



Omni-Lite Industries Canada Inc.
Management Discussion and Analysis
For the Quarter Ended June 30, 2026

The Management Discussion and Analysis (“MD&A”) of financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes of Omni-Lite Industries Canada Inc. for the three and six months ended June 30, 2026. Omni-Lite Industries Canada Inc. (“Omni-Lite” or the “Company”) reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB. The Company’s functional currency is the United States (“U.S.”) dollar and all amounts in this MD&A are expressed in U.S. dollars. This discussion has been completed as of August 18, 2026.

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and therefore are considered non-IFRS measures. These measures are described and presented in order to provide shareholders and potential investors with additional information regarding the Company’s financial results, liquidity, and its ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. However, they should not be used as an alternative to IFRS measures because they may not be consistent with calculations of other companies.

Company Overview

Omni-Lite is managed as a single business by its chief operating decision-makers. The Company has three business segments: forged, electronic and investment casting components. Through its wholly owned subsidiaries, the Company designs, engineers, manufactures, and markets specialized components to a broad spectrum of Fortune 500 customers. Its components are utilized in the products produced by Boeing, Airbus, Bombardier, Ford, L3Harris Technologies, Lockheed Martin, Raytheon, Pratt and Whitney, the U.S. military, Nike and Adidas among others. The requirements and stature of these customers necessitate that the Company operate at very high levels of engineering proficiency and production efficiency.

Omni-Lite’s forged products business is conducted in Cerritos, California. Omni-Lite is a recognized precision manufacturer of forged products which employs material science research and development to produce products for mission critical applications in the commercial and defense aerospace, automotive and industrial markets. Omni-Lite’s specialized, computer-controlled hot and cold forging systems combined with its design and materials science expertise have enabled us to address our customers’ demanding application needs. In addition, the Company’s range of equipment and production capacity allow it to respond to a wide range of complex high-volume requirements.

Monzite, the Company’s electronics business is conducted in Nashua, New Hampshire, a value-add contract manufacturer of electronic components for high performance electronic sensors, OEM system integrators serving the defense, aerospace, medical, industrial IoT, and secure communications markets. Monzite brings together the natural marriage of high-performance microelectronics and advanced materials where small form factor is a premium, and strong product design manufactured to operate in harsh environments is critical to yielding the performance required of its customers’ platforms.

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Designed Precision Castings (“DP Cast”), the Company’s investment castings business is conducted in Brampton, Ontario, where it manufactures ferrous, non-ferrous, and light-alloy investment castings of highly engineered, high-performance hardware and structural components for aerospace, defense, nuclear, and industrial applications. DP Cast’s vertically integrated manufacturing capabilities, including its proprietary fill systems and adoption of robotics and automation, combined with critical regulatory compliance and customer performance requirements, enable it to demonstrate a high degree of competitive differentiation and barriers to entry relative to its competitors.

Electronic Components Manufacturing (“eComp”), the Company’s value-added manufacturer and distributor of hard-to-find electronic components serving the aerospace & defense, medical, and energy sectors complements Monzite’s electronic technology capabilities to expand our revenue from high-performance electronic products for top aerospace and defense primes.

To drive future growth, Omni-Lite may fund research and development of new products and materials and, if appropriate, apply for patents to protect the intellectual property that pertains to its business. To date, the Company has been granted ten U.S. patents covering innovations in materials, processes, and design.

Selected Consolidated Financial Information

All figures are in US dollars except as noted.

Summary of Financial Highlights

	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Revenue	\$4,795,408	\$3,458,688	\$9,178,266	\$6,765,982
Adjusted EBITDA ⁽¹⁾	925,575	95,257	1,783,656	503,099
Net Income/(Loss)	517,924	(166,284)	921,905	(57,778)
Diluted EPS	\$ 0.03	\$ (0.01)	\$0.06	\$(0.00)
Free Cash Flow ⁽¹⁾	\$131,615	\$(23,107)	\$304,181	\$122,890
Total Assets	22,277,090	22,479,578	22,277,090	22,479,578
Diluted Shares Outstanding	16,460,064	16,117,564	16,460,064	16,117,564

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Results from Operations for the Three and Six Months Ended June 30, 2026

Revenue

For the three months ended June 30, 2026, Omni-Lite reported revenue of \$4,795,408, an increase of 39% from \$3,458,688 in the period ended June 30, 2025. For the six months ended June 30, 2026, Omni-Lite reported revenue of \$9,178,266, an increase of 36% from \$6,765,982 in the period ended June 30, 2025. The increase in revenue was attributed to an increase in volume across the Company's forged and electronic components product lines, along with improved production utilization and stronger customer order activity in the aerospace and defense sectors.

Cost of Goods Sold ("CoGS")

For the three months ended June 30, 2026, cost of goods sold ("COGS") was \$3,205,614 as compared to \$2,900,839 in the three months ended June 30, 2025. For the six months ended June 30, 2026, COGS was \$6,164,668 as compared to \$5,431,968 in the six months ended June 30, 2025. The Company had an increase in material costs due to the increase in sales, as well as a better utilization of labor.

Overhead Expenses

Overhead expenses for the three months ended June 30, 2026, were \$632,913 as compared to \$452,927 for the three months ended June 30, 2025, an increase of \$179,986 or 40%. Overhead expenses for the six months ended June 30, 2026, were \$1,168,386 as compared to \$812,810 for the six months ended June 30, 2025, an increase of 44%. The increase in overhead expenses was primarily related to an increase in outside consulting services, and higher personnel-related costs.

Research and Product Design ("R&D") Expenses

For the three months ended June 30, 2026, R&D expenses were \$84,444 as compared to \$113,609 in the three months ended June 30, 2025. For the six months ended June 30, 2026, R&D expenses were \$162,728 as compared to \$208,793 in the six months ended June 30, 2025. The decrease was due to the timing of development activity across new product initiatives.

Interest Expense/Income and Other Income/Expense

Interest expense was \$123,919 in the three months ended June 30, 2026, as compared with \$121,220 in the three months ended June 30, 2025. Interest expense was \$245,003 in the six months ended June 30, 2026, as compared with \$237,800 in the six months ended June 30, 2025. The interest expense in both the three and six months ended June 30, 2026, and June 30, 2025, was non-cash interest expense associated with IFRS 16 lease accounting. Other Income was \$346 in the three and six months ended June 30, 2026, respectively. Other Income was \$24,003 and \$25,021 in the three and six months ended June 30, 2025, respectively.

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Income Tax Provision

The income tax provision in the three months ended June 30, 2026, was an expense of \$230,956 as compared to a provision of \$60,398 in the three months ended June 30, 2025. The income tax provision in the six months ended June 30, 2026, was a provision of \$515,939 as compared to a provision of \$157,429 in the six months ended June 30, 2025.

Net Income/(Loss)

Net Income was \$517,924 in the three months ended June 30, 2026, as compared to net loss of \$(166,284) in the three months ended June 30, 2025. Net income was \$921,905 in the six months ended June 30, 2026, as compared to net loss of \$(57,778) in the six months ended June 30, 2025.

Income/(Loss) Per Share

Basic income (Loss) per share was \$0.03 in the three months ended June 30, 2026, as compared to Basic (Loss) per share of \$(0.01) in the three months ended June 30, 2025, based on the weighted average shares outstanding of 15,477,564 in the three months ended June 30, 2026 and June 30, 2025. Basic Income/(loss) per share was \$0.06 in the six months ended June 30, 2026, as compared to \$(0.00) in the six months ended June 30, 2025, based on the weighted average shares outstanding of 15,477,564 in the three months ended June 30, 2026, and June 30, 2025.

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 – 16,117,564), is calculated from 15,477,564 (2025 - 15,477,564) and adding in 440,000 options (2025 – 440,000) and 542,500 warrants (2025 – 200,000) were included in calculating the weighted-average number of diluted common shares outstanding for the three months ended June 30, 2026, and 2025.

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding for the year. The Company follows the treasury stock method for the computation of diluted per share amounts. This method assumes the proceeds from the exercise of dilutive options are used to purchase common shares at the weighted average market price during the period. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments, in accordance with standards approved by the Canadian Institute of Chartered Accountants.

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Quarterly Information

The following table summarizes the Company's financial performance over the last eight fiscal quarters. *All figures are in US dollars except as noted.*

	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sept 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024
Revenue	\$4,795,408	\$4,382,859	\$4,116,961	\$4,041,121	\$3,458,688	\$3,307,294	\$3,490,835	\$3,778,058
Adjusted EBITDA ⁽¹⁾	925,575	858,082	61,335	325,717	95,257	407,842	(82,889)	187,318
Net Income/(Loss)	517,924	403,980	178,616	(2,659)	(166,284)	108,506	20,761	(107,463)
EPS Income/(Loss) – Basic	\$0.03	\$0.03	\$0.02	\$(0.00)	\$(0.01)	\$0.01	\$0.01	\$(0.01)
Free Cash Flow ⁽¹⁾	131,615	170,692	163,985	(78,430)	(23,107)	145,997	50,827	420,446

Omni-Lite's management measures the performance of the Company by the metrics, among others, Adjusted EBITDA,⁽¹⁾ Free Cash Flow⁽¹⁾ and Adjusted Free Cash Flow⁽¹⁾, as the case may be.

The components of Free Cash Flow⁽¹⁾ for the 6-month period ended June 30 are as follows:

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Cash Flow from Operations	\$ 883,256	\$530,751
Capital Expenditures	(119,492)	(19,836)
Lease Expense	(459,583)	(388,025)
Free Cash Flow	\$304,181	\$ 122,890

- (1) Adjusted EBITDA is a non-IFRS financial measure defined as earnings before interest income, interest expense, taxes, depreciation (net of lease expense), amortization, stock-based compensation, and non-recurring items, if any. Free Cash Flow is a non-IFRS financial measure defined as cash flow from operations minus capital expenditures and lease expense. These are non-IFRS financial measures, as defined herein, and should be read in conjunction with IFRS financial measures. The non-IFRS financial measures used herein may not be comparable to similarly titled measures reported by other companies. We believe the use of Adjusted EBITDA, Free Cash Flow and Adjusted Free Cash Flow, along with IFRS financial measures enhances the understanding of our operating results and may be useful to investors in comparing our operating performance with that of other companies and evaluating our enterprise value. Adjusted EBITDA is also a useful tool in evaluating the operating results of the Company given the significant variation that can result from, for example, the timing of capital expenditures and the amount of working capital in support of our customer programs and contracts. We use Adjusted EBITDA, Free Cash Flow and Adjusted Free Cash Flow internally to evaluate the operating performance of the Company, to allocate resources and capital, and to evaluate future growth opportunities.

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The Components of Adjusted EBITDA⁽¹⁾ for the 3 and 6-month period ended June 30 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net Income/(Loss)	\$518	\$ (166)	\$ 922	\$ (58)
Adjustments:				
Interest Expense, Net	124	97	245	238
Income Tax Provision	231	60	516	132
Operating Income	\$ 873	\$ (9)	\$ 1,683	\$ 312
Depreciation	282	286	561	555
Amortization	0	12	0	24
EBITDA	\$ 1,155	\$ 289	\$ 2,244	\$ 891
Adjustments:				
Lease Expense (1)	(229)	(194)	(460)	(388)
Stock-based Compensation	0	0	0	0
Adjusted EBITDA (2)	\$ 926	\$ 95	\$ 1,784	\$ 503
Revenue	\$ 4,795	\$ 3,459	\$ 9,178	\$6,766
Net Income margin	10.8%	-4.8%	10.0%	-0.9%
Adjusted EBITDA margin	19.3%	2.7%	19.4%	7.4%

Liquidity and Capital Resources

The following table summarizes the Company's cash flows by activity and cash on hand:

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Net cash provided by Operations	\$ 883,256	\$ 530,751
Net cash (used) from Financing Activities	(459,583)	(388,025)
Net cash (used) in Investing Activities	(119,492)	(274,836)
Translation gain	(1,022)	70,781
Net increase/(decrease) in cash	\$ 303,159	\$ (61,329)
Cash at the beginning of the period	\$ 2,839,578	\$ 2,991,536
Cash at the end of the period	\$ 3,142,737	\$ 2,930,207

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Cash Flows from Operations

For the six months ended June 30, 2026, cash flow from operations was a source of cash of \$883,256 as compared to a source of \$530,751 in the six months ended June 30, 2025. Net income/(loss) for the six months ended June 30, 2026, after non-cash items was \$2,243,583, as compared to \$849,790 in the six months ended June 30, 2025.

Cash Flows from Financing Activities

Cash used for financing activities was a use of \$459,583 in the six months ended June 30, 2026, as compared to a use of \$388,025 for the six months ended June 30, 2025, related to lease liability repayment.

Cash Flow from Investing Activities

In the six months ended June 30, 2026, \$119,492 was used for investing activities, which was related to purchase of fixed assets as compared to \$274,836 in the six months ended June 30, 2025, which was used for investing activities, with \$350,000 cash purchase price, with a result of \$255,000 adjustment for intangibles and goodwill, for the purchase of eComp.

The Company's liquidity needs are currently expected to be met through a variety of sources including cash on hand and cash provided by operations.

The Company's lease liabilities are as follows:

	June 30, 2026	December 31, 2025
Opening Balance January 1	\$ 5,139,760	\$ 5,526,224
Payments	(459,583)	(868,935)
Interest	245,240	488,129
Additions	364,655	-
Currency translation	(5,878)	(5,658)
Lease liability end of period	<u>\$ 5,283,938</u>	<u>\$ 5,139,760</u>
Less current portion	(654,249)	(370,626)
Long term portion	<u>\$ 4,629,689</u>	<u>\$ 4,769,134</u>

The incremental borrowing rate used to calculate the lease liabilities was 9%. Additionally, recorded in the CoGS, 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 (2025 - \$64,220).

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Transactions with Related Parties

During the six months ended June 30, 2026, the Company had the below related party transactions and balances not disclosed elsewhere in these condensed consolidated financial statements:

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.

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.

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
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

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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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Outstanding Share Capital

As of June 30, 2026:

- 15,477,564 Common Shares were issued and outstanding
- 440,000 Share Options outstanding; 440,000 exercisable (at a weighted average exercise price of C\$0.89).
- 542,500 Warrants outstanding; 542,500 exercisable (at a weighted average strike price of C\$1.41).

Capital Structure

The Company's capital structure is managed with the objective that the Company has the financial capacity, liquidity, and flexibility to fund organic and inorganic (M&A) growth initiatives, capital expansion programs and projects, and research and product development efforts. The capital structure of the Company may consist of cash, short-term borrowings, long-term borrowings, leases, and equity (comprised of issued preferred and common capital, contributed surplus and retained earnings). The Company generally relies on its cash, working capital, operating cash flow and, if warranted and available, a revolving line of credit to fund operations, to fund: operations, product development activities, possible expansions and acquisitions. 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 appropriate working capital balances to allow for the ability to obtain short-term or long-term debt for the appropriate circumstances. The Company monitors and assesses its capital structure by reviewing, as appropriate, its borrowing base, leverage (net debt) and interest coverage ratios.

Segment Information

The origin of the Company's production and sales activities reside in Cerritos, California in the heart of Southern California's aerospace and defense industry which facilitates access to customers, specialized equipment, materials, and workforce. In September 2018, Omni-Lite acquired its wholly owned subsidiary, Monzite, a private company based in Nashua, New Hampshire. Monzite manufactures multi-chip microelectronic components for aerospace, defense, industrial and medical applications. In December 2021, the Company acquired DP Cast, a private company based in Brampton, Ontario. DP Cast is a prominent investment castings manufacturer and marketer of highly engineered, high-performance, hardware and structural components for aerospace, defense, industrial and energy applications. In April 2025, the Company acquired eComp based in Massachusetts which is primarily an electronic components business. Revenue and net income/(loss) income by geographic regions are as follows:

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	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

Financial Instruments

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	1,306,034	1,306,034	1,071,698	1,071,698

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

	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 amounts due from related parties approximates its fair value due to CalNano's historic record of loss generation. The carrying value of bank indebtedness approximates its fair value due to the market rate of interest applied.

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The Company owns 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 contracts off of its Statement of Financial Position to manage these risks.

The current ratio defined as the current assets divided by current liabilities at June 30, 2026, was 5.1, as compared to 7.0 at December 31, 2025. The Acid ratio defined as the company's cash, cash equivalents and marketable securities divided by its total current liabilities was 1.98 at June 30, 2026, as compared to 3.0 at December 31, 2025.

Asset Protection

As Omni-Lite's revenues increase, the Company could be subject to the risk that other corporations would like to imitate the successes that have been achieved. The Company has and will continue to strive to protect itself through a variety of means including:

- Patent and trademark protection – The Company protects novel ideas and processes developed at Omni-Lite by filing with the U.S. Patent and Trademark Office. Omni-Lite has received ten patents.
- Confidentiality agreements – The Company may use confidentiality agreements to prevent employees and third parties from sharing any information considered proprietary with unauthorized individuals or companies.

Risk Factors

Capability to Deliver Results

Omni-Lite's results are dependent on a number of factors including customer demand, market conditions, the Company's continued success in materials and production methods, foreign exchange rates, effective marketing, retention of management and operational expertise, and continued access to the financial markets.

Economic Factors

The Company's business and operating performance is subject to economic forces beyond its control, such as changes in consumer preferences, spending patterns, government fiscal budget and appropriations and general economic conditions.

Business Risk Factors

The Company operates in the manufacturing sector and is subject to a number of risks and uncertainties that could materially affect its operating results, financial condition, and future performance. These risks are not exhaustive, and additional risks and uncertainties may arise that are not currently known to management or are not presently considered material.

1. Market Cyclicalality

The Company's revenues are dependent on industries such as aerospace, defense, specialty automotive, and sports and recreation, all of which are subject to cyclical demand fluctuations. Economic downturns, changes in government spending, or reduced customer capital expenditures may negatively impact order volumes. The Company seeks to mitigate this risk through diversification across customers and end markets.

2. Technology and Competitive Environment

Advances in materials science, manufacturing processes, or alternative technologies developed by competitors may reduce demand for the Company's products or weaken its competitive position. The Company mitigates this risk through ongoing investment in research and development and maintains a focus on advanced materials and high-performance applications. The Company is also a co-founder and significant shareholder of California Nanotechnologies Corp. ("CalNano"), which is engaged in advanced nanotechnology and materials science research aimed at supporting next-generation commercial applications.

3. Revenue Growth Uncertainty

There can be no assurance that the Company will achieve revenue growth consistent with historical performance. Future growth depends on the successful identification of new programs, customer demand, and the Company's ability to convert development opportunities into production contracts.

4. Raw Material Availability and Cost Volatility

The Company is exposed to fluctuations in raw material pricing and availability. Certain materials are sourced from a limited number of suppliers, which may create supply constraints or price volatility. Delays or increased costs in obtaining raw materials could negatively impact production efficiency and margins.

5. Customer-Supplied Materials

In certain programs, customers supply raw materials required for production. Delays, quality issues, or inconsistencies in customer-supplied materials may result in production delays or increased operational costs.

6. Labor and Employee Costs

The Company operates in regions with strong competition for skilled manufacturing and technical labor, including Southern California, New Hampshire, and Ontario. Increases in labor costs or difficulty attracting and retaining qualified personnel could impact operating margins and execution capacity. The Company uses incentive-based compensation, including equity participation programs, to support recruitment and retention.

7. Key Personnel Dependence

The Company's performance depends on the continued services of key management, technical personnel, and members of the Board of Directors. The loss of key individuals could adversely affect strategic execution, operations, and financial performance. The Company seeks to mitigate this risk through compensation programs, including stock-based incentives.

8. Quality and Certification Risk

The Company's operations require adherence to strict quality standards, including AS9100 and ISO 9001:2015 certifications. Any failure to maintain quality standards, or quality issues from suppliers, could result in production delays, customer dissatisfaction, or loss of business.

9. Manufacturing and Facility Risk

The Company's manufacturing facilities are subject to operational risks, including equipment failure, supply chain interruptions, and production downtime. Additionally, the facilities are exposed to risks of catastrophic loss due to fire, flood, terrorism, earthquakes, or other natural or man-made disasters. Although the Company maintains insurance coverage, there can be no assurance that such coverage will be sufficient to fully offset losses.

10. Product Development and Long Lead Times

Many of the Company's products require extended development and qualification cycles prior to reaching production. Development timelines can range from several months to over a year depending on product complexity. Delays in development or customer qualification processes may defer revenue recognition and profitability.

11. Tariff and Trade Policy Risk

The Company operates across international borders, primarily between the United States and Canada, and is exposed to changes in tariffs, customs duties, trade restrictions, and other regulatory barriers affecting the import and export of raw materials and finished goods. Increases in tariffs or the introduction of new trade barriers could raise input costs, disrupt supply chains, reduce price competitiveness, or delay shipments. The Company seeks to mitigate these risks through supply chain management, cross-border operational flexibility, and natural hedging where possible; however, there can be no assurance that such measures will fully offset the impact of adverse trade policy changes.

12. Political, Regulatory, and Trade Risk

The Company operates in international markets and is subject to changes in government policies, regulatory frameworks, and procurement rules. Political instability or shifts in defense and industrial procurement priorities could adversely affect demand, costs, or market access.

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13. Taxation Risk

The Company is subject to income and other taxes in multiple jurisdictions. Tax laws and interpretations are subject to change, and tax authorities may challenge the Company's tax positions. Such challenges could result in reassessments, penalties, or increased tax liabilities.

14. Financing and Liquidity Risk

The Company's growth strategy may require access to external financing. While the Company currently generates operating cash flow and maintains liquidity, there is no assurance that additional financing will be available on acceptable terms, or at all, if required in the future.

15. Foreign Currency Risk

The Company is exposed to foreign currency fluctuations primarily through its Canadian operations. While the Company attempts to manage this exposure through natural hedging of assets and liabilities, fluctuations in exchange rates may still impact reported earnings, cash flows, and equity.

16. 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, 2026, a 1% change in the price of the investment would have an impact of \$14,664 annually (December 31, 2025 - \$17,022).

17. Liquidity Risk

At June 30, 2026, the Company had no borrowings and \$3.1 million of cash in the bank. If the Company needs additional liquidity, it could 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 June 30, 2026, and December 31, 2025:

	≤ 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

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18. Credit Risk

The Company manages its exposure to credit risk associated with cash and maintaining its 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

Board of Directors

The Company currently has six directors.

Forward-Looking Statements

In the interest of providing Omni-Lite shareholders and potential investors with information regarding the Company and its subsidiaries, including Management's assessment of Omni-Lite's future plans and operations, certain statements contained in this document constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of the "safe harbor" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements in this document include, but are not limited to, statements with respect to: projections relating to the adequacy of the Company's provision for taxes; and Omni-Lite's projected capital investments. Although these "forward-looking" statements are based on currently available competitive, financial, and economic data and operating plans, they are subject to risks and uncertainties. In addition to general global events outside the Company's control, there are factors which could cause actual results, performance, or achievements to vary from those expressed or inferred herein including risks associated with an investment in the common shares of the Company and the risks related to the Company's business. Risk factors are discussed in greater detail in the section on "Risk Factors" previously in this MD&A. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions, or expectations upon which they are

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based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document, and except as required by law Omni-Lite does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Intention of Management's Discussion and Analysis

This MD&A is intended to provide an explanation of financial and operational performance compared with prior periods and the Company's prospects and plans. It provides additional information that is not contained in the Company's consolidated financial statements.

Additional Omni-Lite Documents are Filed with Canadian Regulatory Agencies

Further information regarding Omni-Lite can be accessed under the Company's public filings found at SEDAR+ and on the Company's website www.omni-lite.com.