Omni-Lite Industries Canada Inc.
Unaudited Condensed Consolidated Financial Statements
For the interim three and six months ended June 30, 2026, and 2025
(in United States Dollars)

Contents

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, 2026, and 2025.

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, 2026, and 2025 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, 2026 and 2025 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 18, 2026

*"**Jan Holland**" signed*

Jan Holland
Director
Cerritos, California, USA
August 18, 2026

Consolidated Statements of Financial Position

	Note		June 30, 2026		December 31, 2025
Assets					
Current					
Cash		$	**3,142,737**	$	2,839,578
Accounts Receivable			**3,770,192**		2,954,184
Inventory	4		**5,052,112**		4,473,736
Prepaid Expenses			**154,292**		225,256
Total Current Assets		$	**12,119,333**	$	10,492,754
Long-Term					
Investment	5		**1,543,604**		1,702,252
Property, Plant and Equipment, net	6		**7,817,713**		7,965,736
Intangible assets and Goodwill	7		**737,082**		738,611
Deposits			**59,358**		60,473
Total Assets		$	**22,277,090**	$	20,959,826
Liabilities					
Current					
Accounts Payable and Accrued Liabilities		$	**1,306,034**	$	1,071,698
Lease Liability	9		**654,249**		370,626
Income Tax Payable			**-**		44,064
Deferred Revenue			**6,370**		6,370
Total Current Liabilities		$	**1,966,653**		1,492,758
Long-Term					
Lease Liability	9		**4,629,689**		4,769,135
Deferred tax liability			**440,991**		153,345
Total Liabilities		$	**7,037,333**	$	6,415,237
Shareholders' Equity					
Share Capital	10		**11,293,198**		11,293,198
Contributed Surplus	11		**2,291,896**		2,291,896
Retained Earnings			**934,415**		12,510
Accumulated Other Comprehensive Income			**720,247**		946,985
Total Shareholders' Equity		$	**15,239,757**	$	14,544,589
Total Liabilities and Shareholders' Equity		$	**22,277,090**	$	20,959,826

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

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

	Note	For the six month period ended June 30, 2026	For the six month period ended June 30, 2025	For the three month period ended June 30, 2026	For the three month period ended June 30, 2025
Revenue		$ 9,178,266	$ 6,765,982	$ 4,795,408	$ 3,458,688
Cost of goods sold		6,164,668	5,431,968	3,205,614	2,900,839
Gross margin		**3,013,598**	**1,334,014**	**1,589,794**	**557,849**
Overhead expenses					
Selling, general and administrative		1,168,386	788,670	632,913	440,634
Amortization of intangible assets		-	24,139	-	12,293
Total overhead expenses		1,168,386	812,809	632,913	452,927
Research and product design		162,728	208,793	84,444	113,609
Income/(Loss) from operations		**1,682,484**	**312,411**	**872,438**	**(8,687)**
Other income (expense)					
Interest income		$ 17	$ 18	$ 15	$ 18
Interest expense		(245,003)	(237,800)	(123,919)	(121,220)
Other income		346	25,021	346	24,003
Income/(Loss) before income taxes		**1,437,844**	**99,651**	**748,880**	**(105,885)**
Income tax expense (recovery)					
Current		$ 228,293	$ 4,674	$ 84,573	$ (15,580)
Deferred		$ 287,646	$ 152,755	$ 146,383	$ 75,978
		515,939	157,429	230,956	60,398
Net Income/(loss)		**$ 921,905**	**$ (57,778)**	**$ 517,924**	**$ (166,284)**
Other comprehensive income/(loss)					
Translation of foreign subsidiary		(68,090)	194,878	(191,669)	$ 190,412
Gain (Loss) on investment		(158,648)	(963,682)	77,170	(229,296)
Comprehensive income/(loss)		**$ 695,167**	**$ (826,582)**	**$ 403,425**	**$ (205,168)**
Income/(loss) per share					
- basic		0.06	(0.00)	0.03	(0.01)
- diluted		0.06	(0.00)	0.03	(0.01)
Weighted average shares outstanding					
- basic		15,477,564	15,477,564	15,477,564	15,477,564
- diluted		16,460,064	16,117,564	16,460,064	16,117,564

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

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, 2025		$	11,293,198	$	2,291,896	$	12,510	$	946,985	$	14,544,589
Net income			-		-		921,905		-		921,905
Loss on investment	5		-		-		-		(158,648)		(158,648)
Cumulative translation adjustment			-		-		-		(68,090)		(68,090)
Balance at June 30, 2026		$	11,293,198	$	2,291,896	$	934,415	$	720,247	$	15,239,757

	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)
Loss on investment	5		-		-		-		(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

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

Consolidated Statements of Cash Flows

Statement of Cash Flow — **For the three and six months ended June 30**

	Note	For the six month period ended June 30, 2026	For the six month period ended June 30, 2025	For the three month period ended June 30, 2026	For the three month period ended June 30, 2025
Cash flows from operating activities					
Net income/(loss) for the period		$ 921,905	$ (57,778)	$ 517,924	$ (166,284)
Adjustments for:					
Depreciation		560,756	554,573	281,817	285,170
Amortization of intangible assets		-	24,139	-	12,293
Deferred tax (recovery) expense		287,645	91,056	146,383	43,512
Lease interest expense		244,984	237,800	123,899	121,220
		2,015,289	**849,790**	**1,070,023**	**295,910**
Net change in non-cash working capital items					
Accounts receivable		$ (816,008)	$ 145,684	$ (405,841)	$ (42,160)
Inventory		(578,376)	(416,767)	(297,848)	2,060
Prepaid expenses		70,964	12,302	28,864	12,066
Accounts payable and accrued liabilities		234,336	(66,770)	298,315	(98,440)
Deposits		1,114	6,512	657	6,435
Income taxes payable		(44,064)	-	(259,185)	-
Increase/(Decrease) in cash from operating activities		**$ 883,256**	**$ 530,751**	**$ 434,985**	**$ 175,871**
Cash flows from Financing Activities					
Lease Liability Repayment		$ (459,583)	$ (388,025)	$ (228,680)	$ (193,518)
Increase/(Decrease) in cash from financing activities		**$ (459,583)**	**$ (388,025)**	**$ (228,680)**	**$ (193,518)**
Cash flow from investing activities					
Acquisition of subsidiary net of cash acquired			(255,000)		(255,000)
Purchase of property, plant and equipment		(119,492)	(19,836)	(74,690)	(5,460)
Increase (Decrease) in cash from investing activities		**$ (119,492)**	**$ (274,836)**	**$ (74,690)**	**$ (260,460)**
Currency translation		**(1,022)**	**70,781**	**974**	**76,730**
(Decrease)/Increase in cash		**$ 303,159**	**$ (61,329)**	**$ 132,589**	**$ (201,377)**
Cash, beginning of period		**$ 2,839,578**	**$ 2,991,536**	**$ 3,010,148**	**$ 3,131,585**
Cash, end of period		$ 3,142,737	$ 2,930,207	$ 3,142,737	$ 2,930,207
Right of use assets obtained in exchange for lease liabilities		364,655		364,655	

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, 2026, 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 18, 2026. Its head office, research and development, and production operations are located at 17210 Edwards Road, Cerritos, California, 90703, USA. A corporate, registered office is located at 110 Yonge Street, Suite 1601, Toronto, ON M5C 1T4. 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, 2026.

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, 2025, and 2024. 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.

3. Business Combination

On April 23, 2025, the Company's wholly owned subsidiary Monzite Corporation ("Monzite") entered into an agreement with shareholders of Electronic Components Inc. to acquire all of the shares of Electronic Components Inc. for $350,000 cash (the "Acquisition"). This Acquisition was completed on April 23, 2025 (the "Effective Acquisition Date"). The Acquisition has been accounted for as a business combination using the acquisition method whereby the net assets acquired, and liabilities assumed are recorded at fair value. The preliminary purchase price allocation is based on management's best estimates of fair values of Electronic Components' assets and liabilities as at the Effective Acquisition Date. Future adjustments to estimates may be required.

	April 23, 2025
Cash	$ 77,772
Accounts receivable	37,565
Inventory	67,206
Customer relationship	130,000
Accounts payable	(70,980)
Other current liabilities	(21,458)
Deferred tax liability	(35,100)
Net assets acquired	185,005
Cash paid on acquisition	350,000
Goodwill	164,995

The fair values of trade accounts receivable, inventory, accounts payable, and other current liabilities approximate their carrying values due to the short-term maturity of the instruments. The fair value of customer relationship was determined by utilizing market-based valuation approach.

4. 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, 2026, was $3,205,614 (2025 - $2,900,839).

	June 30, 2026	June 30, 2025
Raw Materials	912,696	944,401
Tooling	944,824	724,198
Work in Progress	1,707,088	1,561,300
Finished Goods	1,487,504	1,466,478
Total	**$ 5,052,112**	$ 4,696,377

5. Investment

At June 30, 2026, the long-term investment consists of an equity investment of 7,073,970 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, 2024	$ 3,978,749
Loss from market price valuation	(2,276,497)
Investment at December 31, 2025	1,702,252
Loss from market price valuation	(158,648)
Investment at June 30, 2026	**$ 1,543,604**

6. Property, Plant and Equipment

	Production Equipment	Other Equipment	Right-of-Use Assets	Totals
At December 31, 2024	**$18,551,418**	**$301,294**	**$4,330,120**	**$23,182,832**
Additions	55,295	-	-	55,295
Currency translation	103,878	17,588	107,015	225,481
At December 31, 2025	**$18,710,591**	**$318,882**	**$4,437,135**	**$23,466,608**
Additions	119,492	-	364,655	484,147
Currency translation	(80,611)	(4,785)	(11,006)	(96,402)
At June 30, 2026	**$18,749,472**	**$314,097**	**$4,790,784**	**$23,854,353**
Accumulated depreciation				
At December 31, 2024	**$12,490,666**	**$232,368**	**$1,579,492**	**$14,302,526**
Depreciation	624,488	4,905	480,645	1,110,038
Currency translation	36,516	3,811	47,981	88,308
At December 31, 2025	**$13,151,670**	**$241,084**	**$2,108,118**	**$15,500,872**
Depreciation	315,857	-	244,899	560,756
Currency translation	(41,502)	(3,986)	20,500	(24,988)
At June 30, 2026	**$13,426,025**	**$237,098**	**$2,373,517**	**$16,036,640**
Net book value				
At December 31, 2025	$5,558,921	$77,798	$2,329,017	$7,965,736
At June 30, 2026	**$5,323,447**	**$76,999**	**$2,417,267**	**$7,817,713**

7. Intangible Assets

	Customer Relationships	Goodwill	Patents	Totals
Cost				
December 31, 2025	**$617,741**	**$572,165**	**$6,285**	**$1,196,191**
Foreign currency translation	(5,251)	-	-	(5,251)
June 30, 2026	**$612,490**	**$572,165**	**$6,285**	**$1,190,940**
Accumulated amortization				
December 31, 2025	$457,580	$ -	$ -	$457,580
Amortization	-	-	-	-
Foreign currency translation	(3,722)	-	-	(3,722)
June 30, 2026	**$453,858**	**$ -**	**$ -**	**$453,858**
Net book value				
December 31, 2025	$160,161	$572,165	$6,285	$738,611
June 30, 2026	$159,632	$572,165	$6,285	$737,082

8. Related Party Transactions and Balances

The Company's Designed Precision Castings subsidiary leases a facility from Candeco Realty Limited, a company in which one of the Company's directors, Jan Holland, is its Chairman and CEO and a 20% shareholder. During the three months ended June 30, 2026, the Company made lease-related payments of $62,861 (2025 – $70,849) in respect of this arrangement. As of June 30, 2026, amounts of remaining lease obligations to this related party totaled $1,095,867 (2025 - $1,299,864). The transaction was undertaken in the normal course of business. During the year ended December 31, 2025, the Company paid financial advisory fee of $20,000 to Cypress Partners LLC, a firm at which a Director of the Company, Charles Samkoff, is a Managing Director of such firm.

8. Related Party Transactions and Balances – 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., 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 Corporation (New Hampshire, USA)	100%	Wholly 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
Electronic Components Inc.	100%	Wholly owned subsidiary of Monzite Corporation, which was acquired on April 23, 2025.	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

9. Lease Liability

	June 30, 2026	December 31, 2025
Opening Balance January 1	**$ 5,139,760**	$ 5,526,224
Payments	**(459,583)**	(868,935)
Interest	**244,984**	488,129
Additions	**364,655**	-
Currency translation	**(5,878)**	(5,658)
Lease liability end of period	**$ 5,283,938**	$ 5,139,760
Less current portion	**(654,249)**	(370,626)
Long term portion	**$ 4,629,689**	$ 4,769,134

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

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 $78,995 document (2025 - $64,220).

10. Share Capital

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

b) Issued:

	Number of Shares	Amount
Issued and outstanding June 30, 2026	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, 2025	440,000	CAD $0.60 to $1.37	CAD $0.89
Options outstanding at June 30, 2026	**440,000**	**CAD $0.60 to $1.37**	**CAD $0.89**

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

The options that are outstanding at June 30, 2026, 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	0.37 years
300,000	CAD $0.90-$0.92	CAD $0.91	0.42 years
440,000	CAD $0.76-$0.92	CAD $0.89	0.40 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 $0.89	0.40

10. 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 months ended June 30, 2026, was nil (2025- nil).

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 exercisable June 30, 2025	700,000	CAD $0.95 to $2.26	CAD $1.59
Total warrants exercisable at June 30, 2026	**542,500**	**CAD $0.95 to $2.26**	**CAD$1.41**

The warrants that are outstanding as of June 30, 2026, are summarized as follows:

Warrants Outstanding	Warrant Exercise Price	Weighted Average Remaining Life
200,000	CAD $0.95	0.47 years
102,312	CAD $1.27	0.23 years
48,038	CAD $1.41	0.23 years
54,900	CAD $1.55	0.23 years
68,625	CAD $1.98	0.23 years
68,225	CAD $2.26	0.23 years
542,500	CAD $1.41	0.27 years

Total share-based compensation expense recognized in relation to warrants was nil in the three months ended June 30, 2026 (2025 - nil).

11. Contributed Surplus

The following is a continuity schedule of contributed surplus:

	June 30, 2026	June 30, 2025
Balance, beginning of year	**$ 2,291,896**	$ 2,291,896
Share-based compensation (Note 10)	**-**	-
Balance, end of period	**$2,291,896**	$ 2,291,896

12. Income/(loss) per Common Share

The basic income per common share is calculated using net income divided by the weighted-average number of common shares outstanding. The diluted income per common share is calculated using net income divided by the weighted-average number of diluted common shares outstanding, as adjusted with the treasury stock method. 16,460,064 (2025 – 16,617,564), is calculated from 15,477,564 (2025 - 15,477,564) and adding in 440,000 options (2025 – 440,000) and 542,500 warrants (2025 – 700,000) were included in calculating the weighted-average number of diluted common shares outstanding for the three months ended June 30, 2026, and 2025 because the Company was in a net income position.

13. 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, 2026			
Revenue	**$ 7,199,282**	**$ 1,978,984**	**$ 9,178,266**
Net income/(loss)	**1,212,086**	**(290,181)**	**921,905**
Long term assets	**4,994,855**	**5,162,902**	**10,157,757**
For the six months ended June 30, 2025			
Revenue	$ 4,905,249	$ 1,860,733	$ 6,765,982
Net loss	151,762	(209,540)	(57,778)
Long term assets	5,034,038	7,288,917	12,322,955

14. 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, 2026		December 31, 2025	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
At FVTPL				
Cash	**$ 3,142,737**	**$ 3,142,737**	$ 2,839,578	$ 2,839,578
At FVOCI				
Investment	**1,543,604**	**1,543,604**	1,702,252	1,702,252
At Amortized cost				
Accounts receivable	**3,770,192**	**3,770,192**	2,954,184	2,954,184
Accounts payable and accrued liabilities	**1,306,032**	**1,306,032**	1,071,698	1,071,698

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

14. Financial Instruments – continued

	Total	Level 1	Level 2	Level 3
Assets				
Cash	$ 3,142,737	$ 3,142,737	$ -	$ -
Investment	1,543,604	1,543,604	-	-

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.

<u>Foreign Currency Risk</u>
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.

<u>Risk Related to Tariffs</u>
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.

<u>Other Price Risk</u>
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, 2026, a 1% change in the price of the investment would have an impact of $14,664 annually (December 31, 2025 - $32,444).

<u>Liquidity Risk</u>
The Company had $3,142,737 in cash on hand at June 30,2026, and had no borrowing at June 30, 2026, or December 31,2025. If the Company should need additional liquidity, it would pursue asset-based lending secured by its assets.

14. Financial Instruments – continued

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, 2026					
Accounts payable and accrued liabilities	**$ 1,306,032**	***$*** **-**	**$ -**	**$ -**	**$ 1,306,032**
Total	**$ 1,306,032**		**$ -**	**$ -**	**$ 1,306,032**
December 31, 2025					
Accounts payable and accrued liabilities	$ 1,071,698	$ -	$ -	$ -	$ 1,071,698
Total	$ 1,071,698	$ -	$ -	$ -	$ 1,071,698

Credit Risk
The Company manages its exposure to credit risk associated with cash and maintaining tits bank with large, reputable financial institutions. Credit risk associated with accounts receivable is managed by transaction with customers that the Company considers to be financially sound, based on an assessment of each customer's financial condition and creditworthiness. For the six months ended June 30, 2026, the Company had one customer who accounted for in excess of 10% of revenue for $1,323,299 or 14% of sales (June 30, 2025 – one customer totaling $1,747,161 or 26% of sales). The Company's maximum exposure to credit risk is represented by the carrying amounts in cash, accounts receivable, and amounts due from related parties. 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, 2026	**$ 3,770,192**	**$ 2,881,538**	**$ 500,843**	**$ 310,441**	**$ 77,380**
December 31, 2025	$ 2,954,184	$ 2,075,780	$ 578,325	$ 259,708	$ 40,371

15. 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.

16. Subsequent Events

None.