## General

The following managementös discussion and analysis (ñMD&Aò) of the financial condition and results of operations of ZTEST Electronics Inc. (ñZTESTò or the ñCompanyò) constitutes managementös review of the factors that affected the Companyös interim consolidated financial and operating performance for the three months ended September 30, 2025. The MD&A was prepared as of November 28, 2025 and was approved by the Board of Directors on November 28, 2025. It should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three months ended September 30, 2025, and the audited consolidated financial statements for the year ended June 30, 2025, 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 Companyös shares trade on the Canadian Securities Exchange under the symbol "ZTE".

The Company held its annual general meeting on October 24, 2025, resulting in the re-election of four incumbent directors. The Board met subsequent to the annual general meeting during which the Officers of the Company were reappointed, and the Audit Committee and Compensation Committee were each re-formed. The Companyös 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, 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

In previous periods we have reported that we were enduring a general market decline, that there were signs that this decline may be abating, and that due to us being a contract assembly facility there is a lag between a change in market sentiment and when that change may be reflected in our results. Just as Q4 2024 was our highest revenue quarter to date at a time when market indicators were negative, Q1 2026 has proven to be less robust than we like even though market indicators are turning more positive. Revenues for the first quarter of 2026 were 9.7% lower than Q1 2025 but the Company has begun to realize benefits from the escalation in positive market indicators. It remains too early to state with certainty that the market has truly turned a corner, and market turnarounds are rarely consistent, but the fact that orders for new boards have increased, that inventory is higher, and that the second fiscal quarter has started quite strongly are all indications that some improvement is occurring.

An indicator of customer confidence, and the number of new circuit boards being ordered, is the amount the Company spends on stencils and tooling. Expenditures of this nature peaked in fiscal 2024 when they averaged over $14,000 per quarter and this was followed by a sharp decline, to average less than $7,000 per quarter in fiscal 2025. Expenditures for the first quarter of 2026 exceeded $10,000, the highest expenditure total since Q4 2024. Orders for new circuit boards, being boards that the Company has not previously produced, can come from either existing or new customers but, regardless of their source, an increase of this nature is highly suggestive that customer confidence is growing.

**Corporate Performance - continued**

As a contract assembler, which only purchases inventory as required to fulfill in-house orders, inventory tends to be indicative of near-future turnkey revenues. Inventory on June 30, 2025 was $1,048,391, the lowest reported value in fiscal 2025, however during the first quarter inventory values rose almost 34% to $1,402,799. This is the highest that inventory has been since the third quarter of 2024, another positive indication of improving customer confidence. It should be noted that near-future does not necessarily mean the immediately ensuing quarter and low inventory levels do not necessarily indicate weakness in turnkey revenues for the immediately ensuing quarter. In some instances, inventory acquired in one period will be converted to completed product over a couple of fiscal quarters while other instances have inventory being acquired and converted within the same period. The recently concluded quarter is one example of this as turnkey revenues for this period marginally exceeded turnkey revenues for Q1 2025 even though opening inventory levels were at a three year low. Notwithstanding this caveat, the Company is encouraged by its need to grow inventory to facilitate near-term production.

While the Company continues to lay the groundwork to capitalize when the market fully recovers, it also continues to reduce its overall business risks. This is evident through growth in cash, working capital, and capital under management while essentially maintaining the excess of current financial assets over current financial liabilities. During the fist quarter of 2026 the Company generated $322,798 in cash from operations, added $315,501 in working capital, and added $227,195 to capital under management. These improvements were accomplished at a time when the Company is nearly debt-free and has seemingly entered a growth phase given that accounts payable growth, driven by the acquisition of inventory, exceeded accounts receivable growth.

One of the primary drivers for the continuing liquidity enhancements is the Companyôs ability to generate gross margin. The gross margin percentage in Q1 2025 was 45.6%, and while Q1 2026 did not reach those lofty heights, it did provide gross margins at 42.7% which is higher than the 41.6% average realized in the 2025 fiscal year. The Company has been able to successfully manage through inflationary pressures on labour, shipping, utility and other costs and is now preparing for an increase in occupancy costs. The Companyôs operating facility is under a lease which expires March 31, 2026 and which currently requires base rents that are significantly less than prevailing market rates. The Company has been in discussions regarding the terms of a new lease extension and recently reached an agreement whereby base rent will increase by 12% in the first year of a new five year term, compared to what is being paid currently, however the average base rent will remain less than prevailing market rates. We believe the favourable lease rates, in a facility with excellent access to required resources and capacity for continuing growth, and which provides a further five years of operational stability, bodes well for the Companyôs future.

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

| | For the fiscal years ended: | | |
|---|---|---|---|
| | June 2025 | June 2024 | June 2023 |
| Total Revenues | 8,319,302 | 9,756,044 | 5,702,239 |
| Net income for the year | 1,088,750 | 1,753,269 | 165,274 |
| Per share - basic | 0.030 | 0.058 | 0.006 |
| Total assets | 7,197,418 | 7,007,632 | 3,941,742 |
| Total long-term financial liabilities | 154,516 | 359,173 | 518,717 |
| Total liabilities | 1,390,801 | 2,510,914 | 2,834,331 |

| | For the fiscal quarters ended: | | | |
|---|---|---|---|---|
| | Sept. 2025 | June 2025 | Mar. 2025 | Dec. 2024 |
| Total Revenues | 1,823,428 | 2,113,637 | 2,105,297 | 2,080,861 |
| Net income for the period | 236,954 | 299,569 | 256,457 | 208,604 |
| Per share - basic | 0.006 | 0.008 | 0.007 | 0.006 |
| Total assets | 7,691,708 | 7,197,418 | 7,476,280 | 7,252,891 |
| Total long-term financial liabilities | 144,042 | 154,516 | 145,858 | 233,571 |
| Total liabilities | 1,641,261 | 1,390,801 | 1,926,621 | 2,073,420 |

**Corporate Performance - continued**

| | For the fiscal quarters ended: | | | |
|---|---|---|---|---|
| | Sept. 2024 | June 2024 | Mar. 2024 | Dec. 2023 |
| Total Revenues | 2,019,507 | 2,791,359 | 2,625,282 | 2,459,917 |
| Net income for the period | 324,120 | 545,618 | 531,438 | 504,329 |
| Per share - basic | 0.009 | 0.016 | 0.017 | 0.018 |
| Total assets | 7,004,461 | 7,007,632 | 5,646,648 | 4,418,818 |
| Total long-term financial liabilities | 268,346 | 359,173 | 292,168 | 360,027 |
| Total liabilities | 2,133,613 | 2,510,914 | 2,888,145 | 2,277,704 |

No cash dividends were declared or paid 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 three month periods ended: | |
|---|---|---|
| | Sept. 2025 | Sept. 2024 |
| Net income for the period | 236,954 | 324,120 |
| Income tax provision | 83,570 | 101,649 |
| Interest expense ï cash based | 479 | 1,030 |
| Interest expense ï lease liability | 906 | 2,419 |
| Depreciation of equipment | 40,701 | 47,964 |
| Depreciation of right of use asset | 41,444 | 41,443 |
| EBITDA | 404,054 | 518,625 |
| Weighted average shares outstanding ï basic | 36,775,121 | 36,689,299 |
| EBITDA per share - basic | 0.011 | 0.014 |

**Results of Operations**

As noted previously, revenues during the first quarter of 2026 were 9.7% lower than they had been during the first quarter of 2025. This was primarily due to the non-recurrence of a relatively large non-turnkey order that was fulfilled in Q1 2025. That non-turnkey job was somewhat anomalous as it not only contributed to a higher gross margin percentage but also caused non-turnkey revenues to equate to almost 26% of quarterly revenues, a level far above the annual average of 15% for both the 2024 and 2025 fiscal years. Even with the non-recurrence, non-turnkey revenues were still above average in Q1 2026, given that they equated to more than 17% of quarterly revenues even though turnkey revenues rose 0.7% year over year. Management continuously promotes its turnkey, non-turnkey, and partial turnkey services and will continue to strive to grow in each category.

While revenues are a key focal point, another is the direct costs incurred in the generation of those revenues and the resulting gross margin achieved. The gross margin for the first quarter of 2026 was $777,694, or 42.6% of periodic revenues, as compared to $921,444, and 45.6% of revenues in Q1 2025. The different elements of cost of product sales for the periods ended September 30, and the changes realized, were as follows:

**Results of Operations - continued**

| Three month periods ended September 30 | 2025 | 2024 | Change |
|---|---|---|---|
| Raw materials and supplies consumed | $ 722,362 | $ 742,696 | $ (20,334) |
| Labour costs incurred | 236,938 | 248,452 | (11,514) |
| Depreciation | 38,594 | 45,388 | (6,794) |
| Shipping and packaging | 33,500 | 26,225 | 7,275 |
| Stencils and tooling | 10,015 | 8,550 | 1,465 |
| Repairs and maintenance | 3,094 | 5,920 | (2,826) |
| Net change in finished goods and work in process | 1,231 | 20,832 | (19,601) |
| Total cost of product sales | $ 1,045,734 | $ 1,098,063 | $ (52,329) |

The cost of raw materials and supplies consumed declined by 2.7%, compared to the first quarter of 2025. The cost of materials consumed varies in relation to total periodic revenues based upon the mix between turnkey and non-turnkey work completed in that period. In the first quarter of 2026 turnkey revenues were 0.7% greater than they had been in the first quarter of 2025 and accounted for 82.8% of periodic revenues, as compared to 74.2% one year earlier. This minor decline in the cost of materials, given the marginal increase in turnkey revenues, is indicative of a custom assembly facility where every order we fulfill is unique, requiring a distinct set of components at varying costs. The total costs incurred in the period are consistent with management expectations.

Labour costs incurred declined 4.6% year over year as an 8.7% decline in labour hours incurred was partially offset by a 4.5% increase in the average cost per labour hour. Management always strives to adjust labour supply based upon labour demand and the reduction in labour hours corresponds with lower demand in the recently concluded quarter. This adjustment to labour supply was accomplished without reduction in the size of the Companyõs workforce, ensuring that the Company remains ready to meet increased labour demands when that arises. The higher cost per hour is primarily due to inflationary pressures on pay rates, combined with higher payroll taxes.

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. The aggregate cost for the recent quarter equated to $238,169 as compared to $269,284 the year prior, a reduction of 11.6%. This cost reduction is a direct reflection of the decline in demand for non-turnkey work.

Depreciation costs have decreased in line with expectations. The Companyõs most recent major equipment acquisition was completed in the final quarter of the 2024 fiscal year which resulted in increased depreciation charges in the period of acquisition, and throughout fiscal 2025, then declining thereafter. The long useful life of production equipment means replacement happens infrequently however the Company continuously monitors its equipment requirements, along with advancements and availability within the equipment market, and will expand or enhance its equipment whenever it is prudent to do so.

Shipping and packaging costs continue to rise, up 27.7% compared to September 2025, due primarily to rising shipping rates and making more frequent smaller shipments. All shipping and packaging costs are continuously monitored, and all costs are within expectations.

Stencils and tooling costs are incurred at the time that the Company prepares for assembly of boards that it has never produced before. The initial assembly work may be in the current period, or in the following period, potentially followed by subsequent re-orders as stencils and tooling typically have a long lifespan. The 17.1% increase in this cost indicates that the number of new boards being ordered has risen.

Repairs and maintenance costs primarily reflect routine work performed to ensure all equipment continues to run at peak performance. The lower costs incurred in the most recent period are reflective of the Companyõs equipment being in fine working order.

**Results of Operations - continued**

Selling, general and administrative expenses, and the changes realized, were as follows:

| Three month periods ended September 30 | 2025 | 2024 | Change |
|---|---|---|---|
| Employee and consultant compensation | $ 309,868 | $ 316,892 | $ (7,024) |
| Occupancy costs | 85,237 | 82,602 | 2,635 |
| Professional fees | 40,770 | 41,451 | (681) |
| Shareholder services | 13,693 | 20,624 | (6,931) |
| Insurance | 10,284 | 9,774 | 510 |
| Travel and promotional activities | 9,280 | 11,138 | (1,858) |
| Office and general expenses | 9,813 | 7,559 | 2,254 |
| Total selling, general and administrative | $ 478,945 | $ 490,040 | $ (11,095) |

Employee and consultant compensation costs include salaries, benefits, consulting fees, and directors’ fees. In the current year, a decrease in salaries and benefits was partially offset by an increase in consulting fees and a minor increase in directors’ fees. The Company retained the services of a market maker during the current period, along with individuals retained to assist with developing promotional materials and to seek leads for strategic development. No similar expense was incurred in the period ended September 2025 and, while some continued into Q2, there are currently no continuing services being provided by any of these consultants. Salaries and benefits have each declined as costs related to the exercise of stock options in Q1 2025 did not recur, amounts predicated on net income declined, and one administrative employee retired and has not been replaced.

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. The small increase from September 2025 to September 2026 is due to variances in utility rates and common area costs. These costs will remain comparable until the current lease term expires March 31, 2026, after which the new lease term will commence with higher related costs.

Professional fees are comprised of fees for legal services, costs related to the annual financial statement audit, and fees for reporting required by the Company’s financial institution and the filing of annual income tax returns. Each of these costs have remained generally consistent year over year with a small increase in audit costs offsetting a decline in legal fees.

Shareholder services, encompass all stock exchange fees, all transfer agent and similar fees, and all costs related to public disclosures and the dissemination of news. The costs for the current period include new fees associated with the OTCID listing in the US while the costs for Q1 2025 included all costs related to the shareholders’ meeting held July 11, 2024. Costs for the second quarter of 2026 are expected to be higher due to the shareholder meeting held October 24, 2025 as well as the new fees associated with the OTCID listing.

Insurance costs reflect minor premium increases related to the continuing business and liability insurance policies. There has been no alteration in the nature of the insurance coverages that Company maintains although certain limits have been increased based on operating volumes.

Travel and promotional fees include costs related to the Company’s attendance at investor conferences in each period presented as well as travel costs related to the shareholders’ meeting held July 2024. The Company also attended an investor conference, and held a shareholders’ meeting, in October 2025 which will contribute to higher costs in the second quarter.

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

**Results of Operations - continued**

The Companyøs cost of borrowing, and the changes realized, were as follows:

| Three month periods ended September 30 | 2025 | 2024 | Change |
|---|---|---|---|
| Interest expense ï long term | $ 396 | $ 954 | $ (558) |
| Interest expense ï other | 83 | 76 | 7 |
| Interest expense ï lease liability | 906 | 2,419 | (1,513) |
| Total financing expenses | $ 1,385 | $ 3,449 | $ (2,064) |

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.

Interest expense ï other represents interest arising from the use of the Companyøs operating line as well as miscellaneous interest charges incurred. There has been no use of the Companyøs operating line during the current period resulting in lower expense.

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 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 September 30, 2025, the Company had working capital of $5,323,785 (June 30, 2025 ï $5,008,284) and current financial assets of $5,377,003 (June 30, 2025 ï $5,132,451) available to settle current financial liabilities of $1,497,219 (June 30, 2025 ï $1,236,285).

The Company also has access to a $1,000,000 bank operating line, of which $Nil (June 30, 2025 ï $Nil) had been drawn as of September 30, 2025.

In addition to satisfying the cost of operations the Company must also address the settlement of the following amounts at September 30, 2025:

| | Due by Sept. 2026 | Due after Sept. 2026 | Total Due |
|---|---|---|---|
| Term loan | $ 39,457 | $ - | $ 39,457 |
| Lease liability | 92,153 | - | 271,851 |
| | $ 131,610 | $ - | $ 131,610 |

**Capital Resources**

The Company has a $1,000,000 commercial line of credit from which $Nil (June 2025 - $Nil) was drawn on September 30, 2025. The loan bears interest at the TD Bank prime lending rate plus 1.8%, 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 and $39,457 remains payable on September 30, 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.

**Capital Resources - continued**

The following transactions involving the Companyôs securities have occurred since June 30, 2025:

- 50,724 broker warrants were exercised for proceeds of $12,681;
- The Company repurchased and cancelled 78,000 common shares under its NCIB for $19,072, including commissions.;

After September 30, 2025:

- 168,656 broker warrants were exercised for proceeds of $42,164;
- 2,370,000 warrants expired.

**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:

| Three month periods ended September 30 | | 2025 | | 2024 |
|---|---|---|---|---|
| Salaries and benefits (1) | $ | 107,892 | $ | 131,366 |
| Directorsô fees (1) | | 11,250 | | 10,750 |
| Legal fees (2) | | 17,707 | | 21,043 |
| Accounting fees (2) | | 6,000 | | 6,000 |
| Cash based expenditures | $ | 142,849 | $ | 169,159 |
| Share-based payments | $ | 35,010 | $ | 35,010 |

(1) Reported in the consolidated financial statements as an element of employee and consultant compensation.
(2) Reported in the consolidated financial statements as an element of professional fees.

The following balances due to related parties are reported as an element of accounts payable and accrued liabilities as at September 30 of each year:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Consulting fees and out-of-pocket expenses payable | $ | 153,891 | $ | 276,544 |
| Directorsô fees payable | $ | 3,750 | $ | 3,938 |
| Salaries and benefits payable | $ | 145,109 | $ | 136,592 |
| Legal fees payable | $ | 14,771 | $ | 14,220 |
| Accounting fees payable | $ | 6,000 | $ | 6,000 |

The following stock options, all of which have vested, have been issued to Directors and/or Officers of the Company and its subsidiary and were outstanding on September 30, 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:

| Shares issued | Quantity | | Amount |
|---|---|---|---|
| Common shares, June 30, 2025 | 36,795,321 | $ | 25,081,033 |
| Broker warrants exercised | 50,724 | | 26,657 |
| Shares repurchased under Normal Course Issuer Bid | (78,000) | | (53,167) |
| Common shares, September 30, 2025 | 36,768,045 | | 25,054,523 |
| Broker warrants exercised | 168,656 | | 88,627 |
| Common shares at the date of this document | 36,936,701 | $ | 25,143,150 |

In addition to the shares issued and outstanding, the Company has issued stock options as incentives to various parties. The following list itemizes the common shares that have been reserved to satisfy the exercise of warrants and options:

| Common 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 | 168,656 |
| 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 |
| Common shares reserved, September 30, 2025 | | 4,096,902 |
| Broker warrants exercised | | (168,656) |
| Warrants expired | | (2,370,000) |
| Common shares reserved, at the date of this document | | 1,558,246 |

(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 September 30, 2025 | 36,768,045 |
| Shares reserved on September 30, 2025 | 4,096,902 |
| Fully diluted number of shares, September 30, 2025 | 40,864,947 |
| Shares issued after September 30, 2025 | 168,656 |
| Changes to shares reserved after September 30, 2025 | (2,538,656) |
| Fully diluted number of shares, at the date of this document | 38,494,947 |

Transactions involving warrants are summarized as follows:

| | Number of Warrants | | Amount |
|---|---|---|---|
| Balance, June 30, 2025 | 2,589,380 | $ | 421,385 |
| Broker warrants exercised | (50,724) | | (13,976) |
| Balance, Sept. 30, 2025 | 2,538,656 | **$** | **407,409** |
| Broker warrants exercised | (168,656) | | (46,470) |
| Warrants expired | (2,370,000) | | (360,939) |
| Balance, at the date of this document | - | $ | - |

No warrants were issued during the period ended September 30, 2025 or the year ended June 30, 2024.

**Convertible Instruments and Other Securities - continued**

| | Number of Warrants | Weighted Average Price per Warrant | Weighted Average Expiry Date |
|---|---|---|---|
| Balance, June 30, 2025 | 2,589,380 | $ 0.30 | Nov. 8, 2025 |
| Broker warrants exercised during the period | (50,724) | $ 0.25 | Nov. 8, 2025 |
| Balance, Sept. 30, 2025 | 2,538,656 | $ 0.30 | Nov. 8, 2025 |
| Broker warrants exercised after September 30, 2025 | (168,656) | $ 0.25 | Nov. 8, 2025 |
| Warrants expired after September 30, 2025 | (2,370,000) | $ 0.30 | Nov. 8, 2025 |
| Balance, at the date of this document | - | $ - | |

Additional disclosures relative to stock options are as follows:

| | Common Shares Under Option | Weighted Average Price/Option | Weighted Average Expiry Date |
|---|---|---|---|
| Balance, June 30, 2025, Sept. 30, 2025, and as at the date of this document | 1,550,000 | $ 0.26 | Mar. 13, 2029 |

| | Sept. 30 2025 | June 30 2025 |
|---|---|---|
| Dividend yield | None granted | Nil |
| Risk free interest rate (%) | None granted | 3.414 |
| Expected stock volatility (%) | None granted | 147.76 |
| Expected life (years) | None granted | 5 |

The following stock options 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)] | 300,000 | $ 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)] | 800,000 | $ 0.30 | Aug. 15, 2029 |
| Granted January 17, 2025 | 100,000 | 100,000 | $ 0.40 | Jan. 17, 2030 |

[(1)] Directors and/or Officers of the Company and its subsidiary hold these options.

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* |
|---|---|
| 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 |

**Financial instruments - continued**

*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 assetõs 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 armõs 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.

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 2025 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 periods ended September 30, 2025 or September 30, 2024**.**

### 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 current period, the Company had three major customers which represented 19%, 10%, and 10% of revenues (Sept. 30, 2024 - three customers, 19%, 10%, and 10% of revenues). Amounts due from these customers represented approximately 35% of accounts receivable on September 30, 2025 (Sept. 30, 2024 - 45%). 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 September 30, 2025 the Company had current financial assets of $5,377,003 (June 30, 2025 - $5,132,451) available to settle current financial liabilities of $1,497,219 (June 30, 2025 - $1,236,285). The Company manages its liquidity risk through the management of its capital *(note 14)* 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 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 $2,005 (Sept. 30, 2024 ï gain of $1,482).

**<u>Risk Factors - continued</u>**

<u>Sensitivity to market risks</u>

On September 30, 2025, the Company had:

- A bank operating loan of which $Nil was drawn (June 30, 2025 - $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$52,711 (June 30, 2025 ï US$66,792) 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 $2,636 in future cash inflow.
- US$192,229 (June 30, 2025 ï US$218,283) 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 $9,611 in future cash outflow.

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

**<u>Forward-looking Information</u>**

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 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.

**Forward-looking Information - continued**

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.