offering included $1,408 related to the settlement of related party loans, which were extinguished through participation in the Rights Offering.

In connection with the Rights Offering, the Company reorganized its share structure by consolidating all classes of shares on a ten-for-one basis, exchanging all outstanding Class A through Class F redeemable convertible preferred shares (including accrued dividends on the Class F Series 1 shares) into New Class A redeemable convertible preferred shares or Class A common shares, as applicable, and issuing New Class B redeemable convertible preferred shares in multiple series to participating investors and convertible debt holders. As a result of these transactions, the Company issued 56,010,259 New Class A shares, 11,960,583 Class A common shares, 11,612,203 New Class B Series 1 shares, 12,010,362 New Class B Series 2 shares and 95,229,750 New Class B Series 3 shares. Of the New Class B shares issued, related parties purchased 6,136,975 Series 1 shares and 50,414,582 Series 3 shares.

All of the Company's outstanding stock options and share purchase warrants were subject to the reverse share-split with exception of the SRF Warrants. In accordance with ASC 260, *Earnings per Share*, the impact of the Rights Offering reverse share split was applied retrospectively.

The New Class A and New Class B redeemable convertible preferred shares were classified as temporary equity in accordance with ASC 480 as they were redeemable upon the occurrence of events not solely within the Company's control.

Conversion in connection with the Business Combination

On July 10, 2026, pursuant to the plan of Arrangement and immediately prior to the consummation of the Business Combination described in Note 1, all issued and outstanding New Class A and New Class B redeemable convertible preferred shares were automatically converted into Old General Fusion Class A common shares in accordance with their terms, which shares were then exchanged for Subordinate Voting Shares and Earnout Shares at the applicable exchange ratios (see Note 4 — Reverse Recapitalization). Upon conversion, the aggregate carrying amount of the redeemable convertible preferred shares of $125,362 was reclassified from temporary equity to permanent equity. Following the conversion, no redeemable convertible preferred shares remain issued or outstanding, and the classes were eliminated.

The following table summarizes the features of the Company's redeemable convertible preferred shares outstanding as of December 31, 2025, all of which were converted into Subordinate Voting Shares on July 10, 2026 in connection with the Business Combination:

Features	Class A (Series 1-7)	Class B Series 1	Class B Series 2	Class B Series 3
Issued and outstanding	9,577,754	1,985,687	4,611,081	16,284,281
Convertible into	Class A Common shares	Class A Common shares	Class A Common shares	Class A Common shares
Conversion rate	1:1	1:1	1:1	1:1
Voting	Yes	Yes	Yes	Yes
Dividend	Only if paid on common shares. No fixed amount.	Only if paid on common shares. No fixed amount.	Only if paid on common shares. No fixed amount	Only if paid on common shares. No fixed amount
Redemption at option of holder	No	No	No	No
Liquidation/Deemed liquidation preference	1.0X	2.0X and participating	2.0X and participating	2.0X and participating
Redemption amount	Greater of liquidation preference or fair value	Greater of liquidation preference or fair value	Greater of liquidation preference or fair value	Greater of liquidation preference or fair value

(1) Issued and outstanding preferred share amounts have been retrospectively restated to reflect the Exchange Ratio applied in connection with the Business Combination (see Note 4 — Reverse Recapitalization).

18. Common share capital:

(a) Authorized:
Unlimited Class A Subordinate Voting Shares without par value
Unlimited Class B non-voting Subordinate Voting Shares without par value

(b) Issued:

	Old General Fusion common shares		Class A subordinate voting shares	
	Number	Amount	Number	Amount
Balance, December 31, 2024	225,180	$ 2,407	–	–
Shares issued on exercise of options	2,242	8	–	–
Rights Offering share reorganization	2,045,480	148,122	–	–
Transfer of historical share issuance costs due to share reorganization	–	(4,024)	–	–
Rights Offering deemed dividends	–	11	–	–
Balance, December 31, 2025	2,272,902	146,525	–	–
Shares issued on exercise of options	5,781	84	8,756	234
Exchange of Old GF common shares to Class A subordinate voting shares upon Closing (notes 4 and 18)	(2,278,683)	(146,609)	2,278,683	146,609
Shares issued on conversion of preferred shares	–	–	32,726,255	125,362
Shares issued for exchange of Commitment Shares	–	–	3,500,000	26,306
Shares issued for settlement of SAFEs	–	–	5,887,290	53,692
Shares issued to SVIII shareholders upon reverse recapitalization	–	–	8,590,771	11,144
Shares issued for conversion of Multiple Voting Shares	–	–	140,303	1,672
Share issuance costs	–	–	–	(270)
Balance, September 30, 2026	–	–	53,132,058	$ 364,749

(2) The number of outstanding shares as of December 31, 2024 and shares issued prior to the August 2025 Rights Offering during the year ended December 31, 2025 have been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split (see Note 17) and all periods presented have been retrospectively adjusted to reflect the Exchange Ratio (see Note 4).

As part of the Rights Offering, existing preferred shareholders who did not participate in the offering up to their pre-Rights Offering pro-rata shareholding had their remaining redeemable convertible preferred shares converted into Old General Fusion Class A common shares at 1:1 after the consolidation of all shares by 10:1. As a result, 2,045,480 Old General Fusion Class A common shares were issued and $4,024 of historical share issuance costs were transferred from preferred share capital to common share capital.

(c) SVIII Warrants:

In connection with the Business Combination (see Note 4), the Company assumed 15,996,064 warrants originally issued by SVIII, consisting of 7,666,619 warrants issued as part of the units sold in SVIII's initial public offering (the "Public Warrants"), 6,662,778 warrants issued in a concurrent private placement (the "Private Placement Warrants") and 1,666,667 warrants issued to the Sponsor in settlement of working capital loans (the "Working Capital Warrants" and, together with the Public Warrants and the Private Placement Warrants, the "SVIII Warrants"). Each SVIII Warrant entitles the holder to purchase one Subordinate Voting Share at an exercise price of $11.50 per share, subject to adjustment, and may be exercised only for a whole number of shares. The SVIII Warrants became exercisable 30 days after the Closing and expire seven years from the Closing, or earlier upon redemption or liquidation.

Public Warrants: Once exercisable, the Company may redeem the outstanding Public Warrants, in whole and not in part, at a price of $0.01 per warrant upon not less than 30 days' prior written notice if the closing price of the Subordinate Voting Shares equals or exceeds $18.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which notice of redemption is sent. If the Public Warrants are called for redemption, the Company has the option to require holders to exercise on a cashless basis.

Private Placement Warrants and Working Capital Warrants: The Private Placement Warrants and the Working Capital Warrants have identical terms and are identical to the Public Warrants, except that they are not redeemable by the Company and may be exercised by the holders on a cashless basis.

The SVIII Warrants are equity classified and no SVIII Warrants were exercised from the date of Closing to September 30, 2026.

(d) Other warrants:

As of September 30, 2026, the Company had 192,038 equity-classified warrants outstanding, in addition to its liability-classified warrants (refer to notes 12, 13, 14 and 15) and SVIII Warrants. These warrants are exercisable 1:1 into Subordinate Voting Shares for no additional consideration and expire in December 2026.

19. Financial instruments:

(a) Classification of financial instruments:

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, convertible notes, SRF contribution liability, warrant liabilities (comprising the SAFE Warrants and the PIPE Warrants), Multiple Voting Shares, and share-based compensation.

Cash and restricted cash are recorded at amortized cost.

Accounts payable and accrued liabilities are measured at amortized cost.

The Convertible Notes are recorded at fair value using the Monte-Carlo simulation valuation method.

Share-based compensation is recorded at fair value using the Black-Scholes valuation method.

Warrant liabilities comprise the SAFE Warrants and the PIPE Warrants and are recorded at fair value using the Monte Carlo simulation model.

Prior to the Company's Subordinate Voting Shares commencing trading on a public exchange, the fair value of the SAFE Warrants was estimated using the Black-Scholes model. As of September 30, 2026, quoted historical share price data was available for the Company's Subordinate Voting Shares. Accordingly, the fair value of the SAFE Warrants was estimated using a Monte Carlo simulation model, as the exercise price of the SAFE Warrants may be adjusted if the Company's volume weighted average share price triggers contractual exercise price resets in other equity-linked instruments.

The SRF contribution liability includes the funding liability and warrant obligation. The funding liability represents the fair value of the issued SRF Warrants and the Contingent Repayment Obligation. Amounts reported as warrant obligation represent the value for contributions received, for which SRF Warrants have yet to be issued. The warrant obligation is recorded at fair value based on the estimated per share fair value of the Company's common shares. The fair value of the funding liability is estimated using the PWERM valuation approach. The fair values of the SRF Warrants and the Contingent Repayment Obligation subject to the PWERM is based on the estimated per share fair value of the Company's common shares and a discounted cash flow model, respectively.

The fair value of the preferred shares and warrants comprising the units subscribed for in the PIPE subscriptions agreements were estimated using the Monte Carlo simulation method.

19. Financial instruments (continued):

(b) Fair values:

The financial instruments measured at fair value and their level within the fair value hierarchy are illustrated in the following table:

December 31, 2025	Level 1	Level 2	Level 3
SRF contribution liability	$ –	$ –	$ 28,369
Share-based compensation	–	–	15,545
SAFE liabilities	–	–	44,340
SAFE Warrants	–	–	13,171

September 30, 2026	Level 1	Level 2	Level 3
SRF contribution liability	$ –	$ –	$ 67,260
Share-based compensation	–	4,284	–
Warrant liabilities	–	51,296	–
Earnout liabilities	–	74,411	–

The estimated fair value of the SRF contribution liability is considered a Level 3 fair value measurements due to the estimated probability of a full or partial cash settlement for the SRF contribution liability which is determined by management, and is classified as a Level 3 input within the fair value measurement hierarchy.

As of September 30, 2026, the share-based compensation liability and the SAFE warrants (included in warrant liabilities) are considered Level 2 fair value measurements. The transfer resulted from the Company's Subordinate Voting Shares becoming publicly traded during the three and nine months ended September 30, 2026, such that the fair value of the Company's Subordinate Voting Shares is now observable. These instruments were classified as Level 3 as of December 31, 2025.

The PIPE warrants (included in the warrant liabilities) and Earnout liabilities are considered Level 2 fair value measurements due to the use of the other observable or market-corroborated inputs, including management's expected volatility.

Prior to their settlement, the estimated fair values of the SAFEs were considered Level 3 fair value measurements due to the probability weighting of future outcomes (equity financing, liquidity event, dissolution) which is estimated by management and is classified as a Level 3 input within the fair value measurement hierarchy.

Prior to the closing of the PIPE Financing, the estimated fair value of the PIPE subscription obligation was considered a Level 3 fair value measurement due to the use of the estimated per share fair value of the Company's common shares, which was classified as a Level 3 input within the fair value measurement hierarchy.

The estimated fair values of the Convertible Notes are considered Level 3 fair value measurements due to the use of the estimated per share fair value of the Company's preferred shares, which is classified as a Level 3 input within the fair value measurement hierarchy.

The carrying values of the Company's cash and cash equivalents, short-term investments, restricted cash and accounts payable and accrued liabilities are carried at cost, which approximate their fair values at September 30, 2026 and December 31, 2025 due to the short-term maturity of these instruments.

(c) Risk management:

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are discussed below:

(i) Foreign currency risk:

Foreign currency risk exposure arise from transactions denominated in a currency other than the functional currency of our legal entities. Our foreign risk currency arises primarily with respect to the U.S. dollar denominated balances in our Canadian functional currency entity. Based on the Company's USD denominated monetary assets and monetary liabilities as of September 30, 2026, a 10% increase (decrease) in the USD relative to the CAD would increase (decrease) the Company's net loss by approximately $3,260 (CAD 4,630).

(ii) Credit risk:

Credit risk reflects the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in respect of the Company's cash and cash equivalents. The majority of the Company's bank balances are uninsured as of September 30, 2026. In order to mitigate its exposure to credit risk, the Company monitors its financial assets and maintains substantially all of cash deposits and short-term investments in Schedule I chartered banks in Canada. The Company does not consider any of its financial assets to be impaired as of September 30, 2026.

19. Financial instruments (continued):

(iii) Financial risk:

Financial risk is the risk that the value of the Company's financial instruments will vary due to fluctuations in interest rates and foreign currency exchange rates, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to interest and foreign currency risks.

(iv) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk through ongoing monitoring of cash flows, budgeting, and maintaining relationships with potential investors and financing partners. Cash flow forecasting is performed regularly to ensure that there is sufficient liquidity to meet short-term business requirements. For additional information on the Company's exposure to liquidity risk, refer to note 2.

20. Segment information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is considered to be the Chief Executive Officer. The Company has determined that it operates in one operating segment, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. The significant segment expenses reviewed by the CODM are consistent with the presentation of expenses as shown in note 21, 22, and 23 within these Interim Financial Statements.

21. Research and development expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Salaries and benefits	$ 3,139	$ 2,229	$ 9,202	$ 8,421
Materials and consumables	1,490	457	3,293	2,118
Professional fees and contractors	378	196	831	397
Office and travel	471	259	1,507	1,037
Software and information technology	266	145	582	457
Share-based compensation	105	(1,770)	2,649	(1,583)
Total	$ 5,849	$ 1,516	$ 18,064	$ 10,847

22. Business development, marketing, communications and government relations expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Salaries and benefits	$ 477	$ 343	$ 1,460	$ 1,206
Professional fees and contractors	138	22	703	89
Office, marketing, insurance, and travel	388	87	849	293
Software and information technology	29	3	79	13
Share-based compensation	190	430	465	857
Total	$ 1,222	$ 885	$ 3,556	$ 2,458

23. General and administrative expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Salaries and benefits	$ 1,495	$ 999	$ 3,830	$ 3,238
Professional fees and contractors	1,850	187	4,772	597
Office, insurance, and travel	799	209	1,843	662
Software and information technology	125	169	544	460
Share-based compensation	185	(4,904)	5,305	(4,418)
Total	$ 4,454	$ (3,340)	$ 16,294	$ 539

24. Supplemental cash flow information:

The Company undertook certain non-cash investing and financing transactions as follows:

(a) Property and equipment

Accounts payable as of September 30, 2026, included $28 relating to the purchase of property and equipment (December 31, 2025 - $32).

(b) Transaction costs

Accounts payable as of September 30, 2026, included $471 of transaction costs directly attributable to the Business Combination and PIPE Financing (December 31, 2025 - $nil) (see Note 4).

25. Basic and diluted net loss per share:

The following table summarizes the reconciliation of the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025[1]	2026	2025[1]
Net loss (income) for the period	$ (30,158)	$ (40,786)	$ 92,346	$ (31,076)
Deemed dividend on Old GF preferred shares	2,409	–	2,409	–
Paid-in-kind dividends	3,376	–	3,376	–
Accretion of Multiple Voting Shares to redemption value	65,068	–	65,068	–
F1 preferred shares deemed dividend	–	–	–	1,694
Rights offering deemed dividend	–	459	–	459
Loss (income) attributable to common shareholders	40,695	(40,327)	163,199	(28,923)
Interest savings, net of tax	–	(164)	–	(814)
Adjustments for fair value gains on dilutive instruments	–	40,570	–	39,936
Loss (income) used in the calculation of diluted income per share	40,695	79	163,199	10,199
Basic weighted average number of shares outstanding	48,275,373	1,461,834	17,793,700	638,974
Effect of dilutive instruments:				
SRF Warrants	–	3,610,050	–	3,174,358
Preferred shares	–	19,602,042	–	9,030,259
Stock options	–	1,840,303	–	791,663
Convertible Notes	–	1,028,483	–	2,040,206
Diluted weighted average number of shares outstanding	48,275,373	27,543,020	17,793,700	15,675,460
Net loss (income) per share attributable to common shareholders				
Basic	0.84	(27.59)	9.17	(45.26)
Diluted	0.84	0.00	9.17	0.65

(1) The weighted average shares outstanding for the three and nine month periods ended September 30, 2025 have been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split effective August 2025 (see note 17) and all periods presented have been retrospectively adjusted to reflect the Exchange Ratio (see note 4).

For the three and nine month periods ended September 30, 2026, after deducting deemed dividends on the Multiple Voting Shares, the Company was in a loss position attributable to common shareholders and therefore diluted loss per share is equal to basic loss per share. For the three and nine month periods ended September 30, 2025, the Company reported net income and diluted earnings per share reflects the dilutive effect of outstanding instruments as presented in the table above.

In accordance with ASC 260, equity-classified warrants exercisable into common shares for little or no additional cash consideration have been included in the weighted average common shares used to calculate basic and diluted loss per share.

The 3,500,000 Class B common shares issued during the nine months ended September 30, 2026, which were classified as temporary equity, were considered contingently returnable shares per ASC 260-10-45-13. Accordingly, these shares were excluded from the weighted average common shares used to calculate basic and diluted loss per share until the Closing of the Business Combination. From that date, the shares were considered outstanding and were included in the weighted average common shares outstanding used to calculate basic and diluted loss per share for the remainder of the period.

The total amount of outstanding stock options (including both equity-classified and liability-classified stock options), warrants (including SRF Warrants and Preferred Share Warrants), convertible notes, SAFEs and redeemable convertible preferred shares have been excluded from diluted net loss per share for periods in which the Company was in a loss position, as their inclusion would be anti-dilutive. These instruments may be dilutive in future periods.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise indicates, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), the terms "we," "us," "our," "General Fusion," the "Company" and similar terms refer to General Fusion Group Ltd. and its consolidated subsidiaries. The following MD&A provides information which General Fusion's management believes is relevant to an assessment and understanding of General Fusion's consolidated results of operations and financial condition. This MD&A should be read together with the unaudited interim condensed consolidated financial statements and the related notes for the three and nine month periods ended September 30, 2026 and September 30, 2025 (the "Consolidated Interim Financial Statements") and the audited consolidated financial statements and the related notes of General Fusion Inc. ("Old General Fusion") for the years ended December 31, 2025, and 2024 included in our Registration Statement on Form F- 1 (the "F-1") filed with the U.S. Securities and Exchange Commission ("SEC") on September 8, 2026. This MD&A may contain forward-looking statements based upon current expectations that involve risks and uncertainties. General Fusion's actual results may differ materially from those anticipated in these forward-looking statements, including those set forth under "Cautionary Note Regarding Forward-Looking Statements" in this MD&A, as a result of various factors including those set forth under "Risk Factors" in our F-1.

Our Consolidated Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the SEC for interim financial statements. All references to $ or dollar herein are to U.S. dollars. All references to CAD are to Canadian dollars.

The Company uses certain non-GAAP financial measures in this MD&A. None of these measures are standardized financial measures under U.S. GAAP and these measures may not be comparable to similar financial measures disclosed by other issuers. See section "Non-GAAP Measures" below for a discussion of the specified financial measures used in this document and a reconciliation to the most directly comparable U.S. GAAP measures.

This MD&A is dated November 16, 2026, and was prepared with information available to this date.

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.com and on EDGAR at www.sec.gov.

The Business

Overview

General Fusion is a fusion technology development company. The Company's mission is to commercialize fusion energy. General Fusion aims to deliver economical, carbon-free fusion energy in the next decade through its approach to Magnetized Target Fusion ("MTF") technology, an engineering-driven approach to fusion energy.

MTF combines magnetic confinement with rapid mechanical compression to achieve fusion conditions. In MTF, relatively weak magnetic fields are used to provide initial plasma confinement, while mechanical compression supplied by a metal-based system provides the necessary heating and density increase. This creates an operating regime in which a pre-heated magnetized plasma is compressed quickly enough to reach fusion conditions before significant energy loss occurs, supporting a practical and scalable means of converting that energy into usable power. To that end, General Fusion has developed a commercial concept for a General Fusion MTF fusion machine, referred to as a "Fusion Island" designed to be integrated with a conventional steam turbine balance-of-plant infrastructure.

As currently designed, General Fusion's Fusion Island's concept incorporates a proprietary liquid metal wall technology and relatively low-speed compression (milliseconds) as compared to other types of plasma compression technologies (microseconds or nanoseconds). This slower compression is expected to enable the Fusion Island to achieve fusion conditions using less power, less complexity, and lower cost. The Company's commercial concept is designed to address long-standing barriers to commercial fusion power: durability, fuel cycle, energy capture and cost.

Each Fusion Island is expected to produce 150 MWe net electricity, with a reference power plant configuration of 300 MWe net electricity consisting of two Fusion Islands integrated with a conventional balance of plant.

General Fusion's potential customers and early adopters are expected to include electric utilities, independent power producers, state-owned enterprises, energy developers, hyperscalers, and industrial companies seeking firm, low-carbon electricity and process heat.

As currently contemplated, General Fusion expects to operate an asset-light, high-margin original equipment manufacturer business model focused on its core fusion technology and intellectual property by supplying the Fusion Island and related systems, while an engineering, procurement, and construction partner will manage overall plant construction, supplier coordination, and contractor execution on behalf of the plant owner.

After installation, General Fusion plans to use a recurring services model that delivers long-term revenue for the Company. Among other services, this model will include the periodic replacement and refurbishment of Fusion Island equipment, such as plasma injectors, as well as ongoing technical support for the fusion system and associated components.

Path to Commercial Fusion Power

The Company's approach to achieving commercial fusion power consists of four distinct components: science, engineering, integration and commercialization. This approach is designed to systematically de-risk the path to practical fusion power and support the Company's goal to begin operating a first-of-a-kind plant around 2035 (a "FOAK").

Science

Since 2002, the Company has been advancing its core science and technology using hands-on engineering and experimental validation. General Fusion has built and operated a series of purpose-built testbeds, each designed to demonstrate a number of core subsystems, including plasma compression and performance, and liquid metal wall formation and collapse.

Based on these collective results, in 2025, General Fusion began operating its large scale MTF demonstration machine, Lawson Machine 26 ("LM26"). LM26 represents the Company's largest, most advanced and integrated demonstration system to date.

The LM26 MTF demonstration machine is designed to validate key elements of the Company's approach to MTF by achieving key technical milestones, including: plasma heating to 1 keV electron temperature, or approximately 10 million degrees Celsius, then 10 keV temperature, or approximately 100 million degrees, and ultimately, the Lawson criterion. For General Fusion's approach in LM26, achieving the Lawson criterion means simultaneously demonstrating, using deuterium-deuterium (D-D) fuel, the temperature, density and energy confinement time which when combined corresponds to the operating conditions required for deuterium-tritium ("D-T") plasma to achieve fusion power in excess of the rate of heat loss.

LM26 uses a solid lithium liner compressed by theta-pinch coils. A Marshall gun injects a magnetized deuterium-deuterium ("D-D") plasma into the cavity formed by the liner, after which pulsed magnetic coils implode the liner, trapping and compressing the plasma. This configuration enables MTF plasma physics validation without the complexity and cost associated with liquid rotor systems or tritium handling.

On October 8, 2026, the Company announced that it reached electron temperatures of approximately 1.1 keV, or 12.6 million degrees Celsius, just prior to peak compression, a result measured using Thomson scattering and in collaboration with the UK Atomic Energy Authority ("UKAEA"). In addition, the Company's absolute extreme ultraviolet ("AXUV") diagnostic data closely aligned with the Thomson scattering heating trend and measured electron temperatures of approximately 1.2 keV, or 13.7 million degrees Celsius, during peak compression, a deeper point at which Thomson scattering measurement is not available. During compression, the Company also observed ion heating to approximately 0.46 keV, up to a twofold increase above starting ion temperature. Ion temperature is inferred through both a measurement of neutron yield and plasma density profile and through time-dependent reconstruction of diagnostic data.

The Thomson scattering result, measured in collaboration with the UKAEA is detailed in a technical paper co-authored by UKAEA that has been submitted for peer review. The Company's AXUV temperature measurement and ion heating results are detailed in a separate technical paper, also submitted for peer review.

Upgrades to the LM26 machine are now underway to support higher plasma compression ratios required to achieve the second milestone of 10 keV.

Integration and Engineering

The Company is currently preparing to start its commercial systems program in 2027. The objective of the commercial system program is to advance key systems and technologies for a commercial plant, including high repetition rate for key systems and technologies, key liquid metal systems and technologies, key balance of plant systems, and heat exchange systems.

Completion of the commercial systems program is expected to support final plant design and the construction of a FOAK facility, with initial operations targeted for around 2035 and then a broader transition to commercial deployment.

Commercialization

General Fusion's business plan includes separately but concurrently evaluating potential sites for a FOAK plant and building a market framework such that customer engagement, government support and regulatory frameworks will be mature when its technology is commercialized.

These market development initiatives include government engagement and support, regulatory framework development and engagement with the utility and industrial members of the Company's Market Development Advisory Committee ("MDAC"). The MDAC consists of 13 potential end users working with the Company on technology development and commercialization efforts including potential siting of a FOAK plant, feasibility, economic analysis, regulatory pathways and operational planning. MDAC participants include major utilities and energy companies such as Bruce Power, Ontario Power Generation, FortisBC, BC Hydro, Duke Energy, Southern Company, the Tennessee Valley Authority, E.ON, ENGIE, Eneco, Renexia, Stegra, and ACEN.

General Fusion has also entered into a number of collaboration and partnership agreements to support its technology development and commercialization activities, including a memorandum of understanding with Bruce Power, a memorandum of understanding with Kyoto Fusioneering, a collaboration agreement with UKAEA, and a memorandum of understanding with a major automaker.

In June 2026, General Fusion announced a phased, milestone-based framework agreement with Renexia S.p.A., a Toto Group company, to collaborate on the potential commercial deployment of the Company's fusion energy technology in Italy.

Significant Events During the Three and Nine Months Ended September 30, 2026

Business Combination and Private Investment in Public Equity

On January 21, 2026, General Fusion (then known as Spring Valley Acquisition Corp. III ("SVIII")), Old General Fusion and 1573562 B.C. Ltd., a British Columbia limited company and wholly-owned direct subsidiary of SVIII ("NewCo") entered into a business combination agreement (as amended on May 12, 2026 and on June 3, 2026, the "Business Combination Agreement"), pursuant to which, among other things, SVIII agreed to acquire all of the issued and outstanding securities of Old General Fusion and Old General Fusion would amalgamate with NewCo (the "Business Combination").

Concurrently (i) the Company and Old General Fusion entered into securities purchase agreements for a private investment in public equity ("PIPE") financing pursuant to which investors agreed, among other things, to purchase an aggregate of 10,556,367 units of Old General Fusion at a price of $10.20 per unit, each unit comprising (i) one convertible preferred share of Old General Fusion (the "Old General Fusion Convertible Preferred Shares"); and (ii) one warrant exercisable for a common share of Old General Fusion at a price of $12.00 per share (the "Old General Fusion PIPE Warrants") for total gross proceeds of $107.7 million (collectively, the "PIPE Subscription Agreements"); and (ii) the lead PIPE investor subscribed for an additional 3,500,000 non-voting Class B common shares of Old General Fusion (the "Commitment Shares") for gross proceeds of $0.35 million.

On July 10, 2026, the Business Combination and the PIPE financing closed.

General Fusion now has four classes of authorized shares, multiple voting shares ("Multiple Voting Shares"), subordinate voting shares ("Subordinate Voting Shares"), class A, B and C earnout shares (the "Class A Earnout Shares", "Class B Earnout Shares", "Class C Earnout Shares" respectively, and collectively, the "Earnout Shares") and preferred shares issuable in series, of which General Fusion only has Multiple Voting Shares, Subordinate Voting Shares and Earnout Shares issued and outstanding.

Pursuant to the Business Combination all common shares of Old General Fusion were exchanged for Subordinate Voting Shares and Earnout Shares, in accordance with the exchange ratio prescribed by the Business Combination Agreement, the Old General Fusion Convertible Preferred Shares were exchanged for Multiple Voting Shares, the Old General Fusion PIPE Warrant was exchanged for a new warrant to acquire Subordinate Voting Shares (the "PIPE Warrants"), the common share options were exchanged for an option to purchase a Subordinate Voting Share and either an option to acquire Earnout Shares ("Earnout Options") or restricted Earnout Shares ("Restricted Earnout Shares") in accordance with the exchange ratio prescribed by the Business Combination Agreement and common share purchase warrants (including the Old General Fusion SAFE Warrants, as defined below) were exchanged for warrants to purchase a Subordinate Voting Share and a warrant to acquire Earnout Shares ("Earnout Warrants") in accordance with the exchange ratio prescribed by the Business Combination Agreement.

In connection with the closing of the Business Combination, Old General Fusion received aggregate net proceeds of approximately $123.3 million, consisting of (i) $104.6 million from the PIPE financing (gross proceeds of $108.0 million less certain transaction costs); and (ii) $18.7 million representing the balance of SVIII's trust account of $21.7 million, inclusive of accrued interest, together with funds in SVIII's operating account, less payables remitted at the source and certain transaction costs.

The Business Combination is being accounted for as a reverse recapitalization in accordance with U.S. GAAP, with Old General Fusion identified as the accounting acquirer and SVIII as the acquired company for financial reporting purposes, and the Business Combination is treated as if Old General Fusion issued shares for the net assets of SVIII, accompanied by a recapitalization, with the net assets of SVIII recorded at historical cost and no goodwill or other intangible assets recognized.

On July 13, 2026, the Subordinate Voting Shares and warrants previously issued by SVIII began trading on the Nasdaq under the symbol "GFUZ" and "GFUZW", respectively.

Simple Agreement for Future Equity

In the fourth quarter of 2025 and January 2026, Old General Fusion closed a simple agreement for future equity financing for gross proceeds of $44.5 million ("SAFE Financing"). Under the SAFEs, investors provide upfront cash in exchange for the right to receive future shares upon the occurrence of specified events. The proceeds of the SAFE Financing consisted of $44.2 million in respect of the SAFE investment and $0.3 million for warrants to purchase Class A common shares of Old General Fusion ("Old General Fusion SAFE Warrants"). In total, Old General Fusion issued 14,681,427 Old General Fusion SAFE Warrants inclusive of 3,625,000 Old General Fusion SAFE Warrants issued as consideration for finders' fees related to the total SAFE Financing.

The closing of the Business Combination on July 10, 2026, constituted a triggering event under the terms of the SAFEs, and immediately prior to the consummation of the Business Combination, all outstanding SAFEs were converted into common shares of Old General Fusion. Upon closing, those common shares were exchanged for Subordinate Voting Shares and Earnout Shares pursuant to the terms of the Business Combination Agreement. In addition, the Old General Fusion SAFE Warrants were exchanged for 2,538,646 warrants to purchase Subordinate Voting Shares (the "SAFE Warrants") with the exercise price correspondingly adjusted to reflect the exchange ratio, after giving effect to the anti-dilution adjustment provided for in the Old General Fusion SAFE Warrants.

Amended and Restated SRF Contribution Agreement

In March 2026, Old General Fusion and the Government of Canada, through the Strategic Response Fund ("SRF"), entered into an Amended and Restated Contribution Agreement (the "Amended and Restated SRF Contribution Agreement" and the predecessor agreement (as amended), the "SRF Contribution Agreement").

As consideration for the additional funding available to Old General Fusion under the Amended and Restated SRF Contribution Agreement, Old General Fusion agreed to issue to SRF Class B1 Preferred Share warrants at an issue price of $1.587 per warrant (the "Class B1 Warrants"). For each Class B1 warrant issued, Old General Fusion also agreed to concurrently issue 12.542 Class B3 Preferred Share warrants (the "Class B3 Warrants" and, together with the Class B1 Warrants, the "Preferred Share Warrants"). Each Class B1 Warrant was exercisable into one Class B1 Preferred Share and each Class B3 Warrant was exercisable into one Class B3 Preferred Share, in each case for no additional consideration.

During the nine months ended September 30, 2026, Old General Fusion received $3.6 million (CAD 5.0 million) under the Amended and Restated SRF Contribution Agreement, resulting in the issuance of 2,283,169 Class B1 Warrants and 28,635,504 Class B3 Warrants to SRF. Total cumulative funding contributed from SRF as of September 30, 2026 was $55.1 million (CAD 74.3 million).

In connection with the closing of the Business Combination on July 10, 2026, all outstanding Class B non-voting common share purchase warrants ("SRF Warrants") issued under the SRF Contribution Agreement and all Preferred Share Warrants issued under the Amended and Restated SRF Contribution Agreement were exchanged for warrants to acquire, for no additional consideration, Subordinate Voting Shares in accordance with the terms of the Business Combination. The SRF Warrants and Preferred Share Warrants were transferred to another Canadian government entity, BDC Capital Inc. ("BDC"), prior to the closing of the Business Combination.

New Management Addition

On November 10, 2026, the Company announced the appointment of David Janashvili as Chief Financial Officer, effective November 30, 2026. For additional information, refer to the Company's Report on Form 6-K furnished to the SEC on November 10, 2026.

Key Factors that Significantly Affect our Business

Revenue

To date, we have not generated any revenue, and we have incurred losses from operations since our inception. We have primarily funded our operations with the net proceeds from the issuance of redeemable convertible preferred shares, common shares, subordinated voting shares, convertible notes, SAFEs, warrants and government assistance.

We expect to incur significant expenses and operating losses for the foreseeable future as we continue to advance our technology and execute our business plan. We expect our research and development, business development, marketing, communications and government relations, and general and administrative costs will continue to increase significantly, including the costs associated with operating as a public company following the completion of the Business Combination on July 10, 2026, further described above.

Due to the numerous risks and uncertainties associated with the development of our technology, we are unable to accurately predict the timing or amount of increased expenses or the timing of when, or if, we will be able to achieve profitability and cash flows from operations. Even if we generate revenue, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Availability of Financing

Current cash and cash equivalents and short-term investments will be used to fund our planned operations for at least 12 months from the date of this MD&A. Our operations are capital intensive and future capital expenditures are expected to be substantial. As such, we expect the Company to require additional financing as we advance towards commercialization. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

Macroeconomic Environment

Negative conditions in the general economy in Canada, the United States and abroad, including conditions resulting from changes in gross domestic product growth, inflation, interest rates, financial and credit market fluctuations, international trade relations and tariffs, pandemics, political turmoil, natural catastrophes, warfare, and terrorist attacks, could negatively affect our business, including if such factors affect our access to additional capital, progress in the development of our MTF technology. It is not possible at this time to estimate the long-term impact that these and related events could have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted.

Significant Components of Results of Operations

Revenue

To date, we have not generated any revenue and do not expect to generate any revenue from the sale of products or services or from other sources in the near future, if at all.

Research and development

Research and development costs consist primarily of compensation and related costs for personnel, including share-based compensation, materials and consumables, contractor and consultant fees, patent fees, and allocations of overhead costs, such as rent, facilities and information technology. Research and development costs have been expensed as incurred. As we continue to develop our MTF technology, we expect research and development costs to increase.

Business development, marketing, communications and government relations

General Fusion is focused on building a market framework for its planned future commercial fusion power plant design such that customer engagement, government support and regulatory frameworks will be mature when our technology is commercialized. These market development initiatives are currently focused on government engagement and support, regulatory framework development and engagement with the utility and industrial members of the MDAC.

Business development, marketing, communications and government relations costs are predominantly comprised of personnel related expenses, including salaries and benefits and share-based compensation, as well as professional fees and contractors, and office, marketing, and travel costs. We anticipate increases in business development, marketing, communications and government relations costs in the future as we continue to develop our MTF technology and progress towards commercialization.

General and administrative

General and administrative costs consist primarily of compensation and related costs for personnel, including share-based compensation. In addition, general and administrative expenses include third-party consulting, professional fees, insurance, and allocations of overhead costs, such as rent, facilities and information technology.

General Fusion is implementing measures to scale its administrative infrastructure to support the growth of the Company, its commercialization trajectory and its transition to a public company. In respect of this, we are investing in a number of initiatives including an increase in headcount across the finance, human resources, and information technology departments. These initiatives will likely result in a higher general and administrative cost structure in future periods. In addition, we also expect an increase in our general and administrative costs as a result of becoming a public company, including but not limited to regulatory fees, transfer agent fees, professional fees and insurance.

Government assistance

As described above, the SRF Contribution Agreement and Amended and Restated SRF Contribution Agreement provided funding for a portion of our eligible research and development expenditures in accordance with its terms.

As consideration for contributions under the Amended and Restated SRF Contribution Agreement, Old General Fusion issued SRF Warrants and SRF Preferred Share Warrants. Funds received under the Amended and Restated SRF Contribution Agreement are recognized as a financial liability recorded at fair value and as government assistance. The portion of those funds related to the financial liability is equal to the fair value of the SRF Warrants and SRF Preferred Share Warrants, adjusted by the contingent repayment feature, with the remaining cash received recognized as government assistance.

Under the terms of the Amended and Restated SRF Contribution Agreement, the Company is subject to events of default, including but not limited to, the Company's failure to comply with its covenants under the agreement, use of funding for purposes other than those permitted, and insolvency-related events (each, an "Event of Default"). Upon the occurrence of an Event of Default, the Company could be required to pay all or a portion of funding received under the agreement. As the occurrence of certain of those Events of Default is not solely within the Company's control, the SRF Warrants and the SRF Preferred Share Warrants do not qualify for equity classification and are classified as liabilities in accordance with Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity*.

The SRF Warrants and Preferred Share Warrants were exchanged for warrants to acquire Subordinate Voting Shares pursuant to the terms of the Business Combination.

We remain in compliance with all obligations under the Amended and Restated SRF Contribution Agreement.

Loss (gain) on revaluation of SRF contribution liabilities

The SRF contribution liability includes the funding liability and warrant obligation, with the funding liability representing the value of the issued SRF Warrants, SRF Preferred Share Warrants and the contingent obligation to repay contributions in cash upon an Event of Default (the "Contingent Repayment Obligation"). On the closing of the Business Combination, all outstanding SRF Warrants and SRF Preferred Share Warrants were exchanged for warrants to purchase Subordinate Voting Shares of the Company at the exchange ratio.

Amounts reported as the warrant obligation represent the value for contributions received, for which SRF Warrants have yet to be issued. The fair value of the funding liability was estimated using the Probability-Weighted Expected Return Method ("PWERM"), which accounts for the complexity of the dual-settlement nature of the arrangement by assigning probabilities to discrete future outcomes. The value of the Contingent Repayment Obligation that is subject to the PWERM valuation is estimated using a discounted cash flow model.

Loss (gain) on revaluation of SAFE liabilities

The financial statements line item loss (gain) on revaluation of SAFE liabilities includes gains and losses on the revaluation of the SAFEs.

The SAFEs were considered freestanding financial instruments as they were legally detachable and separately exercisable from other instruments and did not meet the criteria to be classified as equity and were measured to their estimated fair value at each financial reporting date. Prior to settlement, the fair value of the SAFEs was estimated using a PWERM, which incorporated assumptions regarding the timing and probability of four mutually exclusive scenarios: SPAC conversion, IPO conversion, change of control event, and dissolution.

The closing of the Business Combination on July 10, 2026 constituted a Liquidity Event under the terms of the SAFEs, and all outstanding SAFEs were converted into Old General Fusion Class A Common Shares immediately prior to the consummation of the Business Combination, and then immediately exchanged for Subordinate Voting Shares at closing of the Business Combination. The SAFEs were remeasured to fair value immediately prior to conversion, based on the number of Subordinate Voting Shares issued to the SAFE holders and the publicly traded price of the Subordinate Voting Shares, with the change in fair value through the settlement date recognized in loss on revaluation of SAFE liabilities and the carrying amount of the liability reclassified to equity upon conversion. No SAFEs remain outstanding as of September 30, 2026.

Loss (gain) on revaluation of PIPE subscription obligation

The PIPE subscription obligation represents a freestanding forward sale contract obligating the Company to issue, and the PIPE investors to purchase, the units, comprising redeemable convertible preferred shares and liability-classified warrants, upon satisfaction of the conditions of closing of the Business Combination. The Company's obligation under the PIPE Subscription Agreements was recognized as a liability in accordance with ASC 480, *Distinguishing Liabilities from Equity*, and was measured to its estimated fair value at each financial reporting date, with changes in fair value recognized in the consolidated statements of operations and comprehensive loss. Upon issuance of the units immediately prior to the consummation of the Business Combination on July 10, 2026, the forward contract was settled at its then-current fair value, and no PIPE subscription obligation remains outstanding as of September 30, 2026.

The fair value of the PIPE subscription obligation at the date of the agreements and immediately prior to settlement was measured as the difference between the estimated fair value of the preferred shares and warrants to be issued and the contractual subscription proceeds to be received, with the fair values of the preferred shares and warrants estimated using a Monte Carlo simulation method. Key inputs used include the price of the Subordinate Voting Shares, expected volatility, expected term, risk-free interest rate, and weighted average discount rate.

Gain on revaluation of warrant liabilities

The financial statements line item "Gain on revaluation of warrant liabilities" includes gains and losses on the revaluation of the PIPE Warrants (issued as part of the units sold in the PIPE Financing) and the SAFE Warrants.

Each PIPE Warrant is exercisable for one Subordinate Voting Share at an initial exercise price of $12.00 per share, expires five years from issuance, and is subject to a six-month price reset, anti-dilution and down-round adjustments. The Company evaluated the PIPE Warrants under ASC 480, *Distinguishing Liabilities from Equity*, and ASC 815-40, *Derivatives and Hedging*, and concluded that, while they are not liabilities within the scope of ASC 480, they do not meet the criteria to be considered indexed to the Company's own stock because of the adjustment and reversal provisions tied to modifications of other outstanding options or convertible securities. Accordingly, the PIPE Warrants are classified as liabilities and measured to their estimated fair value at each financial reporting date, with changes in fair value recognized in the consolidated statements of operations and comprehensive loss. The fair value of the PIPE Warrants is estimated using a Monte Carlo simulation method, with key inputs including the price of the Subordinate Voting Shares, expected volatility, expected term, risk-free interest rate, and weighted average discount rate.

At the closing of the Business Combination on July 10, 2026, the Old General SAFE Warrants were exchanged for the SAFE Warrants. The SAFE Warrants do not qualify for equity classification and are measured to their estimated fair value at each financial reporting date. Old General Fusion SAFE Warrants were estimated using the Black-Scholes model. As of September 30, 2026, quoted historical share price data was available for the Company's Subordinate Voting Shares. Accordingly, the fair value of the SAFE Warrants was estimated using a Monte Carlo simulation model, as the exercise price of the SAFE Warrants may be adjusted if the Company's volume weighted average share price triggers contractual exercise price resets in other equity-linked instruments.

Gain on revaluation of earnout liabilities

The financial statements line-item gain on revaluation of earnout liabilities includes gains and losses on the revaluation of the Earnout Shares and Earnout Warrants issued in connection with the Business Combination. Each class of Earnout Shares will automatically convert into Subordinate Voting Shares on a one-for-one basis if, during the five-year period following closing of the Business Combination (the "Earnout Period"), the volume weighted average price ("VWAP") of the Subordinate Voting Shares equals or exceeds $15.00 (Class A), $20.00 (Class B) or $25.00 (Class C) for any 20 trading days within any 30 consecutive trading day period (each, an "Earnout Target"), or upon a Deemed Liquidation Event (as defined in the rights and restrictions attached to the Earnout Shares) based on the implied transaction valuation. If an Earnout Target is not achieved during the Earnout Period, the applicable class of Earnout Shares can be redeemed for a nominal amount and cancelled. The Earnout Shares and Earnout Warrants were evaluated under ASC 815-40, *Derivatives and Hedging*, and, because the Deemed Liquidation Event conversion feature provides for settlement contingent on a transaction valuation that is not an input to the fair value of a fixed-for-fixed option on the Company's shares, they do not meet the indexation criterion and are classified as liabilities. The Earnout Shares and Earnout Warrants were recognized at their fair value on the closing date of the Business Combination with the offsetting entry recorded in additional paid-in capital as part of the reverse recapitalization. Both the Earnout Shares and the Earnout Warrants are subsequently remeasured to their estimated fair value at each financial reporting date, with changes in fair value recognized in the consolidated statements of operations and comprehensive loss.

Earnout Options and Restricted Earnout Shares issued to employees and other service providers are accounted for as share-based compensation under ASC 718 and are presented separately from the earnout liability. The fair value of the Earnout Options and Restricted Earnout Shares is estimated using a Monte Carlo simulation, which models the future path of the Subordinate Voting Share price over the Earnout Period to determine the probability of achieving each Earnout Target and the expected timing of conversion. Key inputs include the fair value of the Subordinate Voting Shares, expected term, expected volatility and risk-free interest rate. Changes in the fair value of the Earnout Options and Restricted Earnout Shares are recognized as share-based compensation expense within loss from operations, and the Earnout Option liability is classified as share-based compensation liability as of September 30, 2026.

Financing costs

The financial statements line item Financing costs includes the portion of the issuance costs of the Business Combination, the PIPE Financing and any other financing that is allocated to liability-classified instruments (including the PIPE Warrants), such as the fair value of securities issued to investors in connection with a financing (including the Commitment Shares) and directly attributable legal and advisory fees. As liability-classified instruments, including the PIPE Warrants, are measured at fair value through earnings, the issuance costs allocated to them are expensed as incurred, whereas the issuance costs allocated to equity-classified instruments, such as the Multiple Voting Shares and Subordinate Voting Shares, are recorded as a reduction of equity.

Gain on revaluation of convertible notes

In accordance with ASC 825-10, *Financial Instruments*, the Company has irrevocably elected the Fair Value Option ("FVO") to account for the Convertible Notes in their entirety at fair value. The fair value of the Convertible Notes at issuance and until their settlement in August 2025 was estimated using the Monte Carlo simulation method with key assumptions used including the estimated per share fair value of the Company's preferred shares, the Company's credit spread and expected volatility. The estimated fair value of the Convertible Notes at settlement was based on the fair value of the redeemable convertible preferred shares that the notes were exchanged for at maturity.

Results of Operations

We incurred an operating loss during the three months ended September 30, 2026 and the nine months ended September 30, 2026 and September 30, 2025, and operating income during the three months ended September 30, 2025.

Operating loss for the three months ended September 30, 2026 was $12.4 million, compared to operating income of $0.2 million for the three months ended September 30, 2025, due to increases in general and administrative primarily due to higher share-based compensation, professional fees and transaction related costs incurred in connection with the Business Combination, and higher insurance premiums following the Business Combination. Research and development expenses increased primarily due to higher share-based compensation and materials and consumables for LM26 upgrades. Business development expenses increased primarily due to higher marketing, travel and professional fees associated with the go-public process. The prior year period also included a $6.7 million recovery of share-based compensation in general and administrative and research and development expenses related to the revaluation of liability-classified stock options, which drove the operating income in that period and did not recur in the current period.

Operating loss for the nine months ended September 30, 2026 increased 300% to $40.5 million, compared to $10.1 million for the nine months ended September 30, 2025, with the increase primarily attributable to increases in general and administrative and research and development expenses and the absence of government assistance in the current period. The increase in general and administrative and research and development expenses was mainly due to an increase in share-based compensation, as the prior year period included a recovery resulting from a decline in the estimated fair value of the Company's liability-classified stock options following a rights offering completed by Old General Fusion in August 2025 (the "Rights Offering"), which did not recur in the current period. General and administrative expenses also increased due to higher professional fees and transaction related costs incurred in connection with the Business Combination, and research and development expenses also increased due to higher salaries and benefits from increased headcount, as the prior year period reflected the reduced headcount following the May 2025 workforce reduction, and continued investment in the LM26 program.

Adjusted Operating Loss, a non-GAAP financial measure (see "Non-GAAP Measures" below for a definition and a reconciliation to operating loss (income), the most directly comparable U.S. GAAP measure), increased 108% to $11.0 million for the three months ended September 30, 2026, from $5.3 million for the three months ended September 30, 2025. The increase was primarily due to higher professional fees and contractor costs incurred in connection with the Business Combination and associated with the go-public process and operating as a public company, higher salaries and benefits reflecting increased headcount in research and development and general and administrative functions, higher office, marketing, insurance and travel expenses, mainly directors' and officers' insurance and business development activities, and higher materials and consumables related to planned upgrades to LM26.

Adjusted Operating Loss increased 55% to $29.5 million for the nine months ended September 30, 2026, from $19.0 million for the nine months ended September 30, 2025. The increase was primarily due to higher professional fees and contractor costs incurred in connection with the Business Combination and associated with the go-public process and operating as a public company, higher office, marketing, insurance and travel expenses for the same reasons discussed above, higher salaries and benefits, and increased research and development expenses related to the ramp up of LM26 operations.

Further details regarding the individual financial statement line items contributing to our operating loss (income) are provided in the subsections below.

The following tables set forth our results of operations for the periods presented. The period-to-period comparisons of financial results are not necessarily indicative of future results.

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2026**	**2025**	**2026**	**2025**
Operating costs				
Research and development	$ 5,849	$ 1,516	$ 18,064	$ 10,847
Business development, marketing, communications, and government relations	1,222	885	3,556	2,458
General and administrative	4,454	(3,340)	16,294	539
Depreciation and amortization	862	696	2,584	2,205
Government assistance	-	-	-	(5,921)
Operating loss (income)	12,387	(243)	40,498	10,128
Other Expense (Income)				
Interest expense	14	224	38	1,149
Interest and other income	(1,172)	(136)	(1,866)	(269)
Financing costs	11,458	-	11,484	-
Foreign exchange loss (gain)	2,055	(86)	757	(1,103)
Gain on revaluation of convertible notes	-	(22,544)	-	(22,036)
Loss (gain) on revaluation of SRF contribution liabilities	(20,714)	(18,026)	37,328	(18,970)
Loss (gain) on revaluation of SAFE liabilities	(2,778)	-	11,120	-
Loss (gain) on revaluation of PIPE subscription obligation	(1,769)	-	20,282	-
Gain on revaluation of warrant liabilities	(10,296)	-	(7,952)	-
Gain on revaluation of earnout liabilities	(19,384)	-	(19,384)	-
Net (income) loss before income taxes	$ (30,199)	$ (40,811)	$ 92,305	$ (31,101)
Income tax expense	41	25	41	25
Net (income) loss for the period	$ (30,158)	$ (40,786)	$ 92,346	$ (31,076)

Research and development

A breakdown of the research and development costs for the three and nine months ended September 30, 2026 and 2025 is presented below:

	Three months ended September 30,			Nine months ended September 30,		
(in thousands of dollars, except percentage)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Salaries and benefits	$ 3,139	$ 2,229	41%	$ 9,202	$ 8,421	9%
Materials and consumables	1,490	457	226%	3,293	2,118	55%
Professional fees and contractors	378	196	93%	831	397	109%
Office and travel	471	259	82%	1,507	1,037	45%
Software and information technology	266	145	83%	582	457	27%
Share-based compensation	105	(1,770)	n/m	2,649	(1,583)	n/m
Total	$ 5,849	$ 1,516	286%	$ 18,064	$ 10,847	67%

n/m = not meaningful

Research and development expenses increased 286% to $5.8 million for the three months ended September 30, 2026, from $1.5 million for the three months ended September 30, 2025, primarily driven by a $1.9 million increase in share-based compensation, as the three months ended September 30, 2025 included a $1.8 million recovery resulting from a significant decline in the estimated fair value of the Company's liability-classified stock options following the Rights Offering, which did not recur in the current period.

Materials and consumables increased primarily due to planned upgrades to LM26 in support of the Company's next milestone, compressional heating to 10 keV, whereas spending in the comparative period was limited by the capital constraints in effect at that time. Salaries and benefits increased primarily due to higher average headcount during the three months ended September 30, 2026, as the comparative period reflected the reduced headcount following the workforce reduction in May 2025. Office and travel expenses increased primarily due to a higher allocation of facilities costs to research and development activities and increased travel.

Research and development expenses increased 67% to $18.1 million for the nine months ended September 30, 2026, from $10.8 million for the nine months ended September 30, 2025, primarily due to an increase in share-based compensation, materials and consumables, salaries and benefits, and office and travel compared to the prior year period for the same reasons discussed above.

Business development, marketing, communications and government relations

A breakdown of the business development, marketing, communications and government relations costs for the three and nine months ended September 30, 2026 and 2025 is presented below:

	Three months ended September 30,			Nine months ended September 30,		
(in thousands of dollars, except percentages)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Salaries and benefits	$ 477	$ 343	39%	$ 1,460	$ 1,206	21%
Professional fees and contractors	138	22	527%	703	89	690%
Office, marketing, and travel	388	87	346%	849	293	190%
Software and information technology	29	3	867%	79	13	508%
Share-based compensation	190	430	(56)%	465	857	(46)%
Total	$ 1,222	$ 885	38%	$ 3,556	$ 2,458	45%

Business development, marketing, communications and government relations expenses increased 38% to $1.2 million for the three months ended September 30, 2026, from $0.9 million for the three months ended September 30, 2025, primarily driven by increases in office, marketing, and travel expenses due to increased marketing and communications and travel related to the Company's public listing. As well, salaries and benefits increased primarily due to increased headcount and higher performance incentive awards and professional fees and contractor expenses increased due to fees to external advisors assisting the Company with its go-public marketing program and website design. These increases were partially offset by lower share-based compensation due to the impact of options granted before the decline in the estimated fair value of the Company's common shares due to the Rights Offering.

Business development, marketing, communications and government relations expenses increased 45% to $3.6 million for the nine months ended September 30, 2026, from $2.5 million for the nine months ended September 30, 2025, primarily driven by an increase in professional fees and contractor expenses, mainly due to fees to external advisors assisting the Company with its go-public marketing program and website redesign, office, marketing, and travel, and salaries and benefits, for the reasons discussed above.

General and administrative

A breakdown of the general and administrative costs for the three and nine months ended September 30, 2026 and 2025 is presented below:

	Three months ended September 30,			Nine months ended September 30,		
(in thousands of dollars, except percentages)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Salaries and benefits	$ 1,495	$ 999	50%	$ 3,830	$ 3,238	18%
Professional fees and contractors	1,850	187	889%	4,772	597	699%
Office, insurance, and travel	799	209	282%	1,843	662	178%
Software and information technology	125	169	(26)%	544	460	18%
Share-based compensation	185	(4,904)	n/m	5,305	(4,418)	n/m
Total	$ 4,454	$ (3,340)	n/m	$ 16,294	$ 539	2,923%

n/m = not meaningful

General and administrative expenses increased to $4.5 million for the three months ended September 30, 2026, from a net recovery of $3.3 million for the three months ended September 30, 2025, primarily driven by an increase in share-based compensation, as the three months ended September 30, 2025 included a gain on the change in fair value of the Company's stock-based compensation liability due to a significant decline in the estimated fair value of the Company's liability-classified stock options following the Rights Offering completed in August 2025, which did not recur in the current period. Additionally, general and administrative expenses increased due to professional fees and contractors, including legal, audit, tax and advisory services incurred in connection with the Business Combination that were not directly attributable to the PIPE Financing or to the Subordinate Voting Shares issued in exchange for the net assets of SVIII (which were recorded within temporary equity and equity, respectively), as well as higher public company directors' and officers' liability insurance premiums following the Business Combination and increased travel activity.

General and administrative expenses increased to $16.3 million for the nine months ended September 30, 2026, from $0.5 million for the nine months ended September 30, 2025, primarily driven by an increase in share-based compensation, professional fees and contractor expenses, and directors' and officers' liability insurance premiums and travel for the same reasons discussed above.

Depreciation and amortization

Depreciation and amortization expense increased 24% to $0.9 million for the three months ended September 30, 2026, from $0.7 million for the three months ended September 30, 2025, and increased 17% to $2.6 million for the nine months ended September 30, 2026, from $2.2 million for the nine months ended September 30, 2025, which primarily reflects a higher depreciable asset base as of September 30, 2026 compared to the prior year due to higher capital asset additions in 2026 as the Company implemented cost control initiatives in early 2025.

Government assistance

Government assistance was $nil for each of the three months ended September 30, 2026 and 2025, and $nil for the nine months ended September 30, 2026, a decrease from $5.9 million for the nine months ended September 30, 2025. The decrease was primarily due to the third amending agreement to the SRF Contribution Agreement, entered into in January 2025, which increased available funding under the agreement from CAD 54.3 million ($38.3 million) to CAD 69.3 million ($48.8 million). During the nine months ended September 30, 2025, the Company received CAD 15.0 million ($10.5 million) in funding under the SRF Contribution Agreement, of which, a portion was recorded as government assistance.

Comparatively, government assistance for the nine months ended September 30, 2026 was $nil as the Company had submitted claims up to its maximum available funding under the SRF Contribution Agreement during the year ended December 31, 2025, and the additional CAD 5.0 million ($3.6 million) of funding received under the Amended and Restated SRF Contribution Agreement was fully attributed to the fair value of the warrant consideration, resulting in no residual amount recognized as government assistance.

Interest expense

Interest expense decreased to less than $0.1 million for each of the three and nine months ended September 30, 2026, from $0.2 million and $1.1 million for the three and nine months ended September 30, 2025, respectively, as the Convertible Notes were outstanding during the comparable 2025 periods until their settlement in August 2025.

Interest and other income

Interest and other income increased 762% to $1.2 million for the three months ended September 30, 2026, from $0.1 million for the three months ended September 30, 2025, and increased 594% to $1.9 million for the nine months ended September 30, 2026, from $0.3 million for the nine months ended September 30, 2025, primarily due to higher average cash and cash equivalents on-hand and short-term investments compared to the prior year, resulting in an increase in interest income earned.

Financing costs

Financing costs were $11.5 million for each of the three and nine months ended September 30, 2026, compared to $nil for the comparable periods in 2025. Financing costs represent the portion of the issuance costs of the Business Combination and PIPE Financing, consisting of the fair value of the commitment shares issued to PIPE investors and directly attributable legal and advisory fees, that were allocated to the liability-classified PIPE Warrants and therefore expensed. The portions allocated to the Multiple Voting Shares and Subordinate Voting Shares were recorded as a reduction of equity. Financing costs do not include the transaction-related costs within general and administrative expenses, which are costs of completing the Business Combination not directly attributable to the issuance of securities.

Foreign exchange loss (gain)

Foreign exchange loss increased to $2.1 million for the three months ended September 30, 2026, compared to a foreign exchange gain of $0.1 million for the three months ended September 30, 2025, primarily due to the revaluation of USD cash held within a Canadian functional currency entity, which increased significantly following the receipt of proceeds from the Business Combination and PIPE Financing.

Foreign exchange loss increased to $0.8 million for the nine months ended September 30, 2026, compared to a foreign exchange gain of $1.1 million for the nine months ended September 30, 2025, primarily due to the revaluation of USD cash held within a Canadian functional currency entity. In comparison, for the nine months ended September 30, 2025, the foreign exchange gain is primarily attributable to the revaluation of British pound sterling denominated receivables held within the parent entity of Old General Fusion, which had a Canadian functional currency.

(Gain) on revaluation of convertible notes

The gain on the change in the fair value of the Convertible Notes of $22.5 million and $22.0 million for the three and nine months ended September 30, 2025, respectively, was due to the remeasurement of the Convertible Notes to their fair value upon settlement in August 2025, which was based on the fair value of the Series 2 Class B redeemable convertible preferred shares issued in settlement of the principal and accrued interest. The gain for the nine months ended September 30, 2025 was partially offset by changes in the instrument-specific discount and changes to probabilities of the debt settlement options during the first half of 2025.

As the Convertible Notes were settled in August 2025 and the Company did not issue any other convertible debt subsequently, the revaluation amount is $nil for the three and nine months ended September 30, 2026.

Loss (gain) on revaluation of SRF contribution liabilities

The Company recognized a gain on revaluation of SRF contribution liabilities of $20.7 million for the three months ended September 30, 2026 and a loss on revaluation of SRF contribution liabilities of $37.3 million for the nine months ended September 30, 2026. The gain for the three months ended September 30, 2026 is consistent with a decrease in the fair value of the Company's Subordinate Voting Shares as of September 30, 2026 compared to the estimated fair value as of June 30, 2026. The loss for the nine months ended September 30, 2026 is primarily due to the significant increase in the number of SRF Warrants subject to remeasurement as a result of additional funding received under the Amended and Restated SRF Contribution Agreement and the related warrants issued during the nine months ended September 30, 2026.

In comparison, the Company recognized a gain on revaluation of SRF contribution liabilities of $18.0 million and $19.0 million for the three and nine months ended September 30, 2025, respectively. The gain for the three and nine months ended September 30, 2025 was primarily attributable to a decrease in the estimated fair value of the Company's common shares following the completion of the Rights Offering in August 2025.

Loss (gain) on revaluation of SAFE liabilities

The Company recognized a gain on revaluation of SAFE liabilities of $2.8 million for the three months ended September 30, 2026, and a loss of $11.1 million for the nine months ended September 30, 2026. The gain for the three months ended September 30, 2026 was primarily due to the final remeasurement of the SAFEs to their settlement value immediately prior to conversion on July 10, 2026, which was based on the quoted share price of the Subordinate Voting Shares of $9.12 at the closing of the Business Combination.

The loss for the nine-month period was primarily due to (i) an increase in the estimated probability of completing the Business Combination, (ii) a decrease in the expected time to the closing of the Business Combination, and (iii) an increase in the estimated fair value of the Company's common shares relative to December 31, 2025, partially offset by the gain recognized in the third quarter. Following the settlement, no SAFEs remain outstanding as of September 30, 2026.

In comparison, the Company first issued SAFE instruments in November 2025, therefore there was no comparative revaluation gain or loss for the three and nine months ended September 30, 2025.

Loss (gain) on revaluation of PIPE subscription obligation

The Company recognized a gain on revaluation of PIPE subscription obligation of $1.8 million for the three months ended September 30, 2026 and a loss on revaluation of PIPE subscription obligation of $20.3 million for the nine months ended September 30, 2026, which relate to the remeasurement of the PIPE subscription obligation to its estimated fair value. The gain for the three months ended September 30, 2026 is due mainly to a decrease in the estimated fair value of the PIPE subscription obligation through the date of settlement of July 10, 2026 compared to the estimated fair value at June 30, 2026. The loss for the nine months ended September 30, 2026 is due to an increase in the estimated fair value of the PIPE subscription obligation up to July 10, 2026, which was mainly due to an increase in the estimated fair value of the Company's common shares at the closing of the Business Combination compared to the estimated fair value upon entering into the subscription agreements in January 2026.

In comparison, there is no comparative revaluation gain or loss for the three and nine months ended September 30, 2025 as the PIPE financing was entered into in January 2026.

Gain on revaluation of warrant liabilities

The Company recognized a gain on revaluation of warrant liabilities of $10.3 million and $8.0 million for the three and nine months ended September 30, 2026, respectively, relating to the PIPE Warrants, which were issued upon the closing of the Business Combination on July 10, 2026 in connection with the PIPE Financing and (ii) the Old General Fusion SAFE Warrants, which were exchanged for the SAFE Warrants to purchase Subordinate Voting Shares upon the closing of the Business Combination. The PIPE Warrants and SAFE Warrants are classified as liabilities and remeasured to fair value at each reporting date. The gain for the three months ended September 30, 2026 comprises a gain of $7.4 million on the revaluation of the SAFE Warrants and a gain of $2.9 million on the revaluation of the PIPE Warrants, in each case primarily due to a decrease in the quoted price of the Subordinate Voting Shares from the closing of the Business Combination to September 30, 2026.

The gain for the nine months ended September 30, 2026 was partially offset by a loss of $2.3 million on the revaluation of the Old General Fusion SAFE Warrants during the six months ended June 30, 2026, primarily due to an increase in the estimated fair value of the Company's common shares from $7.49 as of December 31, 2025 to the quoted share price of $9.12 at the closing of the Business Combination.

In comparison, there is no comparative revaluation gain or loss for the three and nine months ended September 30, 2025 as the PIPE Warrants were issued upon the closing of the Business Combination in July 2026 and the Old General Fusion SAFE Warrants were first issued in November 2025.

Gain on revaluation of earnout liabilities

The Company recognized a gain on revaluation of earnout liabilities of $19.4 million for the three and nine months ended September 30, 2026. The Earnout Shares and Earnout Warrants issued upon the closing of the Business Combination vest upon the Subordinate Voting Shares achieving the Earnout Targets or upon a Deemed Liquidation Event during the Earnout Period. The earnout liabilities are classified as liabilities and remeasured to fair value at each reporting date using a Monte Carlo simulation. The gain reflects a decrease in the estimated fair value of the earnout liabilities from $93.8 million at the closing of the Business Combination to $74.4 million as of September 30, 2026, primarily due to a decrease in the quoted price of the Subordinate Voting Shares from the closing of the Business Combination to September 30, 2026.

In comparison, there is no comparative revaluation gain or loss for the three and nine months ended September 30, 2025 as the Earnout Shares and Earnout Warrants were issued upon the closing of the Business Combination.

Liquidity and Capital Resources

As of September 30, 2026, we had cash and cash equivalents of $105.6 million and short-term investments of $35.3 million (December 31, 2025: $49.1 million and $nil, respectively), derived primarily from:

- SAFE financings completed in the fourth quarter of 2025 and January 2026, resulting in gross proceeds of $44.5 million;
- the Amended and Restated SRF Contribution Agreement, pursuant to which the Company received an additional funding of CAD 5 million ($3.6 million), in April and May 2026;
- the gross proceeds of PIPE financing of $108.0 million and gross proceeds of $21.7 million from the Business Combination, inclusive of accrued interest on the trust capital funds together with remaining SVIII operating funds before remittance of payables remitted at the source and certain transaction costs.

To date, we have not generated any revenue, and we have historically incurred losses from operations since our inception. As of September 30, 2026, our accumulated deficit amounted to $544.0 million. We expect to incur significant expenses and operating losses for the foreseeable future as we advance our MTF technology development towards a commercial fusion power plant. In addition, we also expect to incur additional costs associated with operating as a public company such as regulatory fees, transfer agent fees, professional fees and insurance premiums.

Until General Fusion can generate sufficient revenue to fund operating expenses, and capital expenditures, we expect to primarily fund cash needs through a combination of equity and/or debt financing. If we raise funds by issuing equity securities, shareholders will be diluted. Any equity securities issued may also provide for rights, preferences, or privileges senior to the Multiple Voting Shares. If we raise funds by issuing debt securities, the terms of debt securities or borrowings could impose significant restrictions on our operations. We do not expect to generate any revenue from the sale of products or services or from other sources in the near future, if at all.

Although we have successfully completed equity and debt financings in the past, there can be no assurance that financings in the future will be successful. The capital markets have in the past, and may in the future, experience periods of upheaval that could impact the availability and cost of equity and debt financing. If we are unable to raise additional capital necessary on acceptable terms to fund our operations and invest in continued innovation, we may need to reconsider our growth plans or limit our research and development activities, which could have a material adverse impact on our business prospects and results of operations.

Based on our current operating plan and estimates, management believes that current cash and cash equivalents and short-term investments will be sufficient to fund our planned operations for at least 12 months from the date of this MD&A.

Cash Flows

We use traditional measures of cash flow, including net cash used in operating activities, net cash used in or provided by investing activities and net cash provided by financing activities to evaluate our periodic cash flow results. Below is a summary of our cash flows for the nine months ended September 30, 2026 and 2025:

	Nine months ended September 30,		
(in thousands of dollars)	**2026**	**2025**	**$ Change**
Cash flows used in operating activities	(32,616)	(14,345)	(18,271)
Cash flows used in investing activities	(35,842)	(172)	(35,670)
Cash flows provided by financing activities	127,147	22,972	104,175
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,608)	208	(2,816)
Net change in cash, cash equivalents and restricted cash	56,081	8,663	47,418

Cash flows used in operating activities

General Fusion's cash flows used in operating activities to date have been primarily comprised of personnel costs, materials and supplies for research and development activities, facilities expense and contractor services related to research and development, business development, marketing, communications and government relations, and general administrative activities. General Fusion intends to continue to grow operations as we pursue our MTF technology development and operate as a public company. Accordingly, we expect cash used in operating activities to increase significantly prior to us generating any cash flows from our operations.

Cash flows used in operating activities were $32.6 million for the nine months ended September 30, 2026, compared to $14.3 million for the nine months ended September 30, 2025, an increase of $18.3 million. The increase was primarily driven by higher operating expenses, a decrease of approximately $5.9 million in government assistance, and a net outflow of $3.2 million from changes in operating assets and liabilities, mainly attributable to an increase in prepaid expenses and other assets. In comparison, changes in operating assets and liabilities resulted in a net outflow of $1.6 million during the nine months ended September 30, 2025, mainly driven by a decrease in accounts payable and accrued liabilities.

Cash flows used in investing activities

Cash flows used in investing activities were $35.8 million for the nine months ended September 30, 2026, compared to $0.2 million for the nine months ended September 30, 2025, with the increase due to the purchase of short-term investments made up of GIC's with maturities greater than 90 days and less than 1-year using cash proceeds from the closing of the Business Combination and PIPE Financing, and higher capital additions in the current year compared to the relatively limited capital additions in the same period in 2025.

Cash flows provided by financing activities

Our net cash flows provided by financing activities for the nine months ended September 30, 2026 was primarily driven by net proceeds of $123.3 million from the Business Combination and PIPE financing, primarily consisting of (i) $104.6 million from the PIPE financing (gross proceeds of $108.0 million less certain transaction costs) and (ii) $18.7 million representing the balance of SVIII's trust account of $21.7 million, inclusive of accrued interest and with funds in SVIII's operating account, less payables remitted at the source and certain transaction costs. Additionally, the Company received proceeds of $3.6 million on the issuance of SRF Preferred Share Warrants pursuant to the Amended and Restated SRF Contribution Agreement.

In comparison, for the nine months ended September 30, 2025, the Company received proceeds of $17.0 million from the Rights Offering, plus $1.4 million from a short-term related party loan that was subsequently settled through a subscription to the Rights Offering, as well as $4.6 million of proceeds on the issuance of SRF Warrants pursuant to the SRF Contribution Agreement.

Uses of Liquidity

General Fusion's principal uses of cash in recent periods have been funding our operations. General Fusion's future capital requirements will depend on many factors including timing of MTF development, commercialization of MTF and thereafter our revenue growth rate.

Material Contractual Obligations and Commitments

The following table summarizes estimates of undiscounted future cash payments under commitments related to the various agreements that we have entered into as of September 30, 2026.

(in thousands of dollars)	**September 30, 2026**
Less than 1 year	838
1 - 3 years	1,874
More than 3 years	3,089
Total	5,801

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported expenses during the reported periods.

We have identified the accounting estimates listed below as critical to understanding and evaluating the financial results reported in our consolidated financial statements. These accounting estimates require the application of significant management judgment and are critical due to the significant level of estimation uncertainty regarding the assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. We base our assumptions and estimates on historical experience and various other sources that we believe to be reasonable under the circumstances. We review the underlying factors used in our estimates regularly, including reviewing the significant accounting policies impacting the estimates, to ensure compliance with U.S. GAAP. However, due to the uncertainty inherent in our estimates, actual results may materially differ from the estimates we calculate.

For a complete summary of all of our significant accounting policies refer to Note 3: Significant Accounting Policies of the notes to the consolidated financial statements for the years ended December 31, 2025 and 2024.

Fair value measurements

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as an exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Assets and liabilities measured at fair value are classified into the following categories based on the inputs used to measure fair value:

- (Level 1) - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

- (Level 2) - Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and,

- (Level 3) - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As required by accounting guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In addition to unobservable inputs, the valuation models for Level 3 financial instruments typically also rely on a number of inputs that are readily observable, either directly or indirectly. The Company's assessment of a particular input to the fair value measurement requires management to make judgments and consider factors specific to the asset or liability. The fair value hierarchy requires the use of observable market data when available in determining fair value. The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each period.

Following the closing of the Business Combination and the listing of the Subordinate Voting Shares, the share-based compensation liability and the SAFE Warrants, which are presented within warrant liabilities, were transferred from Level 3 to Level 2 during the three months ended September 30, 2026, as the quoted market price of the Subordinate Voting Shares became an observable input. The Company had no material non-financial assets valued on a non-recurring basis that resulted in an impairment in any period presented.

The estimated fair value of the SRF contribution liability is considered a Level 3 fair value measurement due to the use of unobservable inputs, including the probability-weighting of settlement scenarios. The estimated fair values of the share-based compensation liability, warrant liabilities (which include the PIPE Warrants and SAFE Warrants), Earnout Shares and Earnout Warrants are considered Level 2 fair value measurements as of September 30, 2026 due to the use of the quoted market price of the Company's publicly traded Subordinate Voting Shares, which is an observable input, together with other observable or market-corroborated inputs. Prior to the closing of the Business Combination, the share-based compensation liability and the SAFE Warrants were considered Level 3 fair value measurements due to the use of the estimated per share fair value of the Company's common shares, and the SAFE liabilities were considered Level 3 fair value measurements due to the probability weighting of future outcomes estimated by management.

The estimated fair values of the convertible notes are considered Level 3 fair value measurements due to the use of the estimated per share fair value of the Company's preferred shares, which is classified as a Level 3 input within the fair value measurement hierarchy.

As of September 30, 2026, a 20% increase (decrease) in the Company's share price would have increased (decreased) the estimated fair value of the warrant liabilities by approximately $7.6 million ($7.3 million), resulting in a corresponding loss (gain) on revaluation of warrant liabilities. Similarly, a 10 percent increase (decrease) in the expected volatility assumption would have increased (decreased) the estimated fair value of the warrant liabilities by approximately $5.4 million ($3.7 million), resulting in a corresponding loss (gain) on revaluation of warrant liabilities.

Share-based compensation

We measure share-based awards at fair value on the date of grant and recognize the expense in our consolidated statements of operations and comprehensive loss over the requisite service period of employees and others providing similar services. The fair value of stock options is estimated using the Black-Scholes option pricing model, and the fair value of the Earnout Options and Restricted Earnout Shares issued in connection with the Business Combination is estimated using a Monte Carlo simulation. Liability-classified awards are measured in the same manner as equity-classified awards, except that they are remeasured to fair value at each reporting date through the date of settlement, with changes in fair value recognized in share-based compensation expense within operating loss for the portion of the requisite service period rendered.

Prior to the closing of the Business Combination, U.S. dollar-denominated stock options held by employees paid in Canadian dollars were liability-classified because our shares did not trade in any market. Following the closing on July 10, 2026, the Subordinate Voting Shares trade on Nasdaq in U.S. dollars and these awards are no longer required to be classified as liabilities. We remeasured the liability-classified awards to fair value through the closing date and reclassified the resulting share-based compensation liability of $21.5 million to additional paid-in capital. All outstanding stock options are now equity-classified and are not subsequently remeasured. The Earnout Options remain liability-classified and are remeasured at each reporting date.

The Black-Scholes option pricing model requires inputs based on certain subjective assumptions, including the estimated fair value of common shares, expected stock price volatility, the expected term of the award, the risk-free interest rate, and expected dividends. These assumptions involve inherent uncertainties and the application of management's judgment.

Valuation of the SRF contribution liability

Funds received under the SRF Contribution Agreement and Amended and Restated SRF Contribution Agreement result in the recognition of a financial liability recorded at fair value and the recognition of government assistance. The portion of those funds related to the financial liability is equal to the fair value of the SRF Warrants and SRF Preferred Share Warrants adjusted by the contingent repayment feature with the remaining cash received recorded as government assistance.

The fair value of the SRF contribution liability is estimated using a PWERM, which accounts for the dual-settlement nature of the arrangement by assigning probabilities to discrete future outcomes being the share and cash settlement outcomes. The estimate of the fair value of the SRF Warrants and SRF Preferred Share Warrants is based on the fair value of the underlying securities that the warrants are exercisable into. The fair value of the Contingent Repayment Obligation was estimated using a discounted cash flow model that utilizes debt recovery rates of publicly traded debt as a market proxy of an event of default.

As of September 30, 2026, with other variables unchanged, a 20% increase (decrease) in the Company's share price would have increased (decreased) the estimated fair value of the SRF contribution liability by approximately $13.5 million ($13.5 million). Similarly, with other variables unchanged, an increase in the estimated probability of cash repayment of amounts received under the SRF Contribution Agreement and Amended and Restated SRF Contribution Agreement from 1% to 5%, with a corresponding decrease in the probability of settlement through the SRF Warrants and SRF Preferred Share Warrants, would have decreased the estimated fair value of the SRF contribution liability by approximately $2.7 million.

Valuation of the SAFE liabilities

Prior to the closing of the Business Combination, the SAFEs were classified as liabilities within the consolidated balance sheets and were measured at fair value at each financial reporting date, with changes in fair value recognized within net loss for the period. The closing on July 10, 2026 constituted a Liquidity Event under the terms of the SAFEs, and all outstanding SAFEs were remeasured to their estimated fair value immediately prior to conversion and reclassified to equity. No SAFE liabilities were outstanding as of September 30, 2026.

The fair value of the SAFEs was estimated using a PWERM, which incorporated management's assumptions regarding the timing and probability of settlement across four mutually exclusive scenarios: SPAC conversion, IPO conversion, change of control event, and dissolution. The fair value of the SAFE Warrants was estimated via the Monte Carlo simulation model.

Valuation of the Earnout liabilities

The estimated fair value of the Earnout liabilities reflects the probability of achieving each Earnout Target during the Earnout Period, and key inputs include the quoted market price of the Subordinate Voting Shares, expected volatility, the risk-free interest rate and the remaining term of the Earnout Period.

As of September 30, 2026, a 20% increase (decrease) in the Company's share price would have increased (decreased) the estimated fair value of the Earnout liabilities by approximately $18.0 million ($18.8 million), resulting in a corresponding loss (gain) on revaluation of earnout liabilities. Similarly, a 10 percent increase (decrease) in the expected volatility assumption would have increased (decreased) the estimated fair value of the Earnout liabilities by approximately $2.3 million ($5.2 million), resulting in a corresponding loss (gain) on revaluation of earnout liabilities.

Valuation of PIPE Subscription Agreements

Prior to the closing of the Business Combination, the Company's obligation under the PIPE Subscription Agreements was classified as a liability within the consolidated balance sheets and was measured at fair value at each financial reporting date, with changes in fair value recognized within net loss for the period. The obligation was settled upon the issuance of the PIPE units at closing on July 10, 2026.

The fair value of the PIPE subscription obligation at the date of the agreements and immediately prior to settlement at the closing of the Business Combination was estimated using a Monte Carlo simulation method, measured as the difference between the estimated fair value of the units to be issued and the contractual subscription proceeds to be received. Key assumptions used include the estimated fair value of the post de-SPAC common shares, the expected term, expected volatility, and estimated discount rate.

The PIPE Warrants issued at the closing of the Business Combination remain outstanding and are remeasured at fair value at each reporting date; see "Fair value measurements" above.

Multiple Voting Shares

The Company's Multiple Voting Shares are classified as temporary equity as they are redeemable at the option of the holder. The Multiple Voting Shares are carried at their redemption value. The Company has elected to recognize changes in the redemption value immediately as they occur such that the carrying amount equals the redemption value at the end of each reporting period. Adjustments to the carrying amount to reflect the redemption value at each reporting date are recognized as deemed dividends and recorded against retained earnings or, where retained earnings are nil or in a deficit position, against additional paid-in capital, with any amount in excess of available additional paid-in capital recorded to accumulated deficit. These adjustments are not recognized in net income (loss); however, they are included in net income (loss) attributable to common shareholders for purposes of calculating earnings (loss) per share.

Related Party Transactions

For transactions with related parties, refer to (i) the consolidated financial statements of Old General Fusion for the years ended December 31, 2025, and 2024 and the related notes thereto, and (ii) the interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2026 and 2025, and the related notes thereto, in each case prepared in accordance with U.S. GAAP.

Key Performance Indicators

Management's key performance indicators primarily relate to the advancement of the LM26 program's key technical milestones by the end of 2028: plasma heating to 1 keV electron temperature, or 10 million degrees Celsius, then 10 keV temperature, or 100 million degrees, and ultimately, the Lawson criterion.

Key 2025 performance indicators included the LM26 achieving successful commissioning, first plasma and plasma compression. First plasma was achieved in February 2025, demonstrating that all major systems are working as designed, and first plasma compression was achieved in April 2025, validating the integrated performance of the platform.

The key 2026 performance indicator, to date, was the achievement of electron temperatures approximately 1.1 keV, or 12.6 million degrees Celsius, just prior to peak compression, a result measured using Thomson scattering and with the UKAEA, in satisfaction of the Company first technical milestone for the LM26 program.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 3: Significant Accounting Policies in the notes to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2026 and 2025.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Our market risk exposure includes, but is not limited to, liquidity risk, credit risk, interest rate risk, inflation and foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through ongoing monitoring of cash flows, budgeting, and maintaining relationships with potential investors and financing partners. Cash flow forecasting is performed regularly to ensure that there is sufficient liquidity to meet short-term business requirements. Refer to the "Liquidity and Capital Resources" section of this MD&A for further discussion regarding the Company's ability to continue as a going concern.

Credit risk

Credit risk reflects the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in respect of the Company's cash and cash equivalents. The majority of the Company's bank balances are uninsured as of September 30, 2026. In order to mitigate its exposure to credit risk, the Company monitors its financial assets and maintains substantially all of cash deposits in a Schedule I chartered bank in Canada. The Company does not consider any of its financial assets to be impaired as of September 30, 2026.

Interest Rate Risk

As of September 30, 2026, we had cash and cash equivalents of $105.6 million, consisting of cash on deposit and guaranteed investment certificates, and short-term investments of $35.3 million, consisting of non-redeemable guaranteed investment certificates with original maturities of greater than three months, but less than one year held with a Canadian chartered bank. Interest earned on these balances would be affected by a change in the general level of interest rates. Interest income is sensitive to changes in the general level of interest rates. We have not entered into investments for trading or speculative purposes. Due to the conservative nature of our investments, which is predicated on capital preservation of investments with short-term maturities, we do not believe an immediate 10% change in interest rates would have a material effect on the fair market value of our investment portfolio.

As of September 30, 2026, we had no long-term debt outstanding, and therefore we are not subject to interest rate risk related to debt.

Foreign Currency Risk

Foreign currency risk exposures arise from transactions denominated in a currency other than the functional currency of our legal entities. Our foreign currency risk arises primarily with respect to USD denominated balances in our Canadian functional currency entity. Based on the Company's USD denominated monetary assets and monetary liabilities as of September 30, 2026, a 10% increase (decrease) in the USD relative to the CAD would increase (decrease) the Company's net loss by approximately $3.3 million (CAD 4.6 million).

Effects of Inflation

Inflation generally affects us by increasing our labor and materials costs. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience some effect in the near future (especially if inflation rates continue to rise) due to an impact on the costs to advance our research and development, including labor and materials costs, and other operational costs. An inflationary environment could adversely affect our business, financial condition and results of operations.

Capital Management

The Company's objectives in managing capital are to safeguard the ability to continue as a going concern and provide financial capacity to meet its strategic objectives. Management monitors the amount of cash and cash equivalents and equity in the capital structure and adjusts the capital structure, as necessary, to continue as a going concern and to support our research and development activities. To maintain or adjust the capital structure, the Company may issue new preferred or common shares of the Company, and/or issue new debt.

Forecasts are regularly reviewed and updated for changes in circumstances so that appropriate capital allocation, investment and financing decisions are made for the Company.

Non-GAAP Measures

This MD&A makes reference to a financial measure not recognized under U.S. GAAP, being "Adjusted Operating Loss". This measure does not have any standardized meaning prescribed within U.S. GAAP and, therefore, may not be comparable to similar measures presented by other companies. This measure is provided as additional information to complement U.S. GAAP measures by providing a further understanding of General Fusion's financial performance from management's perspective. This non-GAAP measure excludes government assistance and non-cash expenses, specifically share-based compensation, and depreciation and amortization. General Fusion does not believe that such items directly reflect General Fusion's core operations and may therefore not be indicative of its recurring operating costs.

General Fusion's management uses this measure to assess General Fusion's performance, identify trends affecting General Fusion's business, formulate business plans, and make strategic decisions.

Adjusted Operating Loss should be considered in addition to, not as a substitute for or in isolation from, our financial results prepared in accordance with GAAP. In addition, our presentation of Adjusted Operating Loss may be different from how such a metric is used by other companies.

A reconciliation of Adjusted Operating Loss to Operating loss (income) for the three and nine months ended September 30, 2026 and 2025 is set forth below:

	Three months ended September 30,			Nine months ended September 30,		
(*in thousands of dollars, except percentages*)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Operating loss (income)	$ 12,387	$ (243)	n/m	$ 40,498	$ 10,128	300%
Share-based compensation	(480)	6,244	(108)%	(8,419)	5,144	(264)%
Government assistance	-	-	n/m	-	5,921	n/m
Depreciation and amortization	(862)	(696)	24%	(2,584)	(2,205)	17%
Adjusted Operating Loss	$ 11,045	$ 5,305	108%	$ 29,495	$ 18,988	55%

n/m = not meaningful

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

In the course of the external audit of Old General Fusion's financial statements for the years ended December 31, 2025 and 2024, Old General Fusion identified material weaknesses in our internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the applicable accounting standards, which for us is U.S. GAAP.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation of its consolidated financial statements as of December 31, 2025 and 2024 for the years ended December 31, 2025 and 2024, Old General Fusion identified the following material weaknesses in its internal control over financial reporting: (i) lack of formalized policies, procedures and controls: Old General Fusion lacked adequate documentation across key processes and did not design and maintain adequate formal documentation of its internal control procedures and policies including an absence of an internal process to identify and assess deficiencies in its internal controls on a timely basis; (ii) lack of IT General Controls: Old General Fusion lacks adequate information technology general controls over its key financial reporting systems, including ineffective segregation of duties, change management and program development in its control environment; and (iii) lack of qualified personnel: Old General Fusion did not maintain a sufficient complement of personnel with requisite knowledge and experience in the application of complex areas of U.S. GAAP and SEC rules to appropriately present certain complex and non-routine debt and government assistance transactions in conformity with U.S. GAAP and its internal review process lacked the requisite knowledge to effectively monitor the work of third-party consultants and ensure compliance with U.S. GAAP and SEC reporting requirements.

We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate these material weaknesses. Such measures include, but are not limited to: designing and implementing our financial control framework to identify, assess, and respond to the risks of material misstatement; designing and implementing certain information technology general controls over our information technology systems with the assistance of external advisors with the requisite experience and knowledge; adding additional qualified accounting personnel with experience with complex GAAP and SEC rules; and engaging an accounting advisory firm to assist with the documentation, evaluation, remediation and testing of our internal control over financial reporting based on the criteria established in ‘‘Internal Control — Integrated Framework (2013)’’ issued by the Committee of Sponsoring Organizations of the Treadway Commission.

If these deficiencies are not remediated or if additional deficiencies are identified in the future, it could result in material misstatements in our financial statements that would not be prevented or detected and impair General Fusion’s ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

While we are currently implementing these remediation measures, they have not been fully implemented and assessed, and therefore the material weaknesses remain as at September 30, 2026. Notwithstanding these identified material weaknesses, we believe that our interim financial statements present fairly, in all material respects, our business, financial condition and results of operations for the periods presented.

SVIII identified a material weakness in its internal control over financial reporting relating to the design and operation of review controls over the valuation of complex financial instrument, which resulted in the restatement of SVIII’s unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2026, as previously disclosed in Amendment No. 1 to SVIII’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026. The restatement related solely to SVIII’s historical financial statements and did not affect the historical financial statements of Old General Fusion, which, as the accounting acquirer in the reverse recapitalization, are the historical financial statements of the Company. Following the closing of the Business Combination on July 10, 2026, SVIII’s pre-closing financial reporting processes and controls were discontinued and replaced by those of the Company. Management has considered the SVIII material weakness in evaluating the Company’s internal control over financial reporting as of September 30, 2026, and believes that the risks to which it related are addressed by the remediation measures described above, including those relating to the application of complex areas of U.S. GAAP to non-routine transactions, including the valuation of complex financial instruments.

Except for the changes resulting from the Business Combination described above, pursuant to which the Company’s internal control over financial reporting became that of Old General Fusion, and the ongoing implementation of the remediation measures described above, there were no changes in our internal control over financial reporting during the three month period ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

General Fusion is subject to the Sarbanes-Oxley Act of 2002 (“SOX”), and Section 404(a) of SOX requires management to assess and report on the effectiveness of General Fusion’s internal control over financial reporting in its annual report on Form 20-F, beginning with the annual report for the fiscal year ending December 31, 2026.

Emerging Growth Company Status

General Fusion is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933 (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. General Fusion has elected to not opt out of such extended transition period.

Outstanding Share Information

As of September 30, 2026, General Fusion had outstanding share capital consisting of (i) 53,132,058 Subordinate Voting Shares, (ii) 10,416,663 Multiple Voting Shares, which are convertible into Subordinate Voting Shares and (iii) 9,519,205 Earnout Shares, each of which converts into one Subordinate Voting Share upon the achievement of the Earnout Targets during the Earnout Period, and otherwise having the rights and restrictions set forth in the articles of General Fusion.

In addition, as of September 30, 2026, General Fusion had (i) 7,335,962 options outstanding, each of which is exercisable for one Subordinate Voting Share and 1,516,518 Earnout Options and Restricted Earnout Shares, (ii) 38,360,095 warrants outstanding, each of which is exercisable for one Subordinate Voting Share and 2,459,745 Earnout Warrants

As of November 13, 2026, General Fusion had outstanding share capital consisting of (i) 53,132,058 Subordinate Voting Shares, (ii) 10,416,663 Multiple Voting Shares, which are convertible into Subordinate Voting Shares and (iii) 9,519,205 Earnout Shares.

In addition, as of November 13, 2026, General Fusion had (i) 7,385,962 options outstanding, each of which is exercisable for one Subordinate Voting Share and 1,516,518 Earnout Options and Restricted Earnout Shares, (ii) 38,360,095 warrants outstanding, each of which is exercisable for one Subordinate Voting Share and 2,459,745 Earnout Warrants.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and forward-looking information within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements").

Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Forward-looking statements reflect our current views with respect to, among other things, the future demand for fusion energy, our capital resources, business strategy, technology development plans, performance and results of operations. In some cases, you can identify these forward-looking statements by the use of terminology such as "outlook," "believes," "expects," "expected," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "anticipated," "projected," "future" or the negative version of these words or other comparable words or phrases.

The forward-looking statements contained in this MD&A reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed in any forward-looking statement. In particular, this MD&A contains forward-looking statements pertaining to our consolidated capitalization; the development, demonstration and commercialization of our approach to MTF, including the objectives and expected timeline of the LM26 program; our ability to achieve technology development milestones; the potential market opportunity for fusion energy and clean energy technology; our ability to obtain and maintain government funding, contracts, awards and other strategic relationships; our future capital requirements and sources and uses of cash; our ability to obtain additional financing for our operations and growth; our expectations regarding applicable energy, nuclear, environmental and other regulatory frameworks; our ability to attract and retain qualified scientists, engineers, employees and management; our ability to obtain and maintain intellectual property protection and avoid infringing the rights of others; expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and the outcome of any known and unknown litigation and regulatory proceedings.

We do not guarantee that the events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the risk that capital needed by the Company may not be raised on favorable terms, or at all;
- the risk that the trading in our securities may be volatile due to limited volume and the release of a substantial number of Subordinate Voting Shares from a lock-up expiring 180 days after the closing date of the Business Combination;
- general economic, financial market and geopolitical conditions, including conditions affecting capital markets and the clean energy sector;
- the risk of substantial dilution upon a reduction in the exercise or conversion price of the Multiple Voting Shares and PIPE Warrants in accordance with the terms thereof;
- our status as a development-stage company with a history of losses, no revenue from commercial fusion energy operations and no assurance of achieving profitability;
- our ability to develop, demonstrate and commercialize MTF technology on the expected timeline or at all, including any failure to achieve the technical objectives of the LM26 program;
- the scientific, engineering and technical challenges inherent in developing fusion energy technology and the possibility that our technology may not be technically or commercially viable;
- our ability to maintain and enter into new contracts, grants, awards and other relationships with governments, government entities, strategic partners, suppliers and other third parties;
- the impact of and changes in laws and regulations governing fusion energy research, development, demonstration and commercialization, including nuclear energy, environmental, export control and other regulatory frameworks;
- our ability to attract and retain qualified scientists, engineers, employees and management;
- our ability to maintain the listing of the Subordinate Voting Shares Public Warrants on the Nasdaq;
- the volatility of the market price and liquidity of the Subordinate Voting Shares and Public Warrants;
- competition from other fusion energy companies and from other clean energy, conventional energy and energy storage technologies;
- our ability to obtain, maintain, protect and enforce intellectual property rights in our technology and to avoid infringing, misappropriating or otherwise violating the intellectual property rights of others;
- limited supply of specialized materials, components and equipment, dependence on key suppliers and potential supply chain disruptions;
- the effects of climate change, extreme weather events, water scarcity, seismic events and other physical risks on our operations, facilities and supply chain;
- fluctuations in foreign currency exchange rates, particularly fluctuations in the Canadian dollar relative to the U.S. dollar;
- the effectiveness of our internal controls and disclosure controls and procedures as a newly public company;
- the limited experience of certain members of our management team in operating a public company listed in the United States;
- any reduction in the period during which we will qualify as an emerging growth company under the JOBS Act;
- potential litigation, governmental or regulatory proceedings, investigations or inquiries involving us, including in relation to the Business Combination, our technology or our operations; and
- risks related to the development, demonstration, commercialization and scale-up of our technology and the need to obtain required approvals from regulatory authorities.

The forward-looking statements contained herein may prove incorrect and are expressly qualified by the cautionary statements contained or incorporated by reference in this MD&A. These forward-looking statements speak only as of the date of this MD&A and are subject to risks, uncertainties and other factors, many of which are outside our control, that could cause actual results to differ materially from future results expressed, projected or implied by the forward-looking statements. For a further discussion of the risks and other factors that could cause our future results, performance, business, financial condition, prospects, development milestones or transactions to differ significantly from those expressed in any forward-looking statements, including risks relating to our status as a development-stage fusion energy technology company, our ability to develop and commercialize MTF technology, the LM26 program, our capital requirements and financing needs, regulatory developments, government funding and strategic relationships, please see the section entitled “Risk Factors” in our F-1 and prospectus. There may be additional risks that we do not presently know or that we currently believe are immaterial that could also cause actual results to differ from those contained in the forward-looking statements.

Such forward-looking statements are based on a number of estimates and assumptions that we believe are reasonable when made including, but not limited to: our ability to execute our business plan and technology roadmap; our ability to achieve the expected objectives and timing of the LM26 program; the availability of capital and other financing on acceptable terms; the availability of government funding, contracts, grants, awards and strategic relationships; the continued availability of key personnel, suppliers, specialized materials and equipment; the development of applicable fusion energy, nuclear, environmental, export control and other regulatory frameworks; assumptions that none of the risks identified in our F-1 and prospectus materialize; that there are no unforeseen changes to economic, market, regulatory, technological or competitive conditions; and that no significant events occur outside the ordinary course of business. Such estimates and assumptions are made in light of the experience of management and its perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct.

Should one or more of these risks or uncertainties materialize, or should any of the assumptions made in connection with these forward-looking statements prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this MD&A relate only to events as of the date on which the statements are made. Except as required by applicable law, we do not undertake to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this MD&A, including information regarding the Business Combination, our business and technology development plans, and the regulatory and market environment in which we operate. While we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, these forward-looking statements should not be relied upon as guarantees of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual future results, levels of activity, performance, development milestones, technology readiness, regulatory outcomes, financing availability and other events and circumstances could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving and highly technical industry, and new risks and uncertainties may emerge from time to time. Management cannot predict all risks and uncertainties.

Exhibit 99.3



General Fusion Reports Third Quarter 2026 Results

- General Fusion became the first publicly listed fusion company following its July 2026 listing on Nasdaq under the ticker symbol "GFUZ."
- Announced a world-first compressional plasma heating result with practical low-speed compression in October, exceeding 1 keV electron temperature (more than 12 million degrees Celsius) with Lawson Machine 26 ("LM26") at commercially relevant scale, a key milestone on the path to commercializing fusion energy. The result was measured with the United Kingdom Atomic Energy Authority ("UKAEA") using gold-standard diagnostics.
- Strong financial position with cash and short-term investments of $140.9 million and a debt-free balance sheet as of September 30, 2026. Capital in place is expected to fund the LM26 program through its final two technical milestones, 10 keV (100 million degrees Celsius), and the Lawson criterion[1], through the end of 2028.

VANCOUVER, British Columbia – November 16, 2026 – General Fusion Group Ltd. (NASDAQ: GFUZ) ("General Fusion" or the "Company"), a leader in the global race to commercialize fusion energy, today announced results for the third quarter ended September 30, 2026.

"General Fusion continues to lead on technology development, culminating in a landmark achievement when LM26 became the first fusion machine in the world to achieve 1 keV using practical, low-speed compression. Slower compression requires less power, reduces system complexity, and lowers costs, which are all hallmarks of our differentiated approach to commercialization," said Greg Twinney, Chief Executive Officer of General Fusion. "We are delivering against the technical roadmap previously communicated with a disciplined approach to capital efficiency focused on reducing risk, advancing technology, and demonstrating commercial progress."

Twinney continued, "General Fusion became the first publicly listed fusion company in July 2026. The capital raised from that transaction is expected to fund our LM26 program through the end of 2028, including our final two milestones, 10 keV, and the Lawson criterion[1]. Our cash use and expenditures since listing have been in line with our expectations, reflecting our disciplined approach to capital efficiency. In parallel, we are gearing up for the engineering of key commercial systems and working to expand our commercial partnership and supply chain capabilities. This is all in support of our goal of deploying our first-of-a-kind fusion plant by approximately 2035, and then rapidly scaling our technology to deliver continuous clean energy to the global grid."

[1] For General Fusion's approach in LM26, achieving the Lawson criterion means simultaneously demonstrating, using deuterium-deuterium (D-D) fuel, the temperature, density and energy confinement time which when combined corresponds to the operating conditions required for deuterium-tritium (D-T) plasma to achieve fusion power in excess of the rate of heat loss.

Financial Results[2,3,4]

- Cash and short-term investments were $140.9 million as of September 30, 2026.
- Debt-free balance sheet.
- Operating loss (income) for the 3 and 9 months ended September 30, 2026, was $12.4 million and $40.5 million, an increase over the same periods in 2025 of $12.6 million and $30.4 million, respectively, mainly due to a large change in fair value of share-based compensation liability in Q3 2025 and government assistance received in 2025 with none in 2026.
- Non-GAAP Adjusted Operating Loss for the 3 and 9 months ended September 30, 2026 was $11.0 million and $29.5 million, an increase of $5.7 million or 108% and $10.5 million or 55% over the same periods in 2025, respectively.

General Fusion ended the third quarter of 2026 with $140.9 million in cash and short-term investments, and no debt on the balance sheet. Adjusted Operating Loss, a non-GAAP measure defined as operating income or loss excluding share-based compensation, government assistance, and depreciation and amortization was $11.0 million in the third quarter and $29.5 million for the first nine months of 2026. This compared to $5.3 million in the third quarter of 2025 and $19.0 million in the first nine months of 2025. The increase from the prior year was primarily driven by our growth, including increased headcount, ramp-up of LM26 operations, upgrading the machine to enable plasma temperatures of 10 keV, transaction-related costs, as well as increased general and administrative costs, including directors and officers' insurance, plus communications and marketing spend in advance of and post becoming a public company in July 2026.

[2] All financial figures in this release are presented in United States Dollars, unless otherwise noted.

[3] Adjusted Operating Loss is a non-GAAP financial measure defined under "Non-GAAP Financial Measures" below.

[4] The financial information presented below should be read in conjunction with the Company's financial statements and accompanying notes included in its Form 6-K for the quarter ended September 30, 2026.

Looking Ahead

General Fusion remains focused on executing its staged commercialization roadmap. Near-term priorities include:

- Machine upgrades designed to compress our plasmas to higher density and temperatures as we advance the LM26 program toward 10 keV (100 million degrees Celsius) and, ultimately, the Lawson criterion[1], supporting General Fusion's objective of demonstrating commercially relevant fusion conditions.

- Progressing the Commercial Systems program to advance key systems and components for a commercial plant, including seals, valves, and heat exchange and pulsed power systems. Completion of this program is expected to support final machine design and the construction of a first-of-a-kind ("FOAK") plant, with initial operations targeted around 2035.
- Expanding commercial, supply chain development, and strategic partnerships across energy, industrial, engineering, and technology ecosystems.
- Accelerating site evaluation and planning for the Commercial Systems program testbeds and FOAK plant supporting technical execution, commercial growth, and long-term scalability.
- Mapping a phased, flexible, capital efficient funding approach to the commercialization roadmap.

Webcast

General Fusion will host a conference call today, November 16, 2026, at 5:00 p.m. ET.

A live webcast of the call can be accessed by visiting the Events & Presentations page of General Fusion's investor relations website. Participants who wish to join by phone and ask questions during the Q&A may register here to receive dial-in details and a unique PIN.

A webcast replay of the call will be available for 12 months on the Events & Presentations page of General Fusion's investor relations website.

Interim Condensed Consolidated Balance Sheets (Unaudited)
(Expressed in thousands of U.S. dollars, except share amounts)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 105,567	$ 49,125
Short-term investments	35,254	–
Restricted cash	306	667
Other receivables	529	315
Prepaid expenses and other	2,806	908
Total current assets	144,462	51,015
Property and equipment	4,423	6,424
Right-of-use assets	2,660	2,918
Other assets	37	37
Total assets	$ 151,582	$ 60,394
Liabilities, Temporary Equity and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,003	$ 5,133
Lease liabilities	406	454
SRF contribution liability	67,260	28,369
SAFE liabilities	–	40,837
SAFE liabilities – related parties	–	3,503
Total current liabilities	72,669	78,296
Lease liabilities	3,782	4,233
Share-based compensation	4,284	15,545
Warrant liabilities	51,296	13,171
Earnout liabilities	74,411	–
Total liabilities	206,442	111,245
Temporary equity:		
Redeemable convertible multiple voting shares, 12,000,000 multiple voting shares authorized, 10,416,663 issued and outstanding (2025 – nil)	128,390	–
Old General Fusion redeemable convertible preferred shares, nil issued and outstanding (2025 – 32,462,149)	–	122,953
Shareholders' deficiency:		
Subordinate voting shares, unlimited voting and non-voting shares authorized without par value, 53,132,058 shares issued and outstanding (2025 – nil)	364,749	–
Old General Fusion common shares, no par value, nil issued and outstanding (2025 – 2,272,902)	–	146,525
Additional paid-in capital	–	18,327
Accumulated other comprehensive loss	(4,030)	(6,704)
Accumulated deficit	(543,969)	(331,952)
Total shareholders' deficiency	(183,250)	(173,804)
Total liabilities, temporary equity, and shareholders' deficiency	$ 151,582	$ 60,394

Interim Condensed Consolidated Statements of Operations and Comprehensive (Income) Loss (Unaudited)
(Expressed in thousands of U.S. dollars, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Operating costs				
Research and development	$ 5,849	$ 1,516	$ 18,064	$ 10,847
Business development, marketing, communications, and government relations	1,222	885	3,556	2,458
General and administrative	4,454	(3,340)	16,294	539
Depreciation and amortization	862	696	2,584	2,205
Government assistance	–	–	–	(5,921)
Operating loss (income)	12,387	(243)	40,498	10,128
Other Expense (Income)				
Interest expense	14	224	38	1,149
Interest and other income	(1,172)	(136)	(1,866)	(269)
Financing costs	11,458	–	11,484	–
Foreign exchange loss (gain)	2,055	(86)	757	(1,103)
Gain on revaluation of convertible notes	–	(22,544)	–	(22,036)
Loss (gain) on revaluation of SRF contribution liabilities	(20,714)	(18,026)	37,328	(18,970)
Loss (gain) on revaluation of SAFE liabilities	(2,778)	–	11,120	–
Loss (gain) on revaluation of PIPE subscription obligation	(1,769)	–	20,282	–
Gain on revaluation of warrant liabilities	(10,296)	–	(7,952)	–
Gain on revaluation of earnout liabilities	(19,384)	–	(19,384)	–
Net (income) loss before income taxes	(30,199)	(40,811)	92,305	(31,101)
Income tax expense				
Current	41	22	41	22
Deferred	–	3	–	3
Net (income) loss for the period	$ (30,158)	$ (40,786)	$ 92,346	$ (31,076)
Other comprehensive (income) loss				
Foreign currency translation	665	(401)	(2,674)	2,805
Change in fair value of convertible notes attributable to changes in credit risk	–	–	–	(57)
Reclassification of changes in fair value of convertible notes attributable to changes in credit risk upon settlement	–	347	–	347
Total other comprehensive (income) loss for the period	665	(54)	(2,674)	3,095
Total comprehensive (income) loss for the period	$ (29,493)	$ (40,840)	$ 89,672	$ (27,981)
Net (income) loss per share – basic	$ 0.84	$ (27.59)	$ 9.17	$ (45.26)
Net (income) loss per share – diluted	$ 0.84	$ 0.00	$ 9.17	$ 0.65
Weighted average number of common shares outstanding – basic[1]	48,275,373	1,461,834	17,793,700	638,974
Weighted average number of common shares outstanding – diluted[1]	48,275,373	27,543,020	17,793,700	15,675,460

[1] The weighted average shares outstanding for the three month and nine month period ended September 30, 2025, has been retrospectively adjusted to reflect the ten-for-one (10:1) reverse share split effective August 2025 and all periods presented have been retrospectively adjusted to reflect the Exchange Ratio. Refer to the Company's Form 6-K Q3 2026 Quarterly Report filed on November 16, 2026 for additional information.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Net (loss) income for the period Adjustments:	$ (92,346)	$ 31,076
Depreciation and amortization	2,584	2,205
Gain on disposal of assets	–	(10)
Share-based compensation	8,419	(5,144)
Loss (gain) on revaluation of SRF contribution liability	37,328	(18,970)
Loss on revaluation of SAFE liabilities	11,120	–
Loss on revaluation of PIPE subscription obligation	20,282	–
Gain on revaluation of convertible notes	–	(22,036)
Gain on revaluation of warrant liabilities	(7,952)	–
Gain on revaluation of Earnout liabilities	(19,384)	–
Share consideration expensed	9,251	–
Interest expense	–	1,124
Interest paid	–	(1)
Deferred income tax	–	3
Unrealized foreign exchange loss (gain)	1,077	(952)
Changes in operating assets and liabilities:		
Other receivables	(220)	97
Prepaid expenses and other	(2,051)	248
Accounts payable and accrued liabilities	(373)	(1,926)
Lease liabilities and right of use assets	(351)	(59)
	(32,616)	(14,345)
Investing activities:		
Additions to property and equipment	(551)	(172)
Purchase of short-term investments	(35,291)	–
	(35,842)	(172)
Financing activities:		
Proceeds from reverse recapitalization and Private Investment in Public Equity (“PIPE”) transaction, net of transaction costs	123,330	–
Proceeds from issuance of redeemable convertible preferred shares	–	17,020
Proceeds from issuance of SRF Warrants	3,624	4,570
Proceeds from issuance of SAFE liabilities	200	–
Proceeds from short-term loan	–	1,400
Proceeds from exercise of stock options	20	2
Share issuance costs on SAFE issuance	(27)	(20)
	127,147	22,972
Effect of foreign exchange rates on cash and cash equivalents	(2,608)	208
Increase (decrease) in cash and cash equivalents, and restricted cash	56,081	8,663
Cash and cash equivalents, and restricted cash, beginning of period	49,792	6,561
Cash and cash equivalents, and restricted cash, end of period	$ 105,873	$ 15,224

Non-GAAP Financial Measures

This news release makes reference to a financial measure not recognized under U.S. GAAP, being "Adjusted Operating Loss". This measure does not have any standardized meaning prescribed within U.S. GAAP and, therefore, may not be comparable to similar measures presented by other companies. This measure is provided as additional information to complement U.S. GAAP measures by providing a further understanding of General Fusion's financial performance from management's perspective. This non-GAAP measure excludes government assistance and non-cash expenses, specifically share-based compensation and depreciation and amortization. General Fusion does not believe that such items directly reflect General Fusion's core operations and may therefore not be indicative of its recurring operating costs.

General Fusion's management uses this measure to assess General Fusion's performance, identify trends affecting General Fusion's business, formulate business plans, and make strategic decisions.

Adjusted Operating Loss should be considered in addition to, not as a substitute for or in isolation from, our financial results prepared in accordance with GAAP. In addition, our presentation of Adjusted Operating Loss may be different from how such a metric is used by other companies.

A reconciliation of Adjusted Operating Loss to Operating loss (income) from the Interim Condensed Consolidated Statements of Operations and Comprehensive (Income) Loss for the three and nine months ended September 30, 2026, and 2025 is set forth below:

	Three months ended September 30,			Nine months ended September 30,		
(in thousands of dollars, except percentages)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Operating loss (income)	$ 12,387	$ (243)	n/m	$ 40,498	$ 10,128	300%
Share-based compensation	(480)	6,244	(108)%	(8,419)	5,144	(264)%
Government assistance	—	—	n/m	—	5,921	n/m
Depreciation and amortization	(862)	(696)	24%	(2,584)	(2,205)	17%
Adjusted Operating Loss	**$ 11,045**	**$ 5,305**	**108%**	**$ 29,495**	**$ 18,988**	**55%**

n/m = not meaningful

About General Fusion

General Fusion (NASDAQ: GFUZ) is a fusion technology development company. The Company aims to deliver economical, carbon-free fusion energy through its practical Magnetized Target Fusion ("MTF") technology, an engineering-driven approach to fusion energy. General Fusion's commercialization program is anchored by LM26, the world's first commercially relevant-scale MTF demonstration machine. The Company is working toward the commercial deployment of fusion power in the mid-2030s. General Fusion is the first publicly listed fusion company and TIME's No. 1 GreenTech Company of 2026. For more information, visit generalfusion.com or follow General Fusion on LinkedIn, YouTube, and X.

Investor Relations Contact

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Cautionary Note Regarding Forward-Looking Statements

Certain statements included in this news release are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements"). All statements other than statements of historical facts contained in this news release are forward-looking statements. Any statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions, are also forward-looking statements. In some cases, you can identify forward-looking statements by words such as "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "strategy," "future," "opportunity," "may," "target," "should," "will," "would," "will be," "will continue," "will likely result," "preliminary," or similar expressions that predict or indicate future events or trends or that are not statements of historical matters, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include, without limitation, statements regarding its ability to commercialize MTF or any other fusion technology on its expected timeline or at all; and statements regarding the current and expected results of the LM26 program; as well as any information concerning possible or assumed future results of operations or financial position of the Company.

These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions, many of which are beyond the control of the Company.

These forward-looking statements involve a number of risks, uncertainties, or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the risk that the Company is unable to maintain the listing of its securities on Nasdaq; the risk that the price of the Company's securities may be volatile due to a variety of factors outside of the Company's control, the risk that the Company never generates revenue, the risk that the Company fails to commercialize MTF on a cost-effective basis, on the expected timeline or at all, the risk that the Company fails to achieve the objectives of the LM26 program, the risk that the technical results disclosed herein are not accepted or validated by the scientific community; the risk that prior results are not successfully repeated on a larger scale; the risk that the scientific and technical assumptions underlying the results described herein prove to be incorrect; the risk that recent technical results do not prove to be as significant to the operation of LM26 as expected; the risk that the anticipated cost of funding the LM26 program across several planned technical milestones through the end of 2028 is greater than anticipated and additional capital needed by the Company may not be raised on favorable terms, or at all, including as a result of the restrictions agreed to in connection with the private placement the Company closed on July 10, 2026; the risk that the Company and Renexia are unable to agree on the terms of a definitive agreement, the risk that the Company's collaboration with the General Atomics Group is terminated, the risk that fusion energy does not gain public acceptance, the risk that the scientific and technical assumptions upon which MTF technology is based do not prove to be correct, the risk that our competitors develop viable fusion technology sooner than we do, the risk of supply chain disruptions, the risk that key technical material and service inputs may not be available when required on reasonable terms or at all, the risk that we are unable to attract and retain qualified personnel with highly technical expertise, the risk that we are subject to negative publicity, the risk that our assessment of the total addressable market for fusion energy is incorrect, the risk of changes in the laws and regulations governing the Company's research and development activities and in the regulation of fusion energy; the risk of fluctuations in currency markets; the risk that the Company is unable to complete and successfully integrate any future acquisitions; the risk of increased competition in the fusion industry; the risk of accidents, earthquake, fires, floods and other natural disasters, the risk that our information technology fails, the risk that our operating expenses are materially higher than forecast, the risk that we are unable to remediate material weaknesses in our internal controls or identify additional material weaknesses in the future, the risk that we are unable to adequately protect or enforce our intellectual property rights, the risk of third-party claims that we are infringing or violating another person's intellectual property rights, the risk that our intellectual property applications are not granted, the risk of a cyber event or privacy breach resulting in an interruption in operations or financial loss, the risk that government reduces or delays funding of government programs in which we participate or may participate, the risk that future sales by existing shareholders could cause our stock price to decline, and the risk that we are unable to establish and maintain effective internal controls to produce accurate and timely public disclosure.

These forward-looking statements are based on certain assumptions, including that none of the risks identified above materialize; that there are no unforeseen changes to economic and market conditions, and that no significant events occur outside the ordinary course of business.

The foregoing list is not exhaustive, and there may be additional risks that the Company does not know or currently believes are immaterial. You should carefully consider the foregoing factors, any other factors discussed herein and in the other filings by the Company with the U.S. Securities and Exchange Commission and on SEDAR+, including those described under the heading "Risk Factors." The Company does not undertake to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required in accordance with applicable laws.
