General

The following managementôs discussion and analysis (ñMD&Aò) of the financial condition and results of operations of ZTEST Electronics Inc. (ñZTESTò or the ñCompanyò) constitutes managementôs review of the factors that affected the Companyôs interim condensed consolidated financial and operating performance for the nine months ended March 31, 2025. The MD&A was prepared as of May 29, 2025, and was approved by the Board of Directors on May 29, 2025. It should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the nine months ended March 31, 2025, and the audited consolidated financial statements for the year ended June 30, 2024, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars.

Additional information about the Company can be found at www.sedar.com.

The Company

ZTEST is located at 523 McNicoll Avenue, Toronto, Ontario. Through its wholly owned subsidiary, Permatech Electronics Corporation (ñPECò), the Company operates a single business segment developing and assembling printed circuit boards and other electronic equipment. The Companyôs shares trade on the Canadian Securities Exchange under the symbol "ZTE".

The Companyôs management, which has not changed since the annual general meeting held July 11, 2024, is currently:

Name	Position(s)
Steve Smith	Chairman, President & Chief Executive Officer
William R. Johnstone, LLB [1*]	Director & Corporate Secretary
Dean Tyliakos [1, 2, 3]	Director (Independent)
David Barnett [1, 2]	Director (Independent)
Michael D. Kindy, CPA [3]	VP Finance & Chief Financial Officer
Suren Jeyanayagam [3]	President of PEC

[*] Acts as Committee Chair
[1] Member of the Audit Committee
[2] Member of the Compensation Committee
[3] Director of Permatech Electronics Corporation

Corporate Performance

Market headwinds noted in previous quarterly reports continued to play a significant role in Q3 2025 as, for the second consecutive quarter, revenues were down year over year. Further, revenues for the nine month period were down almost 11% from the revenues reported March 2024. At this time last year, although indications of market easing were surfacing, the Company reported record periodic revenues and profitability. As those negative market indications grew, and came to fruition, the Company reported two additional quarters wherein revenues exceeded the same period one year earlier, before the string of eleven consecutive growth quarters ended. While managing through prevailing headwinds, the Company takes some solace in the fact that revenues for the nine month period remain almost 59% ahead of March 2023, that gross margin percentages have been maintained, and that cash flows from operations not only remain strong but continue to enhance liquidity. Demand for pcb assembly has always endured ebbs and flows. There have been subtle indications that demand may soon begin to increase however optimism must remain tempered due to market uncertainty caused by international tariffs. The Company will continue to address market challenges while seeking opportunity to capitalize when market conditions improve.

The Company previously acknowledged that it was investigating strategic opportunities to invest capital to enhance future growth and that a consultant had been retained to assist with identifying potential opportunities. While no such strategic transaction is imminent, management also recognized that an opportunity exists to take advantage of what it perceives to be an under-valuation of its own securities. The Company applied for and obtained regulatory approval to initiate a Normal Course Issuer Bid (NCIB). ZTEST appointed Integral Wealth Securities Limited its agent to repurchase up to a maximum of 2,727,923 of its common shares for cancellation, at the prevailing market price at the time of purchase and in accordance with the policies of the CSE and applicable Canadian securities laws, before March 31, 2026.

Corporate Performance - continued

The inaugural common share repurchase under the NCIB occurred April 2, 2025 and repurchasing was halted briefly pending release of this document. To date the Company has repurchased 296,500 common shares at a total cost of $64,735, including agent commissions. 228,000 common shares have been formally cancelled while 68,500 common shares are currently held by the agent pending application by the Company to regulators to effect cancellation. Since these common shares are repurchased for the explicit purpose of being cancelled, the Company accounts for the cancellation of the repurchased common shares effective on the date of repurchase. This is completed by reducing the number of common shares outstanding, reducing share capital based on the average carrying value per common share being cancelled, and charging the difference between the repurchase price and the carrying value to retained earnings. Common shares currently have an average carrying value of approximately $0.68 per common share and the average repurchase cost to date was just over $0.22 per common share.

The following data may provide some additional insights relative to the Companyôs operating performance and financial position:

	For the fiscal years ended:		
	June 2024	June 2023	June 2022
Total Revenues	9,756,044	5,702,239	4,415,275
Net income (loss) for the year	1,753,269	165,274	(266,878)
Per share - basic	0.058	0.006	(0.010)
Total assets	7,007,632	3,941,742	3,081,924
Total long-term financial liabilities	359,173	518,717	729,032
Total liabilities	2,510,914	2,834,331	2,198,767

	For the fiscal quarters ended:			
	Mar. 2025	Dec. 2024	Sept. 2024	June 2024
Total Revenues	2,105,297	2,080,861	2,019,507	2,791,359
Net income for the period	256,457	208,604	324,120	545,618
Per share - basic	0.007	0.006	0.009	0.016
Total assets	7,476,280	7,252,891	7,004,461	7,007,632
Total long-term financial liabilities	145,858	233,571	268,346	359,173
Total liabilities	1,926,621	2,073,420	2,133,613	2,510,914

	For the fiscal quarters ended:			
	Mar. 2024	Dec. 2023	Sept. 2023	June 2023
Total Revenues	2,625,282	2,459,917	1,879,486	1,797,424
Net income for the period	531,438	504,329	171,884	172,983
Per share - basic	0.017	0.018	0.006	0.006
Total assets	5,646,648	4,418,818	4,504,461	3,941,742
Total long-term financial liabilities	292,168	360,027	456,015	518,717
Total liabilities	2,888,145	2,277,704	3,225,166	2,834,331

There were no cash dividends paid or accrued during any of the periods noted above.

Earnings before interest, taxes, depreciation, and amortization (EBITDA), and EBITDA per share, are non-IFRS financial measures. The following non-IFRS financial measures are presented as management believes it may provide stakeholders with additional information. These non-IFRS financial measures may be calculated differently from, and therefor may not be comparable to, similarly titled measures used by other companies. These non-IFRS financial measures should not be considered in isolation as a substitute for, or as superior to, financial measures calculated in accordance with IFRS.

Corporate Performance - continued

Nine month periods ended March 31	2025	2024
Net income for the period	789,181	1,207,651
Income tax provision	276,375	317,833
Interest expense ï cash based	2,669	6,857
Interest expense ï lease liability	6,133	10,519
Depreciation of equipment	144,260	61,896
Depreciation of right of use asset	124,331	124,331
EBITDA	1,342,949	1,729,060
Weighted average shares outstanding - basic	36,871,003	28,783,287
EBITDA per share - basic	0.036	0.060

Three month periods ended March 31	2025	2024
Net income for the period	256,457	531,438
Income tax provision	75,597	190,409
Interest expense ï cash based	748	1,289
Interest expense ï lease liability	1,669	3,153
Depreciation of equipment	48,333	20,640
Depreciation of right of use asset	41,444	41,444
EBITDA	424,248	788,373
Weighted average shares outstanding - basic	37,111,932	31,155,821
EBITDA per share - basic	0.011	0.025

Results of Operations

Gross margins declined from $1,124,303 in Q3 2024 to $833,532 in Q3 2025 and from $2,747,198 to $2,584,809 for the nine month periods. A decline in gross margin value is virtually assured when revenues decline and is often accompanied by a decline in gross margin percentage. However, gross margin percentages have essentially been maintained thus far in 2025. Because of the record revenues realized in Q3 2024, gross margins rose to 42.8% for the period thereby raising the nine month average to 39.4%. For the March 2025 periods, quarterly margins were 39.5% while the average for the three fiscal quarters was 41.7%.

Given that the Company only completes custom assemblies, and every product is unique, it follows that even if periodic revenues happen to be identical it would be improbable that gross margins, or gross margin percentages, would also be identical. First, each unique product has unique attributes which may impact both pricing and related costs. Further, market factors like inflation and exchange rates can have an impact. Beyond that, there is the impact of product mix, production volumes, average order size, average complexity, required testing and other factors.

To better understand the gross margins realized, one must look more closely at cost of product sales. The different elements of cost of product sales for the periods ended March 31 were as follows:

Nine-month periods:	2025	2024	Change
Raw materials and supplies consumed	$ 2,623,622	$ 3,231,843	$ (608,221)
Labour costs incurred	705,889	813,091	(107,202)
Depreciation	136,481	58,759	77,722
Shipping and packaging	94,512	83,747	10,765
Stencils and tooling	21,630	43,582	(21,952)
Repairs and maintenance	24,417	11,602	12,815
Net change in finished goods and work in process	14,305	(25,137)	39,442
Total cost of product sales	$ 3,620,856	$ 4,217,487	$ (596,631)

Results of Operations - continued

Three-month periods:	2025	2024	Change
Raw materials and supplies consumed	$ 953,536	$ 1,124,210	$ (170,674)
Labour costs incurred	225,981	275,595	(49,614)
Depreciation	45,707	19,586	26,121
Shipping and packaging	36,725	28,739	7,986
Stencils and tooling	8,620	14,734	(6,114)
Repairs and maintenance	8,605	2,056	6,549
Net change in finished goods and work in process	(7,409)	36,059	(43,468)
Total cost of product sales	$ 1,271,765	$ 1,500,979	$ (229,214)

The cost of raw materials and supplies consumed declined 15% in the most recent quarter and are down almost 19% year to date. The fact that these declines are not at all correlated with the revenue declines of approximately 20% for the quarter and 11% for nine months is indicative of how these costs can vary. Another way to demonstrate this inconsistency is to see that material costs were equivalent to 45% of periodic revenues in Q1 2025 and 42% for the nine month period as compared to 43% in Q1 2024 and over 46% year to date. Product mix, at least between turkey and non-turnkey, is indicative as turnkey work accounted for 91% of revenues in the most recent quarter, as opposed to 83% one year earlier, so 2025 materials costs should be higher on a relative basis, which they were. Similarly, turnkey work accounted to 85% of total revenues in the first nine months of 2024 as compared to 84% in 2025 leading one to expect the 2024 relative costs to be higher, which they were. Due to all the factors that impact upon these costs there is no definitive explanation for the results achieved however there were not unexpected costs incurred or avoided for any of the periods presented. These costs will continue to vary in aggregate, and in relation to periodic revenues, and will continue to be closely monitored by management.

For the 3rd consecutive quarter, labour costs incurred declined in comparison to the same period last year, with the greatest disparity to date arising in the most recent quarter. The Company has always worked with its personnel to match labour supply with labour demand. When demand is high, personnel not only work their full shifts but also contribute overtime. When demand is not as high then overtime declines significantly and some personnel work less than their full shifts. Labour demand was consistently high in each of the first three quarters of 2024, albeit highest in the third quarter when costs were 33.9% of the nine month costs. In comparison, labour demands have been lower throughout 2025 and were lowest the third quarter costs represent just over 32% of year to date costs.

The net change in finished goods and work in process is a measure of the change in labour costs included in inventory. Although this inventory figure includes an element of overhead it still must be combined with labour costs incurred to be indicative of the net labour costs included in cost of product sales for the period. These aggregate costs were $218,572 for the most recent quarter, as compared to $311,564 the year before, representing a decline of 30.7%. For the nine month period, the net costs were $720,194 at March 2025 as compared to $787,954, representing an 8.6% decline. Once again product mix is indicative of these cost changes as labour costs traditionally decline, like they did in the most recent quarter, in a period when turnkey revenues rise in relation to total revenues. It is also noteworthy that pay rate increases arise at the start of each calendar year and, due to market pressures, the 2025 increases were higher than the historical average, reducing the cost savings generated.

Depreciation costs have increased, in line with expectations. This is the impact of the installation and activation of new production equipment during the final quarter of the 2024 fiscal year which always translates into higher periodic depreciation charges over the first two fiscal years of its useful life. A further increase in this expense is expected in the final quarter of 2025 due to the acquisition and installation of an x-ray machine to further enhance quality control.

Shipping and packaging costs rose almost 28% in the most recent quarter, such that costs are up almost 13% year-to-date. There are several contributing factors including rising shipping rates, making more frequent smaller shipments, the specific packaging required for specific products, and that packaging is charged to income at the time of purchase as opposed to being inventoried. All shipping and packaging costs are continuously monitored, and all costs are within expectations.

Results of Operations - continued

Stencils and tooling are primarily incurred at the time that the Company prepares for assembly of boards it has never produced before. This can be on account of a brand new board or for what would be a re-order except that the customer has modified their board design in some manner. Stencils and tooling typically have a long lifespan, allowing customer re-orders to be produced without need of replacement. A decline in these costs indicates that a larger percentage of revenues is coming from customer re-orders.

Repairs and maintenance is generally routine work performed to ensure all equipment continues to run at peak performance. As with any machinery, minor issues arise from time to time that do not immediately impact on performance and therefore need not be addressed during high-demand times. This is why it is common to see these costs rise during periods when revenues decline, as is the case thus far in fiscal 2025. The increases are very minor in magnitude and are representative of ongoing maintenance.

Selling, general and administrative expenses for the periods ended March 31 were as follows:

Nine-month periods:	2025	2024	Change
Employee and consultant compensation	$ 931,593	$ 812,538	$ 119,055
Occupancy costs	255,822	252,311	3,511
Professional fees	114,054	84,127	29,927
Shareholder services	33,183	15,718	17,465
Travel and promotional activities	29,227	11,744	17,483
Insurance	29,710	27,858	1,852
Office and general expenses	25,269	27,203	(1,934)
Total selling, general and administrative	$ 1,418,858	$ 1,231,499	$ 187,359

Three-month periods:	2025	2024	Change
Employee and consultant compensation	$ 303,330	$ 272,818	$ 30,512
Occupancy costs	89,937	85,485	4,452
Professional fees	43,095	32,045	11,050
Shareholder services	7,181	5,122	2,059
Travel and promotional activities	694	836	(142)
Insurance	10,162	9,774	388
Office and general expenses	7,886	9,655	(1,769)
Total selling, general and administrative	$ 462,285	$ 415,735	$ 46,550

Employee and consultant compensation costs include salaries, benefits, consulting fees, and directorsô fees. Salaries and benefits have increased while consulting fees and directorsô fees each declined. Effective July 1, 2024 the Companyôs CEO and CFO converted from providing services on a consulting basis to employment, contributing to a rise in salaries and related payroll taxes as well as a decline in consulting fees. Salaries and benefits also rose due to annual increases, and payroll taxes associated with stock option exercises. Directorsô fees declined due to having one fewer director through most of the current period.

The Companyôs current facilities lease took effect April 1, 2021 and resulted in the recognition, and amortization, of a right of use asset. This asset is subject to amortization charges which remain consistent over the term of the lease and represent a significant element of occupancy costs for each of the periods presented. The increase in the most recent quarter, which exceeds the year to date increase, is primarily attributable to increases in utility rates. It is anticipated that occupancy costs will remain relatively comparable from period to period until the current lease expires in March 2026.

Results of Operations - continued

Professional fees are comprised of fees for legal services, costs related to the annual financial statement audit, and fees for reporting required by the Companyøs financial institution and the filing of annual income tax returns. Legal fees rose in the most recent quarter due to additional work involved in setting up the NCIB and are higher on a year to date basis due to the incremental legal costs related to the shareholders meeting held July 2024 and an adjustment to new market rates for audit fees.

Travel and promotional fees have risen through the first three quarters of 2025, primarily due to the Companyøs attendance at investor conferences. There were no similar activities during fiscal 2024 or in Q3 2025.

Shareholder services are higher in the most recent quarter due to work related to the exercise and maintenance of warrants and are higher on a year-to-date basis as a direct result of the shareholdersô meeting held July 2024.

Insurance costs reflect minor premium increases related to the renewal of business and liability insurance policies. There has been no alteration in the nature of any insurance coverages that Company maintains although certain limits have been increased to reflect higher operating volumes and recent equipment purchases.

Office and general expenses are closely monitored, are within management expectations, and are generally consistent from period to period.

The costs of financing for the periods ended March 31 were as follows:

Nine-month periods:	2025	2024	Change
Interest expense ï long term	$ 2,431	$ 4,067	$ (1,636)
Interest expense ï other	238	2,790	(2,552)
Interest expense ï lease liability	6,133	10,519	(4,386)
Total financing expenses	$ 8,802	$ 17,376	$ (8,574)

Three-month periods:	2025	2024	Change
Interest expense ï long term	$ 662	$ 1,213	$ (551)
Interest expense ï other	86	76	10
Interest expense ï lease liability	1,669	3,153	(1,484)
Total financing expenses	$ 2,417	$ 4,442	$ (2,025)

The Company initiated new term financing in April 2021 in relation to the acquisition of new equipment and has been making all regular monthly payments. The reduction in interest costs is reflective of the declining balance of the loan. The interest rate on this loan is fixed so related interest costs will continue to decline until the loan reaches maturity April 2026.

Interest expense ï other represents interest arising from the use of the Companyøs operating line as well as miscellaneous interest charges incurred. The Company made use of its operating line briefly during the first quarter of this fiscal year, and again during the most recent quarter, resulting in the increase in interest costs.

The Companyøs lease extension for its operating facility commenced April 1, 2021 and resulted in the recognition and amortization of a right-of-use asset and the recognition of a lease liability. That lease liability then gives rise to imputed interest costs, based on the discount rate, over the term of the lease. The imputed interest costs will continue to decline until the lease liability expires March 31, 2026.

Liquidity

On March 31, 2025, the Company had working capital of $4,648,250 (June 30, 2024 ï $3,592,820) and current financial assets of $5,036,819 (June 30, 2024 - $4,466,034) available to settle current financial liabilities of $1,780,763 (June 30, 2024 - $2,151,741). The Company also has access to a $1,000,000 bank operating line, of which $Nil (June 30, 2024 ï $Nil) had been drawn on March 31, 2025.

Liquidity - continued

In addition to satisfying the cost of operations, the Company must also address the settlement of the following amounts at March 31, 2025:

	Due by Mar. 2026	Due by Mar. 2027	Due after Mar. 2027	Total Due
Term loan	$ 66,860	$ 5,732	$ -	$ 72,592
Lease liability	182,762	-	-	182,762
	$ 249,622	$ 5,732	$ -	$ 496,677

Capital Resources

The Company has a $1,000,000 commercial line of credit from which $Nil (June 2024 - $Nil) was drawn on March 31, 2025. The loan bears interest at the TD Bank prime lending rate plus 2.0%, is due upon demand, and is secured by a general security agreement covering the assets of PEC.

The Company has a term loan, the proceeds of which were used to purchase equipment. The loan was funded April 2021 in the amount of $313,748 of which $72,592 remained payable on March 31, 2025. The loan bears interest at 3.386%, requires monthly payments of $5,691 blended as to principal and interest, and will mature April 2026.

The following transactions involving the Companyôs securities have occurred since June 30, 2024:

- 450,000 stock options were exercised for cash proceeds of $45,000;
- 150,000 warrants were exercised for cash proceeds of $45,000.
- The Company granted 800,000 stock options to directors of which 50% vested February 15, 2025 and the remaining 50% will vest on August 15, 2025. Each option entitles the holder to acquire one common share at $0.30 until August 15, 2029;
- The Company granted 100,000 stock options to a consultant of which 50% vested April 17, 2025 and the remaining 50% will vest on July 17, 2025 provided the consultant continues to be retained by the Company. Each option entitles the holder to acquire one common share at $0.40 until January 15, 2030;

Subsequent to March 31, 2025:

- The Company repurchased 296,500 common shares under its NCIB for $63,527, plus commissions of $1,208.

Related Party Transactions

The Company had transactions during the periods with key management personnel. During the current period, these included salaries paid to Steve Smith (President and CEO) and Mike Kindy (CFO), salaries and benefits paid to Suren Jeyanayagam (President of PEC), accounting fees paid to Michael D. Kindy (CFO), Directorsô fees paid to Directors of the Company and its subsidiary, legal fees paid to a legal firm in which William R. Johnstone (Director and Corporate Secretary) is a partner, and share-based payments related to key management personnel. During the comparative period Steve Smith and Mike Kindy received consulting fees rather than salaries. Compensation rates are agreed to by the related parties and are predicated upon prevailing market rates. The following expenses, involving these related parties, have arisen during the reporting periods:

Nine-month periods ended March 31	2025	2024
Salaries and benefits (1)	$ 384,791	$ 195,655
Consulting fees (1)	-	108,000
Directorsô fees (1)	33,250	45,000
Legal fees (2)	65,281	37,161
Accounting fees (2)	6,000	6,000
Cash based expenditures	$ 489,322	$ 391,816
Share-based payments	$ 151,708	$ 61,394

(1) Charged to net income as an element of employee and consultant compensation.
(2) Charged to net income as an element of professional fees.

Related Party Transactions - continued

The following balances are due to related parties, and were reported in the unaudited condensed interim consolidated financial statements as an element of accounts payable and accrued liabilities, on March 31 of each year:

	2025	2024
Consulting fees payable	$ 197,596	$ 334,452
Director fees payable	$ 3,750	$ 155,650
Salaries and benefits payable	$ 90,380	$ 95,003
Professional fees payable	$ 13,400	$ 48,860

The following stock options have been issued to Directors, former Directors, and Officers of the Company and its subsidiary, and were outstanding on March 31, 2025:

Description	Expiry Date	Number of Common Shares
Stock options @ $0.10 per share	Sep. 30, 2027	300,000
Stock options @ $0.27 per share	Mar. 28, 2029	250,000
Stock options @ $0.30 per share	Aug. 15, 2029	800,000

Convertible Instruments and Other Securities

The Company has the following securities issued and outstanding:

Common shares	Quantity	Amount
Common shares, June 30, 2024	36,545,821	$25,196,018
Stock options exercised	450,000	65,817
Warrants exercised	150,000	67,844
Common shares, March 31, 2025	37,145,821	25,319,946
Shares repurchased under NCIB and cancelled to date (1)	(228,000)	(155,413)
Common shares, as at the date of this document	36,917,821	25,164,533
Shares repurchased under NCIB and not yet cancelled (1)	(68,500)	(46,692)
Common shares, as at the date of this document	36,849,321	$25,117,841

(1) In accordance with the terms of the NCIB, common shares are repurchased for the purpose of cancellation. Repurchased shares are initially held by the repurchasing agent, pending the Companyôs application to the CSE for cancellation. The Companyôs application to cancel the 228,000 shares repurchased in April 2025 was approved May 2025. 68,500 common shares were repurchased May 2025 and have not been cancelled yet.

In addition to the shares issued and outstanding the Company has issued share purchase warrants and stock options as incentives to various parties. The following list itemizes the common shares that have been reserved to satisfy the conversions and exercise of warrants and options along with the expiry date associated therewith.

Shares reserved	Expiry Date	Number of Common Shares
To be issued for Class A shares (1)		8,246
Warrants @ $0.25 per share	Nov. 2025	219,380
Warrants @ $0.30 per share	Nov. 2025	2,370,000
Stock options @ $0.10 per share	Sep. 2027	300,000
Stock options @ $0.27 per share	Mar. 2029	350,000
Stock options @ $0.30 per share	Aug. 2029	800,000
Stock options @ $0.40 per share	Jan. 2030	100,000
Shares reserved, March 31, 2025 and at the date of this document		4,147,626

Convertible Instruments and Other Securities - continued

(1) Following the 2013 conversion of Class A Special Shares to common shares, 8,246 common shares remain reserved to be issued if and only if the remaining Class A shareholders identify themselves to the Company.

Fully diluted number of shares	Quantity
Common shares, March 31, 2025	37,145,821
Shares reserved, March 31, 2025	4,147,626
Fully diluted number of shares, March 31, 2025	41,293,447
Common shares repurchased under NCIB	(296,500)
Fully diluted number of shares, at the date of this document	40,996,947

The following provides additional details with respect to share purchase warrants to the date of this document:

	Number of Warrants		Weighted Average Price per Warrant	Weighted Average Expiry Date
Balance, June 30, 2024	2,739,380	$	0.30	Nov. 8, 2025
Exercised during period	(150,000)		0.30	Nov. 8, 2025
Balance, March 31, 2025 and at the date of this document	2,589,380	$	0.30	Nov. 8, 2025

The following share purchase warrants are outstanding at the date of this document:

	Number of Warrants		Exercise Price	Expiry Date
Warrants issued May 8, 2024	2,370,000	$	0.30	Nov. 8, 2025
Broker warrants issued May 8, 2024	219,380	$	0.25	Nov. 8, 2025

Additional disclosures relative to stock options are as follows:

	Average Common Shares Under Option		Weighted Price per Option	Average Expiry Date
Balance, June 30, 2024	1,100,000	$	0.15	Mar 21 2028
Granted during the period	900,000		0.31	Sept. 1, 2029
Stock options altered during the period	(200,000)		0.10	Sept. 30 2027
Stock options altered during the period	200,000		0.10	Jan. 7, 2025
Exercised during the period	(450,000)		0.10	July 14, 2026
Balance, March 31, 2025 and at the date of this document	1,550,000	$	0.26	Mar. 13, 2029

The following weighted average assumptions were used to calculate the fair value of stock options granted:

	Mar. 31 2025	June 30 2024
Dividend yield	**Nil**	Nil
Risk free interest rate (%)	**1.05 - 2.92**	3.414
Expected stock volatility (%)	**143.56 - 146.09**	147.76
Expected life (years)	**5**	5

Convertible Instruments and Other Securities - continued

The following stock options, each of which has vested, are outstanding at the date of this document:

	Common Shares Under Option	Number of Options Vested		Exercise Price	Expiry Date
Granted September 30, 2022	300,000 [(1)]	400,000	$	0.10	Sep. 30, 2027
Granted March 28, 2024	250,000 [(1)]	250,000	$	0.27	Mar. 28, 2029
Granted March 28, 2024	100,000	100,000	$	0.27	Mar. 28, 2029
Granted August 15, 2024	800,000 [(1,2)]	400,000	$	0.30	Aug. 15, 2029
Granted January 17, 2025	100,000 [(3)]	-	$	0.40	Jan. 17, 2030

[(1)] Directors and/or Officers of the Company and its subsidiary hold these options.
[(2)] The remaining options will vest August 15, 2025.
[(2)] These options will vest as to 50% on April 17, 2025 and 50% on July 17, 2025.

The Company has no ability to cause these options to be exercised.

Financial instruments

The Companyôs financial instruments are comprised of the following:

Financial assets:	*Classification*
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost

Financial liabilities:	*Classification*
Bank operating loan	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Government remittances payable	Amortized cost
Customer deposits	Amortized cost
Lease liability	Amortized cost
Long-term debt	Amortized cost
Deferred taxes	Amortized cost

Amortized cost ï The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses.

The effective interest method **-** The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of an assetôs fair value less cost to sell or its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an armôs length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the income for the period.

Impairment of Non-financial Assets - continued

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income for the period.

Impairment of Investments

Non-controlling interests, which are not financial instruments, and are less than a 20% ownership interest, are considered impaired when the carrying amount exceeds the recoverable amount. Non-controlling interests, which are not financial instruments, and are equal to or exceeding a 20% ownership interest (an equity instrument) is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occur after the initial recognition of the asset (a ñloss eventò) and that loss event, or events, has an impact on the estimated future cash flows of the non-controlling interest that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognized.

Some items that may be taken into consideration in determining whether a loss event has occurred include significant financial difficulty of the investee, a breach of contract such as a default or delinquency in payments by the investee, it becomes probable that the investee will enter bankruptcy or other financial reorganization, or significant changes having an adverse effect that have taken place in the technological, market, economic or legal environment in which the investee operates, and such changes indicate that the cost of the equity instrument may not be recovered.

During the period there were no loss events, nor any events that would cause a reversal, in whole or in part, of the impairment provision recognized during prior financial periods.

Risk Factors

Events seemingly unrelated to the Company, or to its industry, may adversely affect its finances or operations in ways that are hard to predict or defend against. For example, credit contraction in financial markets may hamper the Companyǿs ability to access credit when needed or rapid changes in foreign exchange rates may adversely affect its financial results. Finally, a reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that constitute a significant portion of the Companyǿs customer base. As a result, these customers may need to reduce their purchases, or the Company may experience greater difficulty in collecting amounts due from them. Any of these events, or others caused by uncertainty in world financial markets, may have a material adverse effect on the Companyǿs business, operating results, and financial condition.

In addition to the foregoing, the Company is exposed to credit risk, concentration of credit risk, liquidity risk, and currency risk. The Companyǿs primary risk management objective is to protect earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Companyǿs risks and the related exposure are consistent with its business objectives and risk tolerance. There have been no changes to the risk management strategies during the current period.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Companyǿs primary exposure to credit risk is in its accounts receivable. To mitigate this risk, management actively manages and monitors its receivables and obtains pre-payments where warranted. It has been determined that no allowance is required, as all amounts outstanding are considered collectible. The Company incurred no bad debts during the periods ended March 31, 2025 or March 31, 2024.

Risk Factors - continued

Concentration of credit risk
Concentration of credit risk arises when one or more customers, defined as a major customer, individually account for 10% or more of the Companyôs revenues during a reporting period. During the nine-month period ended March 31, 2025 the Company had three major customers who represented 22%, 17% and 12% of total revenues. In the comparative period, there were two major customers which represented 19% and 16% of revenues. Amounts due from major customers represented 44% of accounts receivable on March 31, 2025 (Mar. 31, 2024 - 55%). The loss of, or significant curtailment of purchases by a major customer, could have a material adverse effect on the Company's results of operations and financial condition. The Company monitors the relationship with all customers closely and ensures that every customer is subject to the same risk management criteria.

Liquidity risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. On March 31, 2025 the Company had current financial assets of $5,036,819 (June 30, 2024 - $4,466,034) available to settle current financial liabilities of $1,780,763 (June 30, 2024 - $2,151,741). The Company manages its liquidity risk through the management of its capital, which incorporates the continuous monitoring of actual and projected cash flows to ensure that it has sufficient liquidity to meet its operating commitments without incurring unacceptable losses or risking damage to the Companyôs reputation.

Market risks
The Company is exposed to interest rate risk due a bank operating loan that has a floating interest rate as well as currency risk related to accounts receivable, accounts payable, and nominal amounts of cash, prepaid expenses, and customer deposits, denominated in US dollars. Market risks give rise to the potential for future cash flows to fluctuate because of changes in interest rates or foreign exchange rates. Market risks are closely monitored, and attempts are made to match foreign cash inflows and outflows. During the current period the Company has reported a foreign exchange loss in the amount of $13,146 (March 31, 2024 ï loss of $4,948).

Sensitivity to market risks
On March 31, 2025, the Company had:

- A bank operating loan of which $Nil was drawn (June 30, 2024 - $Nil) bears interest predicated upon the TD Bank prime lending rate. A change of 1% in that prime lending rate would result in no impact on cash flows over the next 12 months, based on the current loan balance.
- US$57,378 (June 30, 2024 ï US$172,478) included in accounts receivable. A 5% increase in the value of the Canadian dollar relative to the US dollar would result in a reduction of $2,869 in future cash inflow.
- US$338,723 (June 30, 2024 ï US$144,464) included in accounts payable. A 5% decrease in the value of the Canadian dollar relative to the US dollar would result in an increase of $16,936 in future cash outflow.

Based upon observations of recent market trends management believes that each of these outcomes is possible.

Forward-looking Information

Certain statements in this MD&A may constitute ñforward-looking informationò within the meaning of applicable Canadian securities legislation. Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. This forward-looking information is identified by the use of terms and phrases such as ñmayò, ñwouldò, ñshouldò, ñcouldò, ñexpectò, ñintendò, ñestimateò, ñanticipateò, ñplanò, ñforeseeò, ñbelieveò, or ñcontinueò, the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases.

Forward-looking Information - continued

Forward-looking information reflect the current expectations of the management of the Company with respect to future events based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, that could cause actual results, performance or achievements to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors, including the risk factors summarized above under the heading ñRisk Factorsò, reliance on key personnel, inability to attract and retain qualified personnel, utilization of our workforce, labour relations, growth initiatives, long sales cycles, risks related to developing customer base, availability of financing for our customers, the cost of raw materials, cost overruns, risks related to performance, cost and timing of numerous technical, productivity and supply chain requirements, interruptions in the global supply chain, unknown use of forced and child labour within our supply chain, additional capital requirements, fluctuations in EBITDA, fluctuations in quarterly operating results, exchange rate fluctuations, competition, sensitivity to general economic conditions, brand and corporate reputation, product liability and warranty claims, equipment availability, reliance on manufacturers, product defects, continued access to appropriate facilities, litigation, risks related to income tax matters, environmental regulations, health and safety matters, risks related to global epidemics and pandemics and other health crises, dependence on IT systems, and business operations could be adversely affected by computer hacking. New risk factors may arise from time to time, and it is not possible for management of the Company to predict all those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions based on information currently available to the Company, investors are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions made in preparing the forward-looking information and our objectives include: our ability to generate sufficient revenue while controlling our costs and expenses; our ability to manage our growth effectively; the absence of material adverse changes in our industry or the global economy; trends in our industry and markets; our ability to manage risks related to expansion; our ability to maintain good business relationships; our ability to expand our sales and distribution infrastructure and our marketing; our ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by competitors and changing client preferences and requirements; the continued demand for printed circuit boards and custom printed circuit board assembly; our ability to retain key personnel and our ability to raise sufficient debt or equity financing to support our business growth.

Consequently, all forward-looking information contained in this MD&A is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this presentation is provided as of the date of this presentation, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.