



**Omni-Lite Industries Canada Inc.
Unaudited Condensed Consolidated Financial Statements
For the interim three and six months ended June 30, 2025,
and 2024
(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, 2025, and 2024.

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, 2025, and 2024 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, 2025 and 2024 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
August 12, 2025

"Roger Dent" signed

Roger Dent
Director
Cerritos, California, USA
August 12, 2025

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Consolidated Statements of Financial Position

	Note	June 30, 2025	December 31, 2024
Assets			
Current			
Cash		\$ 2,930,207	\$ 2,991,536
Accounts Receivable		2,328,482	2,474,166
Inventory	3	4,696,377	4,279,610
Prepaid Expenses		201,557	213,859
Total Current Assets		\$ 10,156,623	\$ 9,959,171
Long-Term			
Investment	4	3,015,066	3,978,749
Property, Plant and Equipment, net	5	8,508,713	8,880,306
Intangible Assets	6	738,432	503,181
Deferred Tax Assets		-	27,267
Deposits		60,744	54,232
Total Assets		\$ 22,479,578	\$ 23,402,906
Liabilities			
Current			
Accounts Payable and Accrued Liabilities		\$ 932,461	\$ 999,231
Lease Liability	8	440,591	395,264
Income Tax Payable		312,480	221,425
Total Current Liabilities		\$ 1,685,533	1,615,920
Long-Term			
Lease Liability	8	4,964,601	5,130,960
Total Liabilities		\$ 6,650,134	\$ 6,746,880
Shareholders' Equity			
Share Capital	9	11,292,198	11,292,198
Contributed Surplus	10	2,291,896	2,291,896
Retained Earnings		(163,447)	(105,669)
Accumulated Other Comprehensive Income (Loss)		2,407,796	3,176,601
Total Shareholders' Equity		\$ 15,829,444	\$ 16,656,026
Total Liabilities and Shareholders' Equity		\$ 22,479,578	\$ 23,402,906

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, 2025	For the six month period ended June 30, 2024	For the three month period ended June 30, 2025	For the three month period ended June 30, 2024
Revenue		\$ 6,765,982	\$ 8,607,067	\$ 3,458,688	\$ 4,321,438
Cost of goods sold	3	5,431,968	6,491,953	2,900,839	3,432,182
Gross margin		\$ 1,334,014	\$ 2,115,114	\$ 557,849	\$ 889,257
Overhead expenses					
Selling, general and administrative		788,670	647,735	440,634	326,142
Amortization of intangible assets	6	24,139	25,023	12,293	12,429
Total overhead expenses		812,810	672,758	452,927	338,571
Research and product design		208,793	168,685	113,609	78,870
(Loss)/Income from operations		\$ 312,411	\$ 1,273,670	\$ (8,687)	\$ 471,815
Other income (expense)					
Interest income		18	27,160	18	16,296
Interest expense	8	(237,800)	(274,288)	(121,220)	(136,902)
Other income		25,021	50,000	24,003	50,000
Loss before income taxes		\$ 99,651	\$ 1,076,542	\$ (105,885)	\$ 401,209
Income tax expense (recovery)					
Current		4,674	350,493	(15,580)	123,359
Deferred		152,755	24,821	75,978	(8,112)
		157,429	375,314	60,398	115,246
Net loss		\$ (57,778)	\$ 701,228	\$ (166,284)	\$ 285,963
Other comprehensive income/(loss)					
Translation of foreign subsidiary		194,878	(121,624)	190,412	(39,259)
(Loss) Gain on investment	4	(963,682)	1,108,974	(229,296)	(211,918)
Comprehensive loss		\$ (826,582)	\$ 1,688,578	\$ (205,168)	\$ 34,786
(Loss)/income per share					
- basic	11	(0.00)	0.05	(0.01)	0.02
- diluted	11	(0.00)	0.05	(0.01)	0.02
Weighted average shares outstanding					
- basic	11	15,477,564	15,412,564	15,477,564	15,412,564
- diluted	11	16,117,564	15,412,564	16,117,564	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, 2024		\$ 11,293,198	\$ 2,291,896	\$ (105,669)	\$ 3,176,301	\$ 16,656,026
Net loss		-	-	(57,778)	-	(57,778)
Gain on investment	4	-	-	-	(963,683)	(963,682)
Cumulative translation adjustment		-	-	-	195,178	195,178
Balance at June 30, 2025		\$ 11,293,198	\$ 2,291,896	\$ (163,447)	\$ 2,407,796	\$ 15,829,444

	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 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, 2025	For the six month period ended June 30, 2024	For the three month period ended June 30, 2025	For the three month period ended June 30, 2024
Cash flows from operating activities					
Net loss for the period		\$ (57,778)	\$ 701,228	\$ (166,284)	\$ 285,963
Adjustments for:					
Depreciation	5	554,573	568,303	285,170	283,228
Inventory reserve		-	19,796	-	-
Amortization of intangible assets	6	24,139	25,023	12,293	12,429
Deferred tax (recovery) expense		91,056	220,920	43,512	(18,195)
Lease interest expense	8	237,800	274,288	121,220	136,902
		\$ 849,790	\$ 1,809,558	\$ 295,910	\$ 700,327
Net change in non-cash working capital items					
Accounts receivable		145,684	(520,739)	(42,160)	56,671
Other receivables		-	(67,445)	-	(97,604)
Inventory		(416,767)	60,265	2,060	353,899
Prepaid expenses		12,302	47,483	12,066	6,559
Accounts payable and accrued liabilities		(66,770)	(286,707)	(98,440)	(237,540)
Deposits		6,512	955	6,435	294
Increase in cash from operating activities		\$ 530,751	\$ 1,043,370	\$ 175,871	\$ 782,606
Cash flows from financing activities					
Related Parties Receivables			120,000		
Repayment of lease liability	8	(388,025)	(431,477)	(193,518)	(215,483)
Decrease in cash from financing activities		\$ (388,025)	\$ (311,477)	\$ (193,518)	\$ (215,483)
Cash flow from investing activities					
Acquisition, net of cash acquired		(255,000)	-	(255,000)	
Purchase of property, plant and equipment	5	(19,836)	(82,745)	(5,460)	65,649
Decrease in cash from investing activities		\$ (274,836)	\$ (82,745)	\$ (260,460)	\$ 65,649
Currency translation		70,781	(31,867)	76,730	(13,589)
Increase/(Decrease) in cash		\$ (61,329)	\$ 617,281	\$ (201,377)	\$ 619,183
Cash, beginning of period		\$ 2,991,536	\$ 1,108,029	\$ 3,131,585	\$ 1,106,127
Cash, end of period		\$ 2,930,207	\$ 1,725,311	\$ 2,930,207	\$ 1,725,311

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, 2025, 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 August 1, 2023, 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, industrial, and specialty automotive 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, 2025.

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, 2024, and 2023. These policies have been consistently applied to each of the periods presented.

a) Estimates and Judgments

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, 2025, was \$2,900,839 (2024 - \$3,432,182).

	June 30, 2025	June 30, 2024
Raw Materials	944,401	953,078
Tooling	724,198	705,511
Work in Progress	1,561,300	1,414,151
Finished Goods	1,466,478	1,547,263
Total	\$ 4,696,377	\$ 4,620,003

4. Investment

At June 30, 2025, the long-term investment consists of an equity investment of 7,073,970 common shares of California Nanotechnologies Corp. ("California Nano"), 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, 2023	\$ 1,341,109
Sale of Stock	(112,936)
Realized gain on sale of stock	88,236
Gain from market price valuation	2,662,341
Investment at December 31, 2024	3,978,749
Loss from market price valuation	(963,683)
Investment at June 30, 2025	\$ 3,015,066

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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, 2023	\$ 4,353	\$18,641,534	\$309,419	\$7,886,989	\$4,552,813	31,365,108
Additions	-	111,871	270	-	-	112,141
Currency translation	-	(201,987)	(8,395)	-	(192,693)	(403,075)
At December 31, 2024	\$ 4,353	\$18,551,418	\$301,294	\$7,886,989	\$4,330,120	\$31,074,174
Additions	-	19,836	-	-	-	19,836
Adjustment	(4,353)	-	-	-	-	(4,353)
Currency translation	-	124,460	18,466	-	126,625	269,551
At June 30, 2025	\$ -	\$18,695,714	\$319,760	\$7,886,989	\$4,456,745	\$31,359,208

Accumulated depreciation

At December 31, 2023	\$4,353	\$11,919,420	\$227,697	7,886,989	\$1,144,405	\$21,182,864
Depreciation	-	623,892	6,500	-	501,465	1,131,860
Currency translation	-	(52,646)	(1,829)	-	(66,381)	(120,856)
At December 31, 2024	\$4,353	\$12,490,666	\$232,368	\$7,886,989	\$1,579,492	\$22,193,868
Depreciation	-	311,586	2,453	-	240,533	554,572
Adjustment	(4,353)	-	-	-	-	(4,353)
Currency translation	-	44,181	4,065	-	58,162	106,408
At June 30, 2025	\$ -	\$12,846,433	\$238,887	7,886,989	\$1,878,186	\$22,850,495
At December 31, 2024	\$ -	\$6,060,752	\$68,926	\$ -	\$2,750,628	\$8,880,306
At June 30, 2025	\$ -	\$5,849,281	\$80,874	\$ -	\$2,578,558	\$8,508,713

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6. Intangible Assets

	Customer Relationships	Goodwill	Trademark	Non-Compete Agreements	Patents	Totals
Cost						
December 31, 2024	\$476,090	\$407,170	\$100,000	\$20,000	\$6,285	\$1,009,545
Foreign currency translation	13,786	-	-	-	-	13,786
Adjustment	(240,000)		(100,000)	(20,000)		(360,000)
EComp Acquisition	130,000	25,000	100,000			255,000
June 30, 2025	\$379,876	\$432,170	\$ 100,000	\$ -	\$6,285	\$918,331
Accumulated amortization						
December 31, 2024	\$386,364	\$ -	\$100,000	\$20,000	\$ -	\$506,364
Amortization	24,139	-	-	-	-	24,139
Adjustment	(240,000)	-	(100,000)	(20,000)	-	(360,000)
Foreign currency translation	9,397	-	-	-	-	9,397
June 30, 2025	\$179,899	\$ -	\$ -	\$ -	\$ -	\$179,899
Net book value						
December 31, 2024	\$89,726	\$407,170	\$ -	\$ -	\$6,285	\$503,181
June 30, 2025	\$199,977	\$432,170	\$ 100,000	\$ -	\$6,285	\$738,432

7. Related Party Transactions and Balances

During the three and six months ended June 30, 2025, the Company had no related party transactions and balances not disclosed elsewhere in these condensed consolidated financial statements:

During the three and six months ended June 30, 2025 there were no related party transactions. In the three and six months ended June 30, 2024, the company had the following related party transactions and balances, a loan receivable from CalNano including accrued interest in the amount of \$722,031 which was due on May 30, 2025. In the six months ended June 30, 2024, CalNano paid in advance \$120,000 of principal payments. 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. As of December 31, 2024, all of the balances have been paid in full.

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7. Related Party Transactions and Balances – continued

Significant Subsidiaries:

On April 23, 2025, the Company acquired 100% of the Company formally known as Electronic Components Inc (eComp) in an all-cash transaction for \$350,000.

The primary reason for the acquisition of eComp was due to its symmetry between the business and Monzite Corporation, which will allow for additional growth.

The Company has made a good faith estimate of the fair value of the tangible and intangible assets acquired and liabilities assumed in the acquisition and expects for the final purchase price adjustments be completed by the end of the period ending September 30, 2025.

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., which was formed and incorporated on October 4, 1985. It is the head office which conducts research and development, and production operations.	United States
Monzite Holding Co. (Delaware, USA)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada, Inc., which was acquired on September 21, 2018. It is a holding company for 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 for Impellimax, Inc.	United States
Impellimax, Inc. (New Hampshire, USA)	100%	Wholly owned subsidiary of Monzite Corporation, which was acquired on September 21, 2018. It designs, manufactures, and contract manufactures electronic subcomponents.	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
Electronic Components (Massachusetts)	100%	Indirectly owned subsidiary of Omni-Lite Industries Canada Inc, which was acquired on April 23, 2025. It designs and manufactures electronic components.	United States
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

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8. Lease Liability

	June 30, 2025	December 31, 2024
Opening Balance January 1	\$ 5,526,224	\$ 5,983,343
Payments	(388,025)	(867,093)
Interest	237,800	509,815
Currency translation	29,194	(99,841)
Lease liability end of period	<u>\$ 5,405,193</u>	<u>\$ 5,526,224</u>
Less current portion	(440,591)	(395,264)
Long term portion	\$ 4,964,601	\$ 5,130,960

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

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

Location	Type	Liability
Cerritos, California	Manufacturing and office	\$ 3,933,189
Cerritos, California	Warehouse	103,220
Brampton, Ontario	Manufacturing and office	1,299,271
Brampton, Ontario	Equipment purchase	18,410
Nashua, New Hampshire	Manufacturing and office	80,643
		<u>\$ 5,405,193</u>

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 \$64,220 document (2024 - \$67,638).

Future minimum lease payments are as follows:

2025	338,472
2026	785,787
2027-2031	<u>3,493,750</u>
Total	\$4,618,009

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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, 2025	15,477,564	\$11,293,198

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 June 30, 2024	1,015,000	CAD \$0.60 to \$1.37	CAD \$0.89
Options outstanding at June 30, 2025	440,000	CAD \$0.76 to \$0.92	CAD \$0.87

The Company did not grant options during the three months ended June 30, 2025.

The options that are outstanding at June 30, 2025, 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	1.42 years
300,000	CAD \$0.92	CAD \$0.92	1.47 years
440,000	CAD \$0.76-\$0.92	CAD \$0.87	1.46 years
Options Vested	Option Price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
440,000	CAD \$0.76-\$0.92	CAD \$0.87	1.46

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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, 2025, was nil (2024-nil). 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	1.45%
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 June 30, 2024	1,400,000	CAD \$0.95 to \$2.26	CAD \$1.59
Total warrants outstanding June 30, 2025	1,400,000	CAD \$0.95 to \$2.26	CAD \$1.59
Warrants exercisable at June 30, 2025	700,000	CAD \$0.95 to \$2.26	CAD \$1.53

The warrants that are outstanding as of June 30, 2025, are summarized as follows:

Warrants Outstanding	Warrant Exercise Price	Weighted Average Remaining Life
200,000	CAD \$0.95	1.47 years
200,000	CAD \$1.27	1.23 years
125,000	CAD \$1.27	1.23 years
175,000	CAD \$1.41	1.23 years
200,000	CAD \$1.55	1.23 years
250,000	CAD \$1.98	1.23 years
250,000	CAD \$2.26	1.23 years
1,400,000	CAD \$1.59	1.26 years

Total share-based compensation expense recognized in relation to warrants was nil in the three months ended June 30, 2025 (2024 - nil).

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10. Contributed Surplus

The following is a continuity schedule of contributed surplus:

	June 30, 2025	June 30, 2024
Balance, beginning of year	\$ 2,291,896	\$ 2,251,896
Share-based compensation (Note 10(c), (d))	-	-
Balance, end of period	\$2,291,896	\$ 2,251,896

11. (Loss)/income per Common Share

The basic (loss)/income per common share is calculated using net (loss)income divided by the weighted-average number of common shares outstanding. The diluted (loss)income per common share is calculated using net (loss)income divided by the weighted-average number of diluted common shares outstanding, as adjusted with the treasury stock method. 16,117,564 (2024 - 17,127,564), is calculated from 15,477,564 (2024 - 15,412,564) and adding in 440,000 options and 200,000 warrants (2024 - 1,015,000) were included in calculating the weighted-average number of diluted common shares outstanding for the six months ended June 30, 2025, and 2024 because the Company was in a net income position 1,200,000 warrants were excluded in calculating the weighted-average number of diluted common shares outstanding, because the warrants are issued at a higher price than current stock price therefore any exercise would be anti-dilutive.

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, 2025			
Revenue	\$ 4,905,249	\$ 1,860,733	\$ 6,765,982
Net income/(loss)	151,762	(209,540)	(57,778)
Long term assets	5,034,038	7,288,917	12,322,955
For the six months ended June 30, 2024			
Revenue	\$ 6,348,080	\$ 2,258,987	\$ 8,607,067
Net loss	815,670	(214,532)	701,228
Long term assets	5,313,940	7,292,335	12,606,275

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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, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
At FVTPL				
Cash	\$ 2,930,207	\$ 2,930,207	\$ 2,991,536	\$ 2,991,536
At FVOCI				
Investment	3,015,066	3,015,066	3,978,749	3,978,749
At Amortized cost				
Accounts receivable	2,328,482	2,328,482	2,474,166	2,474,166
Accounts payable and accrued liabilities	932,461	932,461	999,231	999,231

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

	Total	Level 1	Level 2	Level 3
Assets				
Cash	\$ 2,930,207	\$ 2,930,207	\$ -	\$ -
Investment	3,015,066	3,015,066	-	-

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.

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.

Risk Related to Tariffs

The Company imports raw materials both into and from U.S/Canada as well as sells parts from Canada into the U.S. with the changes to the current economic conditions we could be faced with increased tariffs on both import and/or exports of goods.

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13. Financial Instruments – continued

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 California Nano. 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, 2025, a 1% change in the price of the investment would have an impact of \$32,444 annually (December 31, 2024 - \$39,787).

Liquidity Risk

The Company had \$2,930,207 in cash on hand at June 30, 2025, and had no borrowing at June 30, 2025, or December 31, 2024. 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, 2025					
Accounts payable and accrued liabilities	\$ 932,461	\$ -	\$ -	\$ -	\$ 932,461
Total	\$ 932,461		\$ -	\$ -	\$ 932,461
December 31, 2024					
Accounts payable and accrued liabilities	\$ 999,231	\$ -	\$ -	\$ -	\$ 999,231
Total	\$ 999,231	\$ -	\$ -	\$ -	\$ 999,231

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, 2025, the Company had one customer who each accounted for in excess of 10% of revenue for \$1,747,160 or 26% of sales (June 30, 2024 – one customer totaling \$1,470,823 million or 17% 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, 2025	\$ 2,328,482	\$ 1,515,358	\$ 647,423	\$ 63,028	\$ 102,673
December 31, 2024	\$ 2,474,166	\$ 1,746,374	\$ 431,784	\$ 118,156	\$ 177,852

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 and its revolving line of credit 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.