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 consolidated financial and operating performance for the year ended June 30, 2024. The MD&A was prepared as of October 24, 2024 and was approved by the Board of Directors on October 24, 2024. It should be read in conjunction with the consolidated financial statements of the Company 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.sedarplus.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 Company held its annual general meeting on July 11, 2024, resulting in the re-election of four incumbent directors, while K. Michael Guerreiro resigned. The inaugural meeting of the Board was held immediately following the annual general meeting, during which the Officers of the Company were reappointed, and the Audit Committee was re-formed. On July 17, 2024, David Barnett was appointed to fill the vacancy on the Board. On August 14, 2024, Derrick Strickland resigned from the Board and Audit Committee for personal reasons and David Barnett was appointed to the Audit Committee to fill the vacancy. The Companyôs management is currently as follows:

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

* Acts as Committee Chair
(1) Member of the Audit Committee
(2) Director of Permatech Electronics Inc.

Corporate Performance

The 2024 fiscal year was a highly positive year for the Company with significant growth in revenues, profitability, liquidity, cash reserves, and capital under management. All this positivity starts with revenue growth. Fiscal 2024 marks the fourth consecutive fiscal year of revenue growth, with revenues climbing 250% in that timeframe, including a 71% increase in fiscal 2024 as compared to 2023. Revenues for the final quarter of 2024 were 55% greater than Q4 2023 and were 6.3% greater than the immediately preceding quarter, marking the third consecutive quarter with record revenues.

These revenues also enabled three consecutive quarters of record profitability, with net income jumping from $165,274 for fiscal 2023 to $1,753,269 in 2024. This profitability, which was enhanced by one-time occurrences that contributed other income of $120,000, translated into $2,280,019 in positive cash flows from operations. That cashflow then contributed to a 275% increase in current financial assets and an 88% increase in total current assets. This asset growth arose while current financial liabilities declined by 7%, thereby improving all liquidity ratios. Further, capital under management increased by 242%, non-current liabilities declined by more than 30%, and total liabilities decreased more than 11%. Total liabilities were more than 2.5 times equity at the start of the year but were less than 56% of equity by yearôs end. All of this serves to position the Company very well to fund additional growth and to weather the inevitable rough patches that arise from time to time in every sector of the economy.

Corporate Performance - continued

The Companyꞌs performance generated significant positive cashflow from operations which was augmented by $797,374 in net positive cashflows from financing activities. Financing activities were highlighted by a private placement that generated $1,260,000 in gross proceeds. The Company initially announced a private placement in the amount of $500,000 but, in response to market demand, promptly increased it to $1,250,000, and still had it be slightly oversubscribed when it closed a month later. The outflows included the normal-course repayment of the Companyꞌs bank operating loan, long-term debt, and lease obligation.

The only significant net use of cash during the year was from investing activities where the Company spent $687,370 on the acquisition of equipment. Most of this expenditure related to the acquisition and installation of new state of the art processing equipment and related equipment. At the start of the third quarter, the Company obtained approval from its financial institution for a new term loan facility. That term facility provided the assurances necessary for the Company to order new processing equipment. In the five months it took for the new machinery to be manufactured outside Canada, delivered to the Company, and get fully installed, the financial position of the Company improved to the point where the Company opted to self-finance this acquisition from available funds, and nothing was drawn from the term facility. The new equipment supplanted aging equipment in one of the Companyꞌs primary production lines providing certain efficiencies, and greater breadth of capabilities, but most importantly a reliable source of production for many years based on its estimated useful life of 20 years. The aging equipment was repositioned for use in processing prototypes and other very small runs as well as augmenting the main lines when demand warrants it.

It should be noted that revenues for the fourth quarter exceeded managementꞌs expectations because of two favourable factors. The arrival and installation of the new equipment was less disruptive to production than anticipated, and the arrival of certain materials earlier than forecast by suppliers allowed product projected to be completed and shipped in Q1 2025 to be shipped in Q4 2024. These results should not be seen to contradict comments made in our Q3 2024 MD&A advising of indications that market demand may be easing but that it was too soon to know whether these indications are fleeting or may be suggestive of future results. Along these lines, as of the date of this document, it is known that revenues for Q1 2025 will exceed Q1 2024 but will not be at record levels. Additionally, we do not have any clear indication on how market demand looks going forward, but note that the Companyꞌs order log remains strong, and customers have suggested that new orders may arise very soon, but those orders are yet to be placed.

The following data may provide some additional insights relative to the Companyꞌs 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

Corporate Performance - continued

	For the fiscal quarters ended: June 2024	Mar. 2024	Dec. 2023	Sept. 2023
Total Revenues	2,791,359	2,625,282	2,459,917	1,879,486
Net income (loss) for the period	545,618	531,438	504,329	171,884
Per share - basic	0.016	0.017	0.018	0.006
Total assets	7,007,632	5,646,648	4,418,818	4,504,461
Total long-term financial liabilities	359,173	292,168	360,027	456,015
Total liabilities	2,510,914	2,888,145	2,277,704	3,225,166

	For the fiscal quarters ended: June 2023	Mar. 2023	Dec. 2022	Sept. 2022
Total Revenues	1,797,424	1,594,507	1,141,352	1,168,956
Net income (loss) for the period	196,112	191,154	(112,126)	(109,866)
Per share - basic	0.007	0.007	(0.004)	(0.004)
Total assets	3,941,742	4,000,133	3,206,695	3,325,446
Total long-term financial liabilities	518,717	556,678	614,619	672,075
Total liabilities	2,834,331	3,088,834	2,486,550	2,493,175

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.

	For the fiscal years ended: June 2024	June 2023	June 2022
Net income (loss) for the year	1,753,269	165,274	(266,878)
Income tax provision	506,239	36,043	-
Interest expense ï cash based	8,135	12,590	14,326
Interest expense ï lease liability	13,308	18,854	24,066
Depreciation of equipment	152,326	101,977	82,582
Depreciation of right of use asset	165,775	165,775	165,775
EBITDA	2,599,052	500,873	19,871
EBITDA per share - basic	0.086	0.019	0.001

	For the fiscal quarters ended: June 2024	Mar. 2024	Dec. 2023	Sept. 2023
Net income (loss) for the period	545,618	531,438	504,329	171,884
Income tax provision	188,406	190,409	47,259	80,165
Interest expense ï cash based	1,278	1,289	2,011	3,557
Interest expense ï lease liability	2,789	3,153	3,508	3,858
Depreciation of equipment	90,457	20,640	20,642	20,587
Depreciation of right of use asset	41,444	41,444	41,443	41,444
EBITDA	869,992	788,373	619,192	321,495
EBITDA per share - basic	0.025	0.025	0.022	0.012

Corporate Performance - continued

	For the fiscal quarters ended:			
	June 2023	Mar. 2023	Dec. 2022	Sept. 2022
Net income (loss) for the period	196,112	191,154	(112,126)	(109,866)
Income tax provision	36,043	-	-	-
Interest expense ï cash based	4,174	4,080	2,052	2,644
Interest expense ï lease liability	4,207	4,551	4,882	5,214
Depreciation of equipment	25,494	25,494	25,494	25,495
Depreciation of right of use asset	41,444	41,443	41,444	41,444
EBITDA	307,474	266,722	(38,254)	(35,069)
EBITDA per share - basic	0.012	0.010	(0.001)	(0.001)

Results of Operations

The final quarter of 2024 produced the highest periodic revenue of the year, representing the sixth consecutive quarter for which revenues increased in comparison to the immediately preceding quarter, and the tenth consecutive quarter for which revenues rose in comparison to the same period one year earlier. This revenue growth contributed significantly to enhanced margins and profitability. Gross margins for the final quarter were more than 83% greater than Q4 2023, resulting in annual margins for fiscal 2024 of $3,918,137 that were 125% more than the gross margin of $1,738,773 realized in fiscal 2023. This rise in margins has many causes including economies of scale realized as certain costs, like depreciation, are not correlated with production volumes. Future margins will be affected by competition, production volumes, equipment acquisitions, and inflationary pressures from the various elements of cost of product sales.

The different elements of cost of product sales for the periods ended June 30 were as follows:

Years ended	2024	2023	Change
Raw materials and supplies consumed	$ 4,435,242	$ 2,808,629	$ 1,626,613
Labour costs incurred	1,101,602	878,981	222,621
Depreciation	144,386	97,420	46,966
Shipping costs	90,270	117,070	(26,800)
Stencils and tooling	57,185	37,458	19,727
Other costs	35,015	33,821	1,194
Net change in finished goods and work in process	(25,793)	(9,913)	(15,880)
Total cost of product sales	$ 5,837,907	$ 3,963,466	$ 1,874,440

Three month periods ended	2024	2023	Change
Raw materials and supplies consumed	$ 1,203,399	$ 844,130	$ 359,269
Labour costs incurred	288,511	247,202	41,309
Depreciation	85,627	24,355	61,272
Shipping costs	20,694	30,423	(9,729)
Stencils and tooling	13,603	14,493	(890)
Other costs	9,242	8,695	547
Net change in finished goods and work in process	(656)	(9,407)	8,751
Total cost of product sales	$ 1,620,420	$ 1,159,891	$ 460,529

Results of Operations - continued

The cost of raw materials and supplies consumed rose approximately 43% in the most recent quarter and were 58% greater for the year, in comparison to the corresponding periods ended June 30, 2023. Materials costs equated to 43.1% of revenues for the quarter and 45.5% of revenues for the fiscal year as compared to 47.0% and 49.3% for the same periods one year earlier. These percentages always vary from period to period as the relative values of materials, and the labour and overhead required to complete an assembly, differ from one turnkey product to the next and the mix of turnkey versus assembly work also varies. In fiscal 2024, turnkey work accounted for 85.2% of gross revenues as compared to 84.7% in 2023, and the average of 84.7% realized over the 4 most recent fiscal years, demonstrating that material costs are never perfectly correlated with revenues. It is anticipated that the cost of materials, even on a relative basis, will continue to fluctuate from period to period.

Labour costs incurred rose almost 17% for the quarter, year-over-year, and approximately 25% for the 2024 fiscal year in comparison to 2023. This represents the seventh consecutive fiscal quarter for which costs rose, primarily due to increased labour demand. Although labour costs do not increase at the same pace as revenues, it generally follows that when revenues increase the amount of labour required to produce those revenues also increases. The 2024 fiscal year was no exception as total production hours increased approximately 22% over fiscal 2023 levels, inclusive of an increase in overtime hours. The increase in overtime, combined with pay rate increases, resulted in a modest increase in the average cost per labour hour.

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 is still indicative of the net labour costs included in cost of product sales when it is combined with labour costs incurred. The aggregate for the 2024 fiscal year was $1,075,809 representing an increase of 23.8% when compared to fiscal 2023. Comparing the results for the final quarter of each year we find that net costs were 21.1% higher in 2024. It is generally expected that these percentages will exceed the percentage change in labour costs incurred during periods when the cost of materials declines as a percentage of revenues. This expectation is applicable to the final quarter, and for each of the final 3 quarters, but does not hold true for the fiscal year due to an anomalous result that arose in the first quarter.

Shipping costs were one of many costs that escalated in conjunction with the supply chain disruptions. Not only did shipping rates rise but those disruptions often gave rise to more frequent, lower volume shipments contributing to rising costs that persisted through most of 2023. With the subsequent decline in disruptions, the nature of shipments returned to more traditional size and frequency, albeit at higher rates than in previous years. Shipping costs are closely monitored and are within management expectations.

Depreciation costs had been declining in line with expectations but rose significantly in the final quarter, and by 48% for the fiscal year, due to the installation and activation of new production equipment during that final quarter. The addition of new equipment results in higher periodic depreciation charges over the first two fiscal years of its useful life. This means that costs will be greater in fiscal 2025 than they were in 2024, placing pressure on gross margins. The Company continuously monitors and evaluates its equipment needs but has no immediate plan to acquire additional equipment. If plans remain unchanged, then depreciation costs will again begin to decline after the 2025 fiscal year.

Stencils and tooling costs, which rose 52% for the year but declined 6% in the final quarter when compared to the corresponding periods in fiscal 2023, are not correlated with revenues. The Company produces only custom circuit boards, and one or more unique stencils are required for every custom circuit board that the Company produces. Stencils are acquired whenever the Company begins production of a new circuit board, whether that be a brand-new board or a re-design of a previous board. To the extent that production relates to a customer re-order of a previously produced board there are limited to no new costs incurred. Due to their nature, regardless of their magnitude, these costs are always within management expectations.

Other costs include repairs and maintenance, and packaging costs. Each of these costs is incurred on an as-warranted basis, are closely monitored, and are consistent with the Companyôs expectations.

Results of Operations - continued

Selling, general and administrative expenses for the periods ended June 30 were as follows:

Years ended	2024	2023	Change
Employee and consultant compensation	$ 1,105,715	$ 922,013	$ 183,702
Occupancy costs	334,332	333,804	528
Professional fees	124,210	78,819	45,391
Insurance	37,631	36,912	719
Shareholder services	21,289	26,180	(4,891)
Other costs	53,429	52,638	791
Total selling, general and administrative	$ 1,676,606	$ 1,450,366	$ 226,240

Three month periods ended	2024	2023	Change
Employee and consultant compensation	$ 293,177	$ 256,766	$ 36,411
Occupancy costs	82,021	91,844	(9,823)
Professional fees	40,083	20,138	19,945
Insurance	9,773	8,915	858
Shareholder services	5,571	4,197	1,374
Other costs	14,482	12,304	2,178
Total selling, general and administrative	$ 445,107	$ 394,164	$ 50,943

Employee and consultant compensation costs which include salaries, benefits, consulting fees, and directors' fees were highly comparable year over year except for the impact of annual increases and performance bonuses based on the profitability of Permatech.

The Company's 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. Minor fluctuations result from variable demand and rates applicable for utilities and variances in common area maintenance charges. It is anticipated that occupancy costs will remain relatively comparable from period to period until the current lease expires in March 2026.

Professional fees are comprised of fees for legal services, costs related to the annual financial statement audit, and fees for filing of annual tax returns. Fees related to filing the annual tax returns have remained consistent while audit fees and legal fees each rose. Legal fees increased due to increase matters related to the Company's securities, corporate governance, and other administrative matters including assisting in the search for a new auditor. During the year the Company was advised by its previous auditor that they were retiring from the audit of public companies and that we would need to retain a new auditor in advance of the 2024 audit. We investigated the alternatives available to us and retained a new auditor, albeit at a higher fee than the predecessor which accounts for the increase in audit fees.

Shareholder services are generally comparable for the most recent quarter but continue to be lower on a year-to-date basis because of the costs related to the shareholders meeting held September 30, 2022. The Company did not hold a shareholders' meeting during the 2024 fiscal year but did have one in July 2024, leading to incremental costs in Q1 2025.

Insurance costs reflect minor premium fluctuation related to the renewal of business and liability insurance policies. There has been no alteration in the nature of any insurance coverages that that Company maintains.

Other costs are closely monitored, are within management expectations, and are consistent from period to period.

Results of Operations - continued

The costs of financing for the periods ended June 30 were as follows:

Years ended	2024	2023	Change
Interest expense ï long term	$ 5,269	$ 7,233	$ (1,964)
Interest expense ï other	2,866	5,717	(2,851)
Interest expenses ï lease liability	13,308	18,854	(5,546)
Total financing expenses	$ 21,443	$ 31,804	$ (10,361)

Three month periods ended	2024	2023	Change
Interest expense ï long term	$ 1,202	$ 1,610	$ (408)
Interest expense ï other	76	2,564	(2,488)
Interest expenses ï lease liability	2,789	4,207	(1,418)
Total financing expenses	$ 4,067	$ 8,381	$ (4,314)

The Company initiated 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 at 3.386% so related interest costs will continue to decline until the loan reaches maturity April 2026. The recent equipment acquisition was self-financed by the Company so there is no related interest cost.

Interest expense ï other represents interest arising from the use of the Companyôs operating line as well as miscellaneous interest charges incurred. Although the underlying interest rates were higher in fiscal 2024 than they were for fiscal 2023, the positive cash flows from operations meant no utilization of that loan facility during the second half of fiscal 2024 resulting in lower expense.

The Companyôs 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 June 30, 2024, the Company had working capital of $3,592,820 (2023- $732,326) and current financial assets of $4,466,034 (2023- $1,190,379) available to settle current financial liabilities of $2,151,741 (2023- $2,315,614). The Company also has access to a $1,000,000 (2023- $500,000) bank operating line, of which $ Nil (2023- $110,000) had been drawn as of June 30, 2024.

In addition to satisfying the cost of operations, the Company must also address the settlement of the following obligations at June 30, 2024:

	Due by June 30: 2025	2026	Due after June 2026	Total Due
Long-term debt	$ 65,192	$ 56,091	$ -	$ 121,283
Lease liability	178,185	137,649	-	315,834
	$ 243,377	$ 193,740	$ -	$ 437,117

Capital Resources

The Company has a $1,000,000 (2023 - $500,000) commercial line of credit from which $Nil (2023 - $110,000) was drawn on June 30, 2024. The loan bears interest at the TD Bank prime lending rate plus 2.0% (2023 ï P + 2.5%), is due upon demand, and is secured by a general security agreement covering the assets of PEC.

Capital Resources - continued

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 and $121,283 remains payable on June 30, 2024. The loan bears interest at 3.386%, requires monthly payments of $5,691 blended as to principal and interest, and will mature April 2026.

During the year the Company obtained pre-approval for a new term loan to help fund the acquisition of new equipment. The pre-approved term loan could have financed up to 90% of the purchase price, with a term of up to five years, and market-based interest that was expected to exceed 8%. When the new equipment arrived in May 2024, the Company opted to self-finance this equipment purchase and no amount was drawn on this term facility.

The Company had a Canadian Emergency Business Account (CEBA) with a balance of $60,000 on June 30, 2023. In accordance with the terms governing CEBA, the Company repaid $40,000 prior to December 31, 2023, and the remaining balance of $20,000 was forgiven. The $20,000 was designated a government grant and included in net income for the year.

The following transactions involving the Companyös securities occurred during the year ended June 30, 2024:

- The Company issued 4,468,625 common shares in settlement of $357,490 in accounts payable, including $316,500 that was owed to related parties, and
- 350,000 stock options were exercised, including 150,000 exercised by a former director following his resignation from the Board of Directors, and
- The Company closed a non-brokered private placement wherein 5,040,000 working capital units were issued for gross proceeds of $1,260,000. Each working capital unit was comprised of one common share priced at $0.25 and one-half of a common share purchase warrant. Each full warrant entitles the holder to acquire one common share at $0.30 until November 8, 2025. The Company paid findersô fees of $54,845 and issued 219,380 broker warrants with each broker warrant entitling the holder to acquire one common share at $0.25 until November 8, 2025.

Related Party Transactions

The Company had transactions during the periods with key management personnel. These include consulting fees paid to Steve Smith (President and CEO), consulting fees and accounting fees paid to Michael D. Kindy (CFO), Directorsô fees paid to Directors of the Company and its subsidiary, salaries and benefits paid to Suren Jeyanayagam as an officer of PEC from December 2022 and to John Perreault until December 2022, 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. 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:

Years ended	2024	2023	Change
Salaries and benefits (1)	$ 273,918	$ 165,036	$ 108,882
Consulting fees (1)	144,000	144,000	-
Directorsô fees (1)	60,000	57,500	2,500
Legal fees (2)	61,394	20,244	41,150
Accounting fees (2)	6,000	6,000	-
Share issuance costs (3)	37,533	-	37,533
Cash based expenditures	$ 582,845	$ 392,780	$ 190,065
Share-based payments	$ 61,394	$ 54,355	$ 7,039

(1) Charged to net income as an element of employee and consultant compensation.
(2) Charged to net income as an element of professional fees.
(3) Charged as a reduction of share capital.

Related Party Transactions - continued

The following balances are due to related parties, and were reported in the consolidated financial statements as an element of accounts payable and accrued liabilities, as at June 30 of each year:

	2024	2023	Change
Salaries and benefits payable	138,064	32,059	24,947
Consulting fees payable (1)	326,582	632,531	134,705
Directorsô fees payable (1)	137,310	147,160	14,230
Legal fees payable	11,546	33,302	(3,605)
Salaries and benefits payable	613,502	845,052	170,277

(1) In November 2023, the Company issued 3,956,250 common shares in settlement of $316,500 due to related parties.

The following stock options held by Directors and/or Officers of the Company and were outstanding on June 30, 2024:

Description	Expiry Date	Number of Common Shares
Stock options @ $0.10 per share	Sep. 30, 2027	650,000
Stock options @ $0.27 per share	Mar. 28, 2029	250,000

During the year ended June 30, 2024, 350,000 stock options held by directors and former directors of the Company were exercised. After June 30, 2024, 250,000 stock options exercisable @ $0.10 per share were exercised, 200,000 stock options exercisable @ $0.10 per share were amended under the terms of the stock option agreement to reduce the expiry date due to the resignation of a director, and 800,000 stock options were granted to Directors and Officers of the Company. The granted stock options will vest as to 50% in February 2025, and 50% in August 2025, and vested options may be exercised at $0.30 per share until August 15, 2029.

Convertible Instruments and Other Securities

The Company has the following securities issued and outstanding:

Common shares issued:	Quantity	Amount
Balance, June 30, 2022 and June 30, 2023	26,687,196	$ 24,064,236
Shares issued in settlement of debt	4,468,625	357,490
Stock options exercised	350,000	51,191
Private placement	5,040,000	713,368
Balance, June 30, 2024	36,545,821	25,186,285
Stock options exercised	250,000	36,595
Balance, as at the date of this document	36,795,821	$ 25,222,880

The Company has the following common shares reserved to satisfy the potential exercise of the following:

Common shares reserved:	Expiry Date	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	2,520,000
Stock options @ $0.10 per share	Sept. 2027	750,000
Stock options @ $0.27 per share	Mar. 2029	350,000
Common shares reserved, on June 30, 2024		3,847,626
Options exercised	Sept. 2027	(250,000)
Options granted	Aug. 2029	800,000
Common shares reserved, as at the date of this document		4,397,626

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
Shares issued to June 30, 2024	36,545,821
Shares reserved on June 30, 2024	3,847,626
Fully diluted number of shares, June 30, 2024	40,393,447
Shares issued after June 30, 2024	250,000
Changes to shares reserved after June 30, 2024	550,000
Fully diluted number of shares, as at the date of this document	41,193,447

Additional disclosures relative to warrants are as follows:

During the year, in connection with the private placement, the Company issued 2,520,000 share purchase warrants, which may be exercised to acquire common shares at $0.30 each, and 219,380 broker warrants exercisable at $0.25 each, with all warrants and broker warrants expiring November 8, 2025. The following weighted average assumptions were used to calculate the fair value of the warrants and broker warrants issued during the year:

	2024	2023
Dividend yield	**Nil**	None granted
Risk free interest rate (%)	**4.32**	None granted
Expected stock volatility (%)	**196.02**	None granted
Expected life (years)	1.5	None granted

Transactions involving warrants are summarized as follows:

	Number of Warrants	Amount
Balance, June 30, 2023 and June 30, 2022	-	$ -
Warrants issued	2,520,000	383,786
Broker warrants issued	219,380	60,443
Balance, June 30, 2024, and as at the date of this document	2,739,380	**$ 444,229**

	Number of Warrants	Weighted Average Price per Warrant	Weighted Average Expiry Date
Balance, June 30, 2023	-	$ -	-
Warrants issued during the year	2,739,380	$ 0.30	Nov. 8, 2025
Balance, June 30, 2024, and as at the date of this document	2,739,380	$ 0.30	Nov. 8, 2025

Additional disclosures relative to stock options are as follows:

During the year the Company granted 350,000 stock options, entitling the holders to exercise at a price of $0.27 per share until March 28, 2029. The following weighted average assumptions were used to calculate the fair value of the stock options granted during the year:

	2024	2023
Dividend yield	Nil	Nil
Risk free interest rate (%)	3.414	3.243
Expected stock volatility (%)	147.76	135.92
Expected life (years)	5	5

Convertible Instruments and Other Securities - continued

Transactions involving stock options are summarized as follows:

	Common Shares Under Option		Weighted Average Price/Option	Weighted Average Expiry Date
Balance, June 30, 2023	1,275,000 (2)	$	0.10	Mar. 17, 2027
Stock options granted	250,000 (2)	$	0.27	Mar. 28, 2029
Stock options granted	100,000	$	0.27	Mar. 28, 2029
Stock options exercised	(350,000) (2)	$	0.10	Sept. 30, 2027
Stock options expired	(175,000) (2)	$	0.10	Nov. 1, 2023
Balance, June 30, 2024	1,100,000	$	0.15	Mar. 21, 2028
Stock options altered	(200,000) (1)	$	0.10	Sept. 30, 2027
Stock options altered	200,000 (1)	$	0.10	Jan. 7, 2025
Stock options exercised	(250,000) (2)	$	0.10	Sept. 30, 2027
Stock options granted	800,000 (2)	$	0.30	Aug. 15, 2029
Balance, as of the date of this document	1,650,000	$	0.23	Aug. 22, 2028

(1) The expiry date of these options was reduced due to the resignation as a director by the holder.
(2) Directors and/or Officers and/or former directors of the Company and its subsidiary hold these options.

Financial instruments

The Companyøs 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

Amortized cost ó 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 assetøs 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 armøs 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 year 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 Companyôs 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 Companyôs 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 Companyôs 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 market risks. The Companyôs 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 Companyôs 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 2024 fiscal year or subsequent thereto.

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 Companyôs primary exposure to credit risk is in its accounts receivable. In an effort 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 years ended June 30, 2024 and June 30, 2023**.**

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 Companyøs revenues during a reporting period. During the current year, the Company had three major customers which represented 19%, 16% and 11% of total revenues. In the prior year, three major customers accounted for 15%, 15% and 11% of total revenues. Amounts due from major customers represented approximately 57% of accounts receivable on June 30, 2024 (2023 - 39%). The loss of a major customer, or significant curtailment of purchases by such a 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 June 30, 2024, the Company had current financial assets of $4,466,034 (2023 - $1,190,379) available to settle current financial liabilities of $2,151,741 (2023 - $2,315,614). 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 Companyøs reputation.

Market risks

The Company is exposed to interest rate risk due to 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 fiscal year, the Company has reported a foreign exchange loss of $6,837 (2023 ï gain of $8,251).

Sensitivity to market risks

On June 30, 2024, the Company had:

- A bank operating loan of which $Nil was drawn (2023 - $110,000) 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$172,478 (2023 ï US$183,992) 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 $8,624 (2023 ï $9,199) in future cash inflow.
- US$144,464 (2023 ï US$124,491) 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 $7,225 (2023 ï $6,225) 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.