



**Omni-Lite Industries Canada Inc.
Unaudited Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024, and 2023
(in United States Dollars)**

	Contents
Notice to Reader	2
Unaudited Condensed Consolidated Financial Statements	
Statements of Financial Position	3
Statements of Income (Loss) and Comprehensive Income (Loss)	4
Statements of Changes in Shareholders' Equity	5
Statements of Cash Flows	6
Notes to Unaudited Condensed Consolidated Financial Statements	7 – 19

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canada Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated financial statements for the three months ended March 31, 2024, and 2023.

NOTICE TO THE READER OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of Omni-Lite Industries Canada Inc. including the consolidated statements of financial position as at March 31, 2024 and 2023 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the three months ended March 31, 2024 and 2023 are the responsibility of the Company's management.

These unaudited condensed consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, MNP LLP.

The unaudited condensed consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these unaudited condensed consolidated financial statements in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

"David Robbins" signed

David Robbins
Director and Chief Executive Officer
Cerritos, California, USA
May 15, 2024

"Roger Dent" signed

Roger Dent
Director
Cerritos, California, USA
May 15, 2024

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

Consolidated Statements of Financial Position

	Note	March 31, 2024	December 31, 2023
Assets			
Current			
Cash		\$ 1,106,127	\$ 1,108,029
Accounts Receivable		2,803,110	2,225,700
Inventory	3	4,973,902	4,700,064
Prepaid Expenses		140,901	181,826
Total Current Assets		\$ 9,024,041	\$ 8,215,619
Long-Term			
Investment	4	2,662,000	1,341,108
Property, Plant and Equipment, net	5	9,957,977	10,182,244
Due from Related Parties	7	722,031	852,338
Intangible Assets	6	546,540	562,568
Deposits		55,886	56,546
Total Assets		\$ 22,968,475	\$ 21,210,423
Liabilities			
Current			
Accounts Payable and Accrued Liabilities		\$ 1,506,224	\$ 1,555,392
Lease Liability	8	305,942	324,334
Deferred Revenue		139,508	109,349
Income Tax Payable		245,434	-
Total Current Liabilities		\$ 2,197,109	1,989,075
Long-Term			
Lease Liability	8	5,561,556	5,659,009
Deferred Tax Liability		49,224	55,563
Total Liabilities		\$ 7,807,908	\$ 7,703,647
Shareholders' Equity			
Share Capital	9	11,252,443	11,252,443
Contributed Surplus	10	2,251,896	2,251,896
Retained Earnings		(432,794)	(720,195)
Accumulated Other Comprehensive Income (Loss)		2,089,021	722,632
Total Shareholders' Equity		\$ 15,160,567	\$ 13,506,776
Total Liabilities and Shareholders' Equity		\$ 22,968,475	\$ 21,210,423

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

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

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

For the Three Months Ended March 31	Note	2024	2023
Revenue		\$ 4,285,629	\$ 2,730,145
Cost of goods sold	3	3,059,772	2,378,441
Gross Profit		\$ 1,225,857	\$ 351,704
Overhead Expenses			
Selling, General and Administrative		321,593	479,211
Share-based Compensation	9	-	22,106
Amortization of Intangible Assets	6	12,594	29,595
Sub-Total		334,187	530,912
Research and Product Design		89,815	48,584
Total			
Income (Loss) from Operations		\$ 801,855	\$ (227,793)
Other Income (Expense)			
Interest Expense - Lease Liability	8	(137,386)	(142,763)
Interest Income		10,864	28,804
Other Income		-	339,716
Total			
Income before Income Taxes		\$ 675,333	\$ (2,036)
Income Tax Expense (Recovery)			
Current		227,135	3,820
Deferred		32,933	130,103
Total		260,068	133,923
Net Income (Loss)		\$ 415,265	\$ (135,959)
Other Comprehensive Income (Loss)			
Translation of Foreign Subsidiary		(82,365)	5,570
Gain (loss) on Investment	4	1,320,892	44,770
Comprehensive Income (Loss)		\$ 1,736,157	\$ (91,190)
Income (Loss) Per Share			
-basic	9	0.03	(0.01)
-diluted	9	0.03	(0.01)
Weighted Average Share Outstanding			
-basic	9	15,412,564	15,412,564
-diluted	9	15,412,564	15,412,564

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Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

Consolidated Statements of Changes in Shareholders' Equity

	Note	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income/Loss	Shareholders' Equity
Balance at December 31, 2022		\$ 11,252,443	\$ 2,185,578	\$ (810,422)	\$ (209,905)	\$ 12,417,694
Share-based compensation	9	-	22,106	-	-	22,106
Net loss		-	-	(135,959)	-	(135,959)
Gain on investment	4	-	-	-	44,770	44,770
Cumulative translation adjustment		-	-	-	5,570	5,570
Shares issuance	9	-	-	-	-	-
Balance at March 31, 2023		\$ 11,252,443	\$ 2,207,684	\$ (946,382)	\$ (159,565)	\$ 12,354,180

	Note	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income/Loss	Shareholders' Equity
Balance at December 31, 2023		\$ 11,252,443	\$ 2,251,896	\$ (720,195)	\$ 722,632	\$ 13,506,776
Share-based compensation	9	-	-	-	-	-
Net loss		-	-	415,265	-	415,265
Gain on investment	4	-	-	-	1,320,892	1,320,892
Cumulative translation adjustment		-	-	-	(82,365)	(82,365)
Shares issuance	9	-	-	-	-	-
Balance at March 31, 2024		\$ 11,252,443	\$ 2,251,896	\$ (304,930)	\$ 1,961,158	\$ 15,160,567

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

Consolidated Statements of Cash Flows

For the three months ended March 31	Note	2024	2023
Cash flows from Operations			
Net Income (Loss) for the Period		\$ 415,265	\$ (135,959)
Adjustments for:			
Depreciation	5	285,075	285,281
Inventory Reserve		19,796	86,993
Amortization of Intangible Assets	6	12,594	29,595
Deferred Tax (Recovery) Expense		239,115	144,409
Share-based Compensation	9	-	22,106
Lease Interest Expense	8	137,386	142,763
		<u>\$ 1,109,231</u>	<u>\$ 575,188</u>
Net change in Non-Cash Working Capital Items			
Accounts Receivable		(577,411)	290,292
Inventory		(293,634)	(435,862)
Prepaid Expenses		40,924	90,012
Accounts Payable and Accrued Liabilities		(49,167)	(309,412)
Deposits		661	(23)
Deferred Revenue		30,159	-
Increase (Decrease) in Cash from Operations		<u>\$ 260,764</u>	<u>\$ 210,195</u>
Cash Flows from Financing Activities			
Employee Receivables	7	-	2,000
Related Parties Receivables	7	120,000	
Lease Liability Repayment	8	(215,994)	(215,681)
Increase (Decrease) in Cash from Financing Activities		<u>\$ (95,994)</u>	<u>\$ (213,681)</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	5	(148,394)	-
Increase (Decrease) in Cash from Investing Activities		<u>\$ (148,394)</u>	<u>\$ -</u>
Currency translation		<u>(14,474)</u>	2,698
(Decrease)/increase in cash		<u>\$ (788)</u>	<u>\$ (788)</u>
Cash, beginning of year		<u>\$ 1,108,029</u>	<u>\$ 1,328,430</u>
Cash, end of year		<u>\$ 1,106,127</u>	<u>\$ 1,327,642</u>

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

Notes to Condensed Consolidated Financial Statements

1. Nature of Operations

Omni-Lite Industries Canada Inc. (“Omni-Lite” or the “Company”) was incorporated under the Laws of the Business Corporations Act of Alberta in 1992. The consolidated financial statements of the Company for the three months ended March 31, 2024, include the accounts of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on May 15, 2024, its head office, research and development, and production operations are located at 17210 Edwards Road, Cerritos, California, U.S.A, 90703. A corporate, registered office is located at 18 Kings Street East, Suite 902, Toronto, ON M5C2C4. The Company’s core mission is the adaptation of material science for mission critical applications. These products include components for the aerospace, military, specialty automotive and sports and recreational industries. Since the most significant portion of the Company’s operations is located in the United States (“U.S.”) and its functional currency is U.S. dollars, these consolidated financial statements are presented in U.S. dollars. The Company is listed for trading on the TSX Venture Exchange under the symbol OML and the OTCQX under the symbol OLNCF.

2. Significant Accounting Policies

These condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at March 31, 2024.

These condensed consolidated financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting.

The significant accounting policies of the Company are the same as those applied in the Company’s annual audited consolidated financial statements for the years ended December 31, 2023, and 2022. These policies have been consistently applied to each of the periods presented.

a) Estimates and Judgements

The preparation of consolidated financial statements requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in the management’s opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies.

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

3. Inventory

The major components of inventory are classified as follows:

The cost of inventories recognized as expense and included in cost of goods sold for the three months ended March 31, 2024, was \$3,059,772 (2023 - \$2,378,441).

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Raw Materials	1,097,463	848,139
Tooling	671,401	589,842
Work in Progress	1,388,239	976,195
Finished Goods	1,816,769	1,356,525
Total	\$ 4,973,902	\$ 3,770,701

4. Investment

At March 31, 2024, the long-term investment consists of an equity investment of 7,204,970 common shares of California Nanotechnologies Corp. ("California Nano"), a public company related through a common director. The Company's investment is recorded at the fair value as supported by the market price listed on the TSX Venture Exchange.

	Carrying Amount
Investment at December 31, 2022	\$ 487,704
Gain from market price valuation/increase in shares	853,404
Investment at December 31, 2023	\$ 1,341,108
Gain from market price valuation	1,320,892
Investment at March 31, 2024	\$ 2,662,000

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

5. Property, Plant and Equipment

	Building	Production Equipment	Other Equipment	Non- Consumable Tooling	Right-of- Use Assets	Totals
At December 31, 2022	\$ 4,353	\$18,435,319	\$302,372	\$7,886,989	\$4,467,377	31,096,410
Additions	-	148,536	4,677	-	-	153,213
Currency translation	-	57,679	2,370	-	55,436	115,485
At December 31, 2023	\$ 4,353	\$18,641,534	\$309,419	\$7,886,989	\$4,552,813	31,365,108
Additions	-	148,124	270	-	-	148,394
Currency translation	-	(57,381)	(2,452)	-	(85,011)	(144,844)
At March 31, 2024	\$ 4,353	\$18,732,277	\$307,237	\$7,886,989	\$4,467,802	31,398,658
Accumulated depreciation						
At December 31, 2022	\$4,353	\$11,287,938	\$212,626	7,885,566	\$624,494	\$20,014,977
Depreciation	-	620,547	14,732	1,423	506,034	1,142,736
Currency translation	-	10,935	339	-	13,877	25,151
At December 31, 2023	\$4,353	\$11,919,420	\$227,697	\$7,886,989	\$1,144,405	\$21,182,864
Depreciation	-	157,337	1,226	-	126,512	285,075
Currency translation	-	(12,636)	398	-	(15,020)	(27,258)
At March 31, 2024	\$4,353	\$12,064,121	\$229,321	7,886,989	\$1,255,897	\$21,440,681
At December 31, 2023	\$ -	\$6,722,114	\$81,722	\$ -	\$3,378,408	\$10,182,244
At March 31, 2024	\$ -	\$6,668,156	\$77,916	\$ -	\$3,211,905	\$9,957,977

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

6. Intangible Assets

	Customer Relationships	Goodwill	Trademark	Non-Compete Agreements	Patents	Totals
Cost						
December 31, 2023	\$497,069	\$407,170	\$100,000	\$20,000	\$6,285	\$1,030,524
Foreign currency translation	(5,989)	-	-	-	-	(5,989)
March 31, 2024	\$491,080	\$407,170	\$100,000	\$20,000	\$6,285	\$1,024,535
Accumulated amortization						
December 31, 2023	\$347,956	\$ -	\$100,000	\$20,000	\$ -	\$467,956
Amortization	12,594	-	-	-	-	12,594
Foreign currency translation	(2,555)	-	-	-	-	(2,555)
March 31, 2024	\$357,995	\$ -	\$100,000	\$20,000	\$ -	\$477,995
Net book value						
December 31, 2023	\$149,113	\$407,170	\$ -	\$ -	\$6,285	\$562,568
March 31, 2023	\$133,085	\$407,170	\$ -	\$ -	\$6,285	\$546,540

7. Related Party Transactions and Balances

During the three months ended March 31, 2024, the Company had the following related party transactions and balances not disclosed elsewhere in these condensed consolidated financial statements:

The Company has a loan receivable from CalNano including accrued interest in the amount of \$720,031 which is due on May 30, 2025. Of this amount \$710,563 accrues interest at 7.5% per annum and is paid on a monthly basis. In the three months ended March 31, 2024, CalNano paid in advance \$120,000 of principal payments. The loan is secured by all the assets of California Nanotechnologies Inc., a subsidiary of CalNano.

Chuck Samkoff is a member of the Company's Board of Directors and is a Managing Director of Cypress Partners LLC ("Cypress"), a firm retained by the Company to provide financial advisory services to the Company in support of the Company's strategic plan that includes, among others, the consideration of potential investments, strategic acquisitions, related growth opportunities, and near-term and long-term business objectives and initiatives. The Company incurred professional fees to this firm of nil for the three months ended March 31, 2024, and \$26,000 for the 3 months ended March 31, 2023.

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

Significant Subsidiaries:

The table below provides information relative to the Company's significant subsidiaries, including each such entity's name, its jurisdiction of incorporation/formation, the percentage of securities directly or indirectly owned by the Company, a brief description of the entity, and the market areas served, if applicable. The functional currency of each entity is U.S. Dollars.

Company (Jurisdiction of Incorporation/ Formation)	Percentage of ownership by Omni-Lite Industries Canada, Inc.	Overview	Market Area
Omni-Lite Industries California, Inc. (California, USA)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada, Inc., which was formed and incorporated on October 4, 1985. It is the head office which conducts research and development, and production operations.	United States
Monzite Holding Co. (Delaware, USA)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada, Inc., which was acquired on September 21, 2018. It is a holding company for Monzite Corporation.	United States
Monzite Corporation (New Hampshire, USA)	100%	Indirectly owned subsidiary of Omni-Lite Industries Canada, Inc., which was acquired on September 21, 2018. It is a holding company for Impellimax, Inc.	United States
Impellimax, Inc. (New Hampshire, USA)	100%	Wholly owned subsidiary of Monzite Corporation, which was acquired on September 21, 2018. It designs, manufactures, and contract manufactures electronic subcomponents.	United States
Designed Precision Castings Inc. (Ontario, Canada)	100%	Indirectly owned subsidiary of Omni-Lite Industries Canada Inc, which was acquired on December 20, 2021. It designs and manufactures investment castings.	United States, Canada
Marvel Acquisition Co. Ltd. (Ontario, Canada)	100%	Wholly owned subsidiary of Omni-Lite Industries Canada Inc., which is a holding company, and sole shareholder of Designed Precision Castings Inc.	Canada

8. Lease Liability

	March 31, 2024	December 31, 2023
Opening Balance January 1	\$ 5,983,343	\$ 6,257,063
Payments	(215,994)	(864,458)
Interest	137,386	554,597
Currency translation	(37,237)	36,141
Lease liability end of period	<u>\$ 5,867,498</u>	<u>\$ 5,983,343</u>
Less current portion	(305,942)	(324,334)
Long term portion	<u>\$ 5,561,556</u>	<u>\$ 5,659,009</u>

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

8. Lease Liability – continued

The Company has entered into leases for its manufacturing and office space as follows:

Location	Type	Liability
Cerritos, California	Manufacturing and office	\$4,003,522
Cerritos, California	Warehouse	196,585
Brampton, Ontario	Manufacturing and office	1,480,433
Brampton, Ontario	Equipment purchase	46,723
Nashua, New Hampshire	Manufacturing and office	140,235
		\$ 5,867,498

The incremental borrowing rate used to calculate the lease liabilities was 9%. Additionally, recorded in the cost of sales, the Company is responsible for all building operating costs including real estate taxes and insurance. The total estimated quarterly amount of real estate taxes and insurance included in the financial statements is \$67,638 document (2023 - \$62,882).

Future minimum lease payments are as follows:

2024	667,535
2025	902,591
2026	785,787
2027-2031	<u>3,493,750</u>
Total	\$5,849,663

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

9. Share Capital

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

b) Issued:

	Number of Shares	Amount
Issued and outstanding March 31, 2024	15,412,564	\$11,252,443

c) Share Options:

The Company established a share option plan for employees, directors, and consultants on September 15, 1997. Under this plan, the Company is authorized to issue options up to 10% of the outstanding number of issued and outstanding shares. From grant date, options vest at one-third of the total grant annually with an expiration term of 5 years.

The Company has granted share options to directors, consultants, and employees of the Company as follows:

	Number	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding at December 31, 2023	1,046,000	CAD \$0.76 to \$1.85	CAD \$0.97
Options – granted	50,000	CAD \$0.60 to \$.89	CAD \$0.76
Options outstanding at March 31, 2024	1,015,000	CAD \$0.60 to \$1.37	CAD \$0.89

The Company did not grant options during the three months ended March 31, 2024.

The options that are outstanding at March 31, 2024, are summarized as follows:

Options Outstanding	Option Price	Weighted Average Exercise Price of Options Outstanding	Weighted Average Remaining Contractual Life
140,000	CAD \$0.76	CAD \$0.76	2.67 years
875,000	CAD \$0.90-\$0.92	CAD \$0.91	1.36 years
1,015,000	CAD \$0.76-\$0.92	CAD \$0.89	1.44 years
Options Vested	Option Price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
875,000	CAD \$0.91	CAD \$0.91	1.36

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

9. Share Capital – continued

In estimating expected stock price volatility at the time of a particular share option grant, the Company relies on observations of historical volatility trends. Share-based compensation expense in relation to the options for the three months ended March 31, 2024, was nil (2023-\$21,401).

Warrants:

The Company initiated a long-term stock warrant plan in the third quarter of 2018 for key management and employees. The stock warrant plan is monitored by the Board of Directors who determine the strike price and vesting terms of warrants issued.

	Number	Warrant Price Per Share Range	Weighted Average Exercise Price
Total warrants outstanding December 31, 2023, and March 31, 2024	1,400,000	CAD \$0.95 to \$2.26	CAD \$1.59
Warrants exercisable at March 31, 2024	550,000	CAD \$0.95 to \$1.55	CAD\$1.16

The warrants that are outstanding as of March 31, 2024, are summarized as follows:

Warrants Outstanding	Warrant Exercise Price	Weighted Average Remaining Life
200,000	CAD \$0.95	2.72 years
200,000	CAD \$1.27	2.48 years
125,000	CAD \$1.27	2.48 years
175,000	CAD \$1.41	2.48 years
200,000	CAD \$1.55	2.48 years
250,000	CAD \$1.98	2.48 years
250,000	CAD \$2.26	2.48 years
1,400,000	CAD \$1.59	2.52 years

On December 20, 2021, the Company granted 200,000 stock warrants to Cypress for advisory services in connection with the acquisition of DP Cast. The warrants vested immediately, had a fair value of \$77,206 and were fully expensed in 2021 and expire on December 20, 2026. The fair value of the warrants granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

9. Share Capital – continued

Number of warrants	200,000
Weighted average exercise price	CAD \$0.95
Weighted average risk-free interest rate	1.17%
Weighted average expected life (years)	5
Weighted average volatility rate	64.00%
Weighted average dividend yield	0.00%
Weighted average forfeiture rate	0.00%

700,000 of the warrants outstanding have exercise prices ranging from CAD \$1.27 – CAD \$2.26 and vest upon meeting escalating cumulative three-year EBITDA targets on dates ranging from December 31, 2021, to December 31, 2024. The Company is evaluating the EBITDA targets to determine if a future expense needs to be recorded.

Total Share-based compensation expense recognized in relation to warrants was nil in the three months ended March 31, 2024 (2023 - \$750)

10. Contributed Surplus

The following is a continuity schedule of contributed surplus:

	March 31, 2024	March 31, 2023
Balance, beginning of year	\$ 2,251,896	\$ 2,185,578
Share-based compensation (Note 10(c), (d))	-	22,106
Balance, end of period	\$2,251,896	\$ 2,207,984

11. Income/(Loss) per Common Share

The basic (loss)income per common share is calculated using net (loss)income divided by the weighted-average number of common shares outstanding. The diluted (loss)income per common share is calculated using net (loss)income divided by the weighted-average number of diluted common shares outstanding, as adjusted with the treasury stock method.

1,015,000 options (2023 – 1,015,000) and 1,400,000 warrants (2023 – 1,400,00) were excluded in calculating the weighted-average number of diluted common shares outstanding for the three months ended March 31, 2024, and 2023 because the Company was in a net income position for the three months ended March 31, 2023. The company was in a net income position for the three months ended March 31, 2024.

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

12. Segment Information

The Company has its operations and subsidiaries in the United States and Canada. All sales are conducted in the United States.

	United States	Canada	Total
For the three months ended			
March 31, 2024			
Revenue	\$ 3,138,709	\$ 1,146,920	\$ 4,285,628
Net income/(loss)	523,365	(108,100)	415,265
Long term assets	6,486,229	6,736,174	13,222,403
For the three months ended			
March 31, 2023			
Revenue	\$ 1,864,611	\$ 865,484	\$ 2,730,145
Net loss	168,316	(304,275)	(135,959)
Long term assets	5,881,425	6,606,855	12,488,280

13. Financial Instruments

The financial instruments of the Company consist of cash, accounts receivable, due from related parties, investment, accounts payable and accrued liabilities, and bank indebtedness.

	March 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
At FVTPL				
Cash	\$ 1,106,127	\$ 1,106,127	\$ 1,108,029	\$ 1,108,029
At FVOCI				
Investment	2,662,000	2,662,000	1,134,108	1,134,108
At Amortized cost				
Accounts receivable	2,803,110	2,803,110	2,225,700	2,225,700
Due from related parties	772,031	772,031	852,338	852,338
Accounts payable and accrued liabilities	1,506,224	1,506,224	1,555,392	1,555,392

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

13. Financial Instruments - Continued

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

Assets	Total	Level 1	Level 2	Level 3
Cash	\$ 1,106,127	\$ 1,106,127	\$ -	\$ -
Investment	2,662,000	2,662,000	-	-

There have been no transfers during the period between Levels 1 and 2.

The carrying values of accounts receivable, accounts payable and accrued liabilities, and finance guarantee liability approximate their fair value due to their short-term nature.

The carrying value of the Company's due from related parties approximate their fair values due to the amounts being due on demand, and the carrying value of bank indebtedness approximates fair value due to a market rate of interest being charged.

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations exposes the Company to various risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not use off statement of financial position contracts to manage these risks.

Foreign Currency Risk

The Company has foreign currency exposure through its DP Cast subsidiary which has a functional currency of Canadian dollars. The Company manages its foreign currency risk through natural hedges of its current asset and current liability positions where possible.

Other Price Risk

The Company has financial instruments that may fluctuate in value as a result of changes in market price. The Company has an investment in shares of California Nano. This investment is recorded on the consolidated statements of financial position at fair value as of the statement of financial position date with changes from the prior period's fair value reported in OCI. As at March 31, 2024, a 1% change in the price of the investment would have an impact of \$26,620 annually (December 31, 2023 - \$5,325).

Liquidity Risk

The Company had \$1,106,127 in cash on hand at March 31, 2024 and had no borrowing at March 31, 2023, or December 31, 2023. If the Company should need additional liquidity, it would pursue asset-based lending secured by its assets.

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim three months ended March 31, 2024 and 2023
United States Dollars
Unaudited

13. Financial Instruments - Continued

The following table provides an analysis of the financial liabilities based on the remaining terms of the liabilities as at:

	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 4 years	> 5 years	Total
March 31, 2024					
Accounts payable and accrued liabilities	\$ 1,506,224	\$ -	\$ -	\$ -	\$ 1,506,224
Total	\$ 1,506,224	\$ -	\$ -	\$ -	\$ 1,506,224
December 31, 2023					
Accounts payable and accrued liabilities	\$ 1,555,392	\$ -	\$ -	\$ -	\$ 1,555,392
Total	\$ 1,555,392	\$ -	\$ -	\$ -	\$ 1,555,392

Credit Risk

The Company manages credit risk over cash by maintaining its bank accounts with large financial institutions. The Company manages credit risk over accounts receivable by dealing with financially sound customers, based on an evaluation of the customer's financial condition. For the three months ended March 31, 2024, the Company had one customer who each accounted for in excess of 10% of revenue for \$732,606 or 17% of sales (March 31, 2023 – one customer totaling \$546,863 million or 20% of sales). The maximum exposure to credit risk is the carrying value of cash, accounts receivable and due from related parties. The table below provides an analysis of the age of accounts receivable from invoice date, which are not considered impaired.

	Total	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days
March 31, 2024	\$ 2,803,110	\$ 1,549,288	\$ 976,053	\$ 113,247	\$ 164,522
December 31, 2023	\$ 2,225,700	\$ 1,186,932	\$ 775,778	\$ 110,662	\$ 152,328

14. Capital Disclosures

The objective for managing the Company's capital structure is to ensure that the Company has the financial capacity, liquidity and flexibility to fund expansion projects and product development efforts. The capital structure of the Company consists of cash and equity comprised of issued capital, contributed surplus and retained earnings. The Company generally relies on operating cash flows and its revolving line of credit to fund the expansion and product development. The Company's financing needs depend on the timing of expected net cash flows from new products and sales of current products. This requires the Company to maintain financial flexibility and liquidity. The Company's capital management policies are aimed at: Maintaining an appropriate balance between short-term borrowings, long-term debt and shareholders' equity; maintaining sufficient undrawn committed credit capacity to provide liquidity; ensuring ample covenant room to draw credit lines as required; and ensuring the Company maintains a credit rating that is appropriate for their circumstances.

The Company monitors the leverage in its capital structure by reviewing the ratio of net debt to cash flow from operating activities and interest coverage ratios.

15. Subsequent Events

None.