



**Omni-Lite Industries Canada Inc.
Unaudited Condensed Consolidated Financial Statements
For the interim three and six months ended June 30, 2024,
and 2023
(in United States Dollars)**

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canada Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024, and 2023.

NOTICE TO THE READER OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of Omni-Lite Industries Canada Inc. including the consolidated statements of financial position as at June 30, 2024, and 2023 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the three and six months ended June 30, 2024 and 2023 are the responsibility of the Company's management.

These unaudited condensed consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, MNP LLP.

The unaudited condensed consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these unaudited condensed consolidated financial statements in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

"David Robbins" signed

David Robbins
Director and Chief Executive Officer
Cerritos, California, USA
July 30, 2024

"Roger Dent" signed

Roger Dent
Director
Cerritos, California, USA
July 30, 2024

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Consolidated Statements of Financial Position

	Note	June 30, 2024	December 31, 2023
Assets			
Current			
Cash		\$ 1,725,311	\$ 1,108,029
Accounts Receivable		2,746,439	2,225,700
Inventory	3	4,620,003	4,700,064
Prepaid Expenses		134,343	181,826
Total Current Assets		\$ 9,226,096	\$ 8,215,619
Long-Term			
Investment	4	2,450,082	1,341,108
Property, Plant and Equipment, net	5	9,568,026	10,182,244
Due from Related Parties	7	722,031	852,338
Intangible Assets	6	532,600	562,568
Deposits		55,567	56,546
Total Assets		\$ 22,554,402	\$ 21,210,423
Liabilities			
Current			
Accounts Payable and Accrued Liabilities		\$ 1,268,685	\$ 1,555,392
Lease Liability	8	445,023	324,334
Deferred Revenue		41,879	109,349
Income Tax Payable		260,271	
Total Current Liabilities		\$ 2,015,858	1,989,075
Long-Term			
Lease Liability	8	5,326,879	5,659,009
Deferred Tax Liability		16,311	55,563
Total Liabilities		\$ 7,359,048	\$ 7,703,647
Shareholders' Equity			
Share Capital	9	11,252,443	11,252,443
Contributed Surplus	10	2,251,896	2,251,896
Retained Earnings		(18,967)	(720,195)
Accumulated Other Comprehensive Income (Loss)		1,709,982	722,632
Total Shareholders' Equity		\$ 15,195,354	\$ 13,506,776
Total Liabilities and Shareholders' Equity		\$ 22,554,402	\$ 22,210,423

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

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Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the three and six months ended June 30	Note	For the six month period ended June 30, 2024	For the six month period ended June 30, 2023	For the three month period ended June 30, 2024	For the three month period ended June 30, 2023
Revenue		\$ 8,607,067	\$ 5,774,839	\$ 4,321,438	\$ 3,044,694
Cost of goods sold	3	6,491,953	4,822,602	3,432,182	2,444,160
Gross margin		\$ 2,115,114	\$ 952,237	\$ 889,257	\$ 600,534
Overhead expenses					
Selling, general and administrative		647,735	893,490	326,142	414,279
Share-based compensation	9	-	44,212	-	22,106
Amortization of intangible assets	6	25,023	59,215	12,429	29,620
Total overhead expenses		672,758	996,918	338,571	466,005
Research and product design		168,685	146,012	78,870	97,428
Income/(loss) from operations		\$ 1,273,670	\$ (190,692)	\$ 471,815	\$ 37,100
Other income (expense)					
Interest income		27,160	51,825	16,296	23,021
Interest expense	8	(274,288)	(279,949)	(136,902)	(137,185)
Other income		50,000	339,716	50,000	-
Income/(loss) before income taxes		\$ 1,076,542	\$ (79,100)	\$ 401,209	\$ (77,064)
Income tax expense (recovery)					
Current		350,493	79,343	123,359	75,522
Deferred		24,821	220,857	(8,112)	90,754
		375,314	300,200	115,246	166,277
Net Income/(loss)		\$ 701,228	\$ (379,299)	\$ 285,963	\$ (243,340)
Other comprehensive income/(loss)					
Translation of foreign subsidiary		(121,624)	97,164	(39,259)	91,594
(Loss) Gain on investment	4	1,108,974	419,391	(211,918)	374,621
Comprehensive Income/(loss)		\$ 1,688,578	\$ 137,256	\$ 34,786	\$ 222,875
Income/(Loss) per share					
- basic	9	0.05	(0.02)	0.02	(0.02)
- diluted	9	0.05	(0.02)	0.02	(0.02)
Weighted average shares outstanding					
- basic	9	15,412,564	15,412,564	15,412,564	15,412,564
- diluted	9	15,412,564	15,412,564	15,412,564	15,412,564

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Consolidated Statements of Changes in Shareholders' Equity

	Note	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income/Loss	Shareholders' Equity
Balance at December 31, 2022		\$ 11,252,443	\$ 2,185,578	\$ (810,423)	\$ (209,905)	\$ 12,417,694
Share-based compensation	9	-	44,212	-	-	44,212
Net loss		-	-	(379,299)	-	(379,299)
Gain on investment	4	-	-	-	419,391	419,391
Cumulative translation adjustment		-	-	-	97,167	97,164
Balance at June 30, 2023		\$ 11,252,443	\$ 2,229,790	\$ (1,189,722)	\$ 306,650	\$ 12,599,162

	Note	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income/Loss	Shareholders' Equity
Balance at December 31, 2023		\$ 11,252,443	\$ 2,251,896	\$ (720,195)	\$ 722,632	\$ 13,506,776
Share-based compensation	9	-	-	-	-	-
Net Income/(loss)		-	-	701,228	-	701,228
Gain on investment	4	-	-	-	1,108,974	1,108,974
Cumulative translation adjustment		-	-	-	(121,624)	(121,624)
Balance at June 30, 2024		\$ 11,252,443	\$ 2,251,896	\$ (18,967)	\$ 1,709,982	\$ 15,195,354

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

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Consolidated Statements of Cash Flows

For the three and six months ended June 30	Note	For the six month period ended June 30, 2024	For the six month period ended June 30, 2023	For the three month period ended June 30, 2024	For the three month period ended June 30, 2023
Cash flows from operating activities					
Net income/(loss) for the period		\$ 701,228	\$ (379,299)	\$ 285,963	\$ (243,340)
Adjustments for:					
Depreciation	5	568,303	570,772	283,228	285,490
Inventory reserve		19,796	86,993	-	-
Amortization of intangible assets	6	25,023	59,215	12,429	29,620
Deferred tax (recovery) expense		220,920	310,685	(18,195)	166,276
Share-based compensation	9	-	44,212	-	22,106
Lease interest expense	8	274,288	279,912	136,902	137,148
		\$ 1,809,558	\$ 972,489	\$ 700,327	\$ 397,301
Net change in non-cash working capital items					
Accounts receivable		(520,739)	266,375	56,671	(23,916)
Deferred Revenue		(67,445)	-	(97,604)	-
Inventory		60,265	(1,017,244)	353,899	(581,382)
Prepaid expenses		47,483	104,722	6,559	14,710
Accounts payable and accrued liabilities		(286,707)	87,555	(237,540)	396,967
Deposits		955	(636)	294	(613)
(Decrease)/Increase in cash from operating activities		\$ 1,043,370	\$ 413,261	\$ 782,606	\$ 203,066
Cash flows from financing activities					
Employee Receivables		-	2,000	-	-
Related Parties Receivables		120,000	-	0	0
Repayment of lease liability	8	(431,477)	(431,729)	(215,483)	(216,049)
Increase/(Decrease) in cash from financing activities		\$ (311,477)	\$ (429,730)	\$ (215,483)	\$ (216,049)
Cash flow from investing activities					
Purchase of property, plant and equipment	5	(82,745)	(40,909)	65,649	(40,909)
Decrease in cash from investing activities		\$ (82,745)	\$ (40,909)	\$ 65,649	\$ (40,909)
Currency translation		(31,867)	26,946	(13,589)	24,247
Increase/(Decrease) in cash		\$ 617,281	\$ (30,432)	\$ 619,183	\$ (29,645)
Cash, beginning of period		\$ 1,108,029	\$ 1,328,430	\$ 1,106,127	\$ 1,327,642
Cash, end of period		\$ 1,725,311	\$ 1,297,998	\$ 1,725,311	\$ 1,297,998

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

Notes to Condensed Consolidated Financial Statements

1. Nature of Operations

Omni-Lite Industries Canada Inc. (“Omni-Lite” or the “Company”) was incorporated under the Laws of the Business Corporations Act of Alberta in 1992. The consolidated financial statements of the Company for the three and six months ended June 30, 2024, include the accounts of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on July 30, 2024, its head office, research and development, and production operations are located at 17210 Edwards Road, Cerritos, California, U.S.A, 90703. A corporate, registered office is located at 18 Kings Street East, Suite 902, Toronto, ON M5C2C4. The Company’s core mission is the adaptation of material science for mission critical applications. These products include components for the aerospace, military, specialty automotive and sports and recreational industries. Since the most significant portion of the Company’s operations is located in the United States (“U.S.”) and its functional currency is U.S. dollars, these consolidated financial statements are presented in U.S. dollars. The Company is listed for trading on the TSX Venture Exchange under the symbol OML and the OTCQX under the symbol OLNCF.

2. Significant Accounting Policies

These condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at June 30, 2024.

These condensed consolidated financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting.

The significant accounting policies of the Company are the same as those applied in the Company’s annual audited consolidated financial statements for the years ended December 31, 2023, and 2022. These policies have been consistently applied to each of the periods presented.

a) Estimates and Judgements

The preparation of consolidated financial statements requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in the management’s opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies.

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3. Inventory

The major components of inventory are classified as follows:

The cost of inventories recognized as expense and included in cost of goods sold for the three months ended June 30, 2024, was \$3,432,182 (2023 - \$2,444,160).

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Raw Materials	953,078	1,016,157
Tooling	705,511	609,400
Work in Progress	1,414,151	1,196,699
Finished Goods	1,547,263	1,529,827
Total	\$ 4,620,003	\$ 4,352,083

4. Investment

At June 30, 2024, the long-term investment consists of an equity investment of 7,204,970 common shares of California Nanotechnologies Corp. ("CalNano"), a public company related through a common director. The Company's investment is recorded at the fair value as supported by the market price listed on the TSX Venture Exchange.

	Carrying Amount
Investment at December 31, 2022	\$ 487,704
Gain from market price valuation	853,404
Investment at December 31, 2023	\$ 1,341,108
Gain from market price valuation	1,108,974
Investment at June 30, 2024	\$ 2,450,082

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5. Property, Plant and Equipment

	Building	Production Equipment	Other Equipment	Non-Consumable Tooling	Right-of-Use Assets	Totals
At December 31, 2022	\$ 4,353	\$18,435,319	\$302,372	\$7,886,989	\$4,467,377	\$31,096,410
Additions	-	148,536	4,677	-	-	153,213
Currency translation	-	57,679	2,370	-	55,436	115,485
At December 31, 2023	\$ 4,353	\$18,641,534	\$309,419	\$7,886,989	\$4,552,813	\$31,365,108
Additions	-	82,475	270	-	-	82,745
Currency translation	-	(85,732)	(3,417)	-	(81,525)	(170,674)
At June 30, 2024	\$ 4,353	\$18,638,277	\$306,272	\$7,886,989	\$4,441,288	\$31,277,179

Accumulated depreciation

At December 31, 2022	\$ 4,353	\$11,287,938	\$212,626	\$7,885,566	\$624,494	\$20,014,977
Depreciation	-	620,547	14,732	1,423	506,034	1,142,736
Currency translation	-	10,935	339	-	13,877	25,151
At December 31, 2023	\$4,353	\$11,919,420	\$227,697	\$7,886,989	\$1,144,405	\$21,182,864
Depreciation	-	313,389	2,892	-	252,022	568,303
Currency translation	-	(18,931)	55	-	(23,138)	(42,014)
At June 30, 2024	\$4,353	\$12,213,878	\$230,644	\$7,886,989	\$1,373,289	\$21,709,153
At December 31, 2023	\$ -	\$6,722,114	\$81,722	\$ -	\$3,378,408	\$10,182,244
At June 30, 2024	\$ -	\$6,424,399	\$75,628	\$ -	\$3,067,999	\$9,568,026

6. Intangible Assets

	Customer Relationships	Goodwill	Trademark	Non-Compete Agreements	Patents	Totals
Cost						
December 31, 2023	\$497,069	\$407,170	\$100,000	\$20,000	\$6,285	\$1,030,524
Foreign currency translation	(8,876)	-	-	-	-	(8,876)
June 30, 2024	\$488,193	\$407,170	\$100,000	\$20,000	\$6,285	\$1,021,648
Accumulated amortization						
December 31, 2023	\$347,956	\$ -	\$100,000	\$20,000	\$ -	\$467,956
Amortization	25,023	-	-	-	-	25,023
Foreign currency translation	(3,931)	-	-	-	-	(3,931)
June 30, 2024	\$369,048	\$ -	\$100,000	\$20,000	\$ -	\$489,048
Net book value						
December 31, 2023	\$149,113	\$407,170	\$ -	\$ -	\$6,285	\$562,568
June 30, 2024	\$119,145	\$407,170	\$ -	\$ -	\$6,285	\$532,600

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7. Related Party Transactions and Balances

During the three and six months ended June 30, 2024, the Company had the following related party transactions and balances not disclosed elsewhere in these condensed consolidated financial statements:

The Company has a loan receivable from CalNano including accrued interest in the amount of \$722,031, which is due on May 30, 2025. Of this amount, \$712,564 accrues interest at 7.5% per annum and is paid on a monthly basis. In the six months ended June 30, 2024, CalNano paid in advance \$120,000 of principal payments. The loan is secured by all the assets of California Nanotechnologies Inc., a subsidiary of CalNano. On March 31, 2020, the bank called CalNano's line of credit of \$250,000, which was guaranteed by the Company. Omni-Lite repaid this amount on their behalf and has a loan receivable with interest at the prime rate plus 1% from California Nanotechnologies Corp. During the 3 months ended June 30, 2024, CalNano paid in advance \$50,000 of principal towards this outstanding balance. This amount has been fully reserved.

Charles Samkoff is a member of the Company's Board of Directors and is a Managing Director of Cypress Partners LLC ("Cypress"), a firm retained by the Company to provide financial advisory services to the Company in support of the Company's strategic plan that includes, among others, the consideration of potential investments, strategic acquisitions, related growth opportunities, and near-term and long-term business objectives and initiatives. The Company incurred professional fees to this firm of nil for the six months ended June 30, 2024, and \$44,000 for the 6 months ended June 30, 2023.

Significant Subsidiaries:

The table below provides information relative to the Company's significant subsidiaries, including each such entity's name, its jurisdiction of incorporation/formation, the percentage of securities directly or indirectly owned by the Company, a brief description of the entity, and the market areas served, if applicable. The functional currency of each entity is U.S. Dollars.

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Significant Subsidiaries – continued

Company (Jurisdiction of Incorporation/ Formation)	Percentage of ownership by Omni-Lite Industries Canada, Inc.	Overview	Market Area
Omni-Lite Industries California, Inc. (California, USA)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada, Inc. It is the head office which conducts administration, research and development, and production operations.	United States
Monzite Holding Co. (Delaware, USA)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada, Inc. It is a holding company and the sole shareholder of Monzite Corporation.	United States
Monzite Corporation (New Hampshire, USA)	100%	Indirectly owned subsidiary of Omni-Lite Industries Canada, Inc., which was acquired on September 21, 2018. It is a holding company and sole shareholder of Impellimax, Inc.	United States
Impellimax, Inc. (New Hampshire, USA)	100%	Wholly owned subsidiary of Monzite Corporation. It designs, manufactures, and contract manufactures electronic components.	United States
Designed Precision Castings Inc. (Ontario, Canada)	100%	Indirectly owned subsidiary of Omni-Lite Industries Canada Inc, which was acquired on December 20, 2021. It designs and manufactures investment castings.	United States, Canada
Marvel Acquisition Co. Ltd. (Ontario, Canada)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada Inc., which is a holding company, and sole shareholder of Designed Precision Castings Inc.	Canada

8. Lease Liability

	June 30, 2024	December 31, 2023
Opening Balance January 1	\$ 5,983,343	\$ 6,257,063
Payments	(431,477)	(864,458)
Interest	274,288	554,597
Currency translation	(54,252)	36,141
Lease liability end of period	<u>\$ 5,771,902</u>	<u>\$ 5,983,343</u>
Less current portion	<u>(445,023)</u>	<u>(324,334)</u>
Long term portion	<u>\$ 5,326,879</u>	<u>\$ 5,659,009</u>

The discount rate applied to this lease was 7.4%, which was the discount rate implied in the lease terms.

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8. Lease Liability – continued

The Company has entered into leases for its manufacturing and office space as follows:

Location	Type	Liability
Cerritos, California	Manufacturing and office	\$ 3,991,081
Cerritos, California	Warehouse	181,890
Brampton, Ontario	Manufacturing and office	1,432,376
Brampton, Ontario	Equipment purchase	38,699
Nashua, New Hampshire	Manufacturing and office	127,856
		\$ 5,771,902

The incremental borrowing rate used to calculate the lease liabilities was 9%. Additionally, recorded in the cost of sales, the Company is responsible for all building operating costs including real estate taxes and insurance. The total estimated quarterly amount of real estate taxes and insurance included in the financial statements is \$67,638 document (2023 - \$62,882).

Future minimum lease payments are as follows:

2024	431,332
2025	902,591
2026	785,787
2027-2031	<u>4,171,663</u>
Total	\$6,291,373

9. Share Capital

a) Authorized: Unlimited number of common shares with no par value

b) Issued:

	Number of Shares	Amount
Issued and outstanding June 30, 2024	15,412,564	\$11,252,443

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9. Share Capital – continued

c) Share Options:

The Company established a share option plan for employees, directors and consultants on September 15, 1997. Under this plan, the Company is authorized to issue options up to 10% of the outstanding number of issued and outstanding shares. From grant date, options vest at one-third of the total grant annually with an expiration term of 5 years.

The Company has granted share options to directors, consultants, and employees of the Company as follows:

	Number	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding at December 31, 2023	1,015,000	CAD \$0.60 to \$1.37	CAD \$0.89
Options outstanding at June 30, 2024	1,015,000	CAD \$0.60 to \$1.37	CAD \$0.89

The Company did not grant options during the three months ended June 30, 2024.

The options that are outstanding at June 30, 2024, are summarized as follows:

Options Outstanding	Option Price	Weighted Average Exercise Price of Options Outstanding	Weighted Average Remaining Contractual Life
140,000	CAD \$0.76	CAD \$0.76	2.42 years
875,000	CAD \$0.90-\$0.92	CAD \$0.91	1.11 years
1,015,000	CAD \$0.76-\$0.92	CAD \$0.89	1.20 years
Options Vested	Option Price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
875,000	CAD \$0.89	CAD \$0.91	1.25

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9. Share Capital – continued

In estimating expected stock price volatility at the time of a particular share option grant, the Company relies on observations of historical volatility trends. Share-based compensation expense in relation to the options for the three and six months ended June 30, 2024, was nil (2023-\$21,401). The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	5.45%
Expected life (years)	5
Volatility rate (%)	60.61%
Dividend yield (%)	0.00%
Forfeiture rate (%)	0.00%

Warrants:

The Company initiated a long-term stock warrant plan in the third quarter of 2018 for key management and employees. The stock warrant plan is monitored by the Board of Directors who determine the strike price and vesting terms of warrants issued.

	Number	Warrant Price Per Share Range	Weighted Average Exercise Price
Total warrants outstanding December 31, 2023, and June 30, 2024	1,400,000	CAD \$0.95 to \$2.26	CAD \$1.59
Warrants exercisable at June 30, 2024	550,000	CAD \$0.95 to \$1.55	CAD\$1.16

The warrants that are outstanding as of June 30, 2024, are summarized as follows:

Warrants Outstanding	Warrant Exercise Price	Weighted Average Remaining Life
200,000	CAD \$0.95	2.47 years
200,000	CAD \$1.27	2.23 years
125,000	CAD \$1.27	2.23 years
175,000	CAD \$1.41	2.23 years
200,000	CAD \$1.55	2.23 years
250,000	CAD \$1.98	2.23 years
250,000	CAD \$2.26	2.23 years
1,400,000	CAD \$1.57	2.26 years

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9. Share Capital – continued

On December 20, 2021, the Company granted 200,000 stock warrants to Cypress for advisory services in connection with the acquisition of DP Cast. The warrants vested immediately, had a fair value of \$77,206, were fully expensed in 2021, and expire on December 20, 2026. The fair value of the warrants granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Number of warrants	200,000
Weighted average exercise price	CAD \$0.95
Weighted average risk-free interest rate	1.17%
Weighted average expected life (years)	5
Weighted average volatility rate	64.00%
Weighted average dividend yield	0.00%
Weighted average forfeiture rate	0.00%

700,000 of the warrants outstanding have exercise prices ranging from CAD \$1.27 – CAD \$2.26 and vest upon meeting escalating cumulative three-year EBITDA targets on dates ranging from December 31, 2021, to December 31, 2024. The Company has determined that the EBITDA targets are not expected to be met and, therefore, no expense has been recorded.

Total share-based compensation expense recognized in relation to warrants was nil in the three months ended June 30, 2024 (2023 - \$705).

10. Contributed Surplus

The following is a continuity schedule of contributed surplus:

	June 30, 2024	June 30, 2023
Balance, beginning of year	\$ 2,251,896	\$ 2,185,578
Share-based compensation (Note 10(c), (d))	-	44,212
Balance, end of period	\$2,251,896	\$ 2,229,790

11. Income/(Loss) per Common Share

The basic income/(loss) per common share is calculated using net income/(loss) divided by the weighted-average number of common shares outstanding. The diluted (loss)income per common share is calculated using net income/(loss) divided by the weighted-average number of diluted common shares outstanding, as adjusted with the treasury stock method.

Based on the diluted weighted average number of shares outstanding of 15,412,564 in the six months ended June 30, 2024, and June 30, 2023. There are 1,015,000 (1,046,000 in 2023) stock options and 1,400,000 (1,400,000 in 2023) warrants were excluded in calculating the weighted-average number of diluted common shares outstanding, because the Company has historically been in a net loss position and therefore any exercise would be anti-dilutive.

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12. Segment Information

The Company has its operations and subsidiaries in the United States and Canada. All sales are conducted in the United States.

	United States	Canada	Total
For the six months ended			
June 30, 2024			
Revenue	\$ 6,348,080	\$ 2,258,987	\$ 8,607,067
Net income/(loss)	915,760	(214,532)	701,228
Long term assets	6,035,971	7,292,335	13,328,306
For the six months ended			
June 30, 2023			
Revenue	\$ 3,981,844	\$ 1,792,995	\$ 5,774,839
Net Income/(loss)	544,607	(923,906)	(379,299)
Long term assets	5,755,032	6,936,225	12,691,257

13. Financial Instruments

The financial instruments of the Company consist of cash, accounts receivable, due from related parties, investment, accounts payable and accrued liabilities, and bank indebtedness.

	June 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
At FVTPL				
Cash	\$ 1,725,311	\$ 1,725,311	\$ 1,108,029	\$ 1,108,029
At FVOCI				
Investment	2,450,082	2,450,082	1,341,108	1,341,108
At Amortized cost				
Accounts receivable	2,746,439	2,746,439	2,225,700	2,225,700
Due from related parties	722,031	722,031	852,338	852,338
Accounts payable and accrued liabilities	1,268,685	1,268,685	1,555,392	1,555,392

The table below sets out fair value measurements using the fair value hierarchy.

	Total	Level 1	Level 2	Level 3
Assets				
Cash	\$ 1,725,311	\$ 1,725,311	\$ -	\$ -
Investment	2,450,082	2,450,082	-	-

There have been no transfers during the period between Levels 1 and 2.

The carrying values of accounts receivable, accounts payable and accrued liabilities, and finance guarantee liability approximate their fair value due to their short-term nature.

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13. Financial Instruments – continued

The carrying value of the Company's due from related parties approximate their fair values due to the amounts being due on demand, and the carrying value of bank indebtedness approximates fair value due to a market rate of interest being charged.

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations exposes the Company to various risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not use off statement of financial position contracts to manage these risks.

Foreign Currency Risk

The Company has foreign currency exposure through its DP Cast subsidiary which has a functional currency of Canadian dollars. The Company manages its foreign currency risk through natural hedges of its current assets and current liability positions where possible.

Other Price Risk

The Company has financial instruments that may fluctuate in value as a result of changes in market price. The Company has an investment in shares of CalNano. This investment is recorded on the consolidated statements of financial position at fair value as of the statement of financial position date with changes from the prior period's fair value reported in OCI. As at June 30, 2024, a 1% change in the price of the investment would have an impact of \$26,620 annually (December 31, 2023 - \$5,325).

Liquidity Risk

The Company had \$1,725,311 in cash on hand at June 30, 2024, and had no borrowing at June 30, 2024, or December 31, 2023. If the Company should need additional liquidity, it would pursue asset-based lending secured by its assets.

The following table provides an analysis of the financial liabilities based on the remaining terms of the liabilities as at:

	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 4 years	> 5 years	Total
June 30, 2024					
Accounts payable and accrued liabilities	\$ 1,268,685	\$ -	\$ -	\$ -	\$ 1,268,685
Total	\$ 1,268,685	\$ -	\$ -	\$ -	\$ 1,268,685
December 31, 2023					
Accounts payable and accrued liabilities	\$ 1,555,392	\$ -	\$ -	\$ -	\$ 1,555,392
Total	\$ 1,555,392	\$ -	\$ -	\$ -	\$ 1,555,392

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13. Financial Instruments – continued

Credit Risk

The Company manages credit risk over cash by maintaining its bank accounts with large financial institutions. The Company manages credit risk over accounts receivable by dealing with financially sound customers, based on an evaluation of the customer's financial condition. For the six months ended June 30, 2024, the Company had one customer who each accounted for in excess of 10% of revenue for \$1,470,823 or 17% of sales (June 30, 2023 – one customer totaling \$1,090,838 million or 19% of sales). The maximum exposure to credit risk is the carrying value of cash, accounts receivable and due from related parties. The table below provides an analysis of the age of accounts receivable from invoice date, which are not considered impaired.

	Total	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days
June 30, 2024	\$ 2,746,439	\$ 1,584,778	\$ 729,375	\$ 107,610	\$ 324,676
December 31, 2023	\$ 2,225,700	\$ 1,186,932	\$ 775,778	\$ 110,662	\$ 152,328

14. Capital Disclosures

The objective for managing the Company's capital structure is to ensure that the Company has the financial capacity, liquidity and flexibility to fund expansion projects and product development efforts. The capital structure of the Company consists of cash and equity comprised of issued capital, contributed surplus and retained earnings. The Company generally relies on operating cash flows to fund the expansion and product development. The Company's financing needs depend on the timing of expected net cash flows from new products and sales of current products. This requires the Company to maintain financial flexibility and liquidity. The Company's capital management policies are aimed at: Maintaining an appropriate balance between short-term borrowings, long-term debt and shareholders' equity; maintaining sufficient undrawn committed credit capacity to provide liquidity; ensuring ample covenant room to draw credit lines as required; and ensuring the Company maintains a credit rating that is appropriate for their circumstances. The Company monitors the leverage in its capital structure by reviewing the ratio of net debt to cash flow from operating activities and interest coverage ratios.

15. Subsequent Events

None.