



INVENTRONICS LIMITED

2026 FIRST QUARTER FINANCIAL REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended March 31, 2026

2026 First Quarter Financial Report – March 31, 2026

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") is dated April 30, 2026 and was prepared based on information available to Inventronics Limited (referred to herein as "Inventronics" or the "Corporation") as of this date to help readers interpret Inventronics' financial results for the three month period ended March 31, 2026. This financial report, including the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and Notes to the Financial Statements (collectively referred to as the "financial statements") and this MD&A, should be read in conjunction with the Corporation's audited annual financial statements and accompanying MD&A for the year ended December 31, 2025, which are available on the SEDAR+ website at www.sedarplus.ca under the Inventronics profile. All dollar amounts within this report are expressed in Canadian dollars ("CAD") unless otherwise stated.

Forward-looking information advisory. Certain statements contained in this report, including this MD&A, contain forward-looking information that represents the Corporation's internal projections, expectations, estimates or beliefs concerning, among other things, the Corporation's expectations, perceptions and/or beliefs with respect to: economic conditions and the related impact on the Corporation's customers and/or demand for the Corporation's products; how its customers plan and execute their purchasing decisions and what factors might impact those decisions; its working capital position and its sufficiency to support the Corporation's current operations; and its forecast financial results. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "anticipates", and similar expressions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. These risks and uncertainties include but are not limited to: general economic conditions; foreign currency fluctuations; actions by government authorities; competitor activity; indebtedness of the Corporation; availability of future financing; customer concentration risks; changes in the price of raw materials; interest rates; and changes in the communications, cable, power and energy industries. Although management of the Corporation believes such statements are reasonable, undue reliance should not be placed on forward-looking information as the Corporation can give no assurance that such assumptions will prove to be correct. The forward-looking information has been included herein to provide shareholders with a more complete outlook on the Corporation's future business and operations and this information may not be appropriate for other purposes. The Corporation does not undertake to update the forward-looking information contained herein except as required by applicable laws.

1. Corporation Overview

Founded in 1970 in Brandon, Manitoba, Canada, Inventronics designs, manufactures and markets protective enclosures for use in utility-type infrastructures. The Corporation's products are typically found in telecommunication, cable, electric distribution, energy, and other industries where they are utilized in both outdoor and indoor applications to house and protect passive and/or active electrical and electronic components. Although the Corporation's products have been primarily placed in service throughout North America, it is not uncommon to find Inventronics' enclosures in other international infrastructures as well. A significant portion of Inventronics' revenues are generated from the sale of Inventronics-branded standard products which are sold directly to utilities, original equipment manufacturers and/or through distributors. Additionally, for customers with specialty requirements, the Corporation designs and manufactures products that have been custom designed to suit the customer's particular needs. This can range from the modification of an existing Inventronics cabinet to the conceptualization and manufacture of a completely new enclosure.

Inventronics operates from its ISO 9001:2015 certified facility located in Brandon, Manitoba where product design, manufacturing, corporate administration and sales functions are performed. The Corporation's production employees are organized under the United Steelworkers Union. The Corporation is incorporated in the Province of Alberta, Canada, has no subsidiaries, and its shares are publicly traded on the TSX Venture Exchange under the symbol IVX.

2. Selected Annual Financial Information

Selected Annual Financial Information

(in thousands of dollars, except per share amounts)

For the years ended December 31

	2025	2024	2023
Revenue	8,247	6,309	8,859
EBITDA ¹	743	249	934
Net earnings (loss)	282	(62)	369
Total assets	5,688	5,713	6,095
Long-term debt, excluding current portion	2,050	2,250	2,437
Basic earnings (loss) per share	5.8¢	(1.3)¢	7.6¢

Note 1. See "Non-IFRS Measures" below.

3. Summary of Financial Results

The broadband build-out in Canada and the USA is continuing at a sustainable pace and the demand for enclosures has been aligned to the planned project installation pace. Overall, the Corporation remains in a stable financial position with working capital of \$1,763,000, which is sufficient to support the operations at anticipated levels.

Selected Quarterly Financial Information

(in thousands of dollars, except percentage and per share amounts)

	2026	2025					2024		
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2
Revenue	1,727	1,552	2,078	2,190	2,427		1,304	1,611	1,950
Cost of sales as a percentage of revenue	91%	95%	81%	79%	78%		91%	87%	78%
EBITDA ¹	127	(96)	245	271	322		(258)	129	281
Net earnings (loss)	25	(151)	112	138	183		(242)	31	141
Basic earnings (loss) per share	0.5¢	(3.1)¢	2.3¢	2.8¢	3.8¢		(5.0)¢	0.6¢	2.9¢

Note 1. See "Non-IFRS Measures" below.

4. Results of Operations

Revenue

Revenue for the first quarter of 2026 of \$1,727,000 was \$700,000, or 29%, less than the \$2,427,000 reported for the comparative quarter of 2025. This decline in revenue is a reflection of the economic uncertainties in the current market. The project volumes are forecast to improve through the seasonally-stronger second and third quarters as the various broadband service providers ramp up their 2026 buildout programs.

Cost of Sales

Cost of sales as a percentage of revenue of 91% for the three months ended March 31, 2026, is an improvement from the Q4-2025 result of 95% and is expected to improve further as increased volumes are achieved through the coming quarters. Higher activity levels improve efficiencies and allow the fixed costs to be spread across increased volumes. Management continuously monitors operating costs to ensure acceptable margins are achieved.

Selling and Administration Expense

Selling and administrative expenses for the first quarter were positively impacted by the recovery of a \$78,000 allowance for doubtful accounts booked in the fourth quarter of 2025. The customer in question was able to secure additional financing to pay the outstanding balance. The remaining decline in these expenses was attributable to lower variable compensation in the first quarter of 2026 compared to the same period in 2025 due to the reduced profitability.

Net Earnings

Net earnings for the first quarter of 2026 of \$25,000, or 0.5 cents per share, reflects the slow start to the year and was significantly lower than the \$183,000, or 3.8 cents per share, earned in the same period last year. The decrease in revenues was the primary contributor to this decline in profitability.

5. Liquidity and Capital Resources

Cash Flow from Operations

For the three months ended March 31, 2026, the Corporation's operations generated cash flow of \$116,000 compared to \$249,000 for the same quarter of the prior year. Once again, the lower activity levels was the primary driver for this cash flow reduction.

Cash Flow from Operations

(in thousands of dollars)

For the periods ended March 31	Three months	
	2026	2025
Net earnings (loss)	25	183
Add: Interest on long-term debt ¹	31	35
Add: Depreciation	55	44
Add: Option expense	5	-
Add: Deferred income tax	-	(13)
Cash flow from Operations	116	249

Note 1. Interest on long-term debt is considered a component of financing and therefore added back to net earnings to determine cash flow from operations.

Working Capital Position

At March 31, 2026, the Corporation reported a working capital balance of \$1,763,000, which represented a working capital ratio of 2.73:1. It is management's belief that the Corporation's current working capital position is more than sufficient to support the forecast operating requirements of the business.

Working Capital Position

(in thousands of dollars, except ratio calculation)

At the end of	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Current assets	2,784	2,539	3,086	2,957	2,937	2,469	2,689	3,169
Current liabilities	1,021	778	1,163	1,142	1,255	933	914	1,340
Working capital	1,763	1,761	1,923	1,815	1,682	1,536	1,775	1,829
Working capital ratio	2.73 :1	3.26 :1	2.65 :1	2.59 :1	2.34 :1	2.65 :1	2.94 :1	2.36 :1

Working Capital Liquidity

Working capital liquidity for operating purposes has generally been provided through positive cash flow from operations and the Corporation's operating credit facility. At March 31, 2026, the Corporation's unmarginated operating credit facility limit was \$1,200,000, of which Nil was drawn, and is secured by a general assignment of trade accounts receivable and inventory (see "Borrowing Arrangements" below).

6. Share Capital

An unlimited number of common shares are authorized for issue. The following table summarizes the authorized, issued and outstanding common shares of the Corporation.

Share Capital

(dollar amounts in thousands)

As at	March 31, 2026		December 31, 2025	
	Shares	Amount	Shares	Amount
Outstanding, beginning of the period	4,871,145	\$ 1,337	4,871,145	\$ 1,337
Options exercised	-	-	-	-
Authorized, issued and outstanding common shares	4,871,145	\$ 1,337	4,871,145	\$ 1,337

Stock option plan

Inventronics maintains a stock option plan providing the Corporation with the ability to grant options to employees and directors to purchase one common share of the Corporation per option. At March 31, 2026, there were 480,000 options outstanding with an average exercise price of \$0.575 per share (December 31, 2025 – 480,000). There has been no change to the option pool since March 31, 2026.

7. Borrowing Arrangements and Covenants

Credit facilities

The Corporation has a demand operating credit facility in the form of an overdraft lending account which provides an authorized limit of \$1,200,000 with an interest rate of prime plus 0.90% (December 31, 2025 – prime plus 0.90%) for an effective rate of 5.35% (December 31, 2025 – 5.35%). At March 31, 2026, an amount of \$1,200,000 under this facility was available, of which \$Nil was drawn (March 31, 2025 - \$1,200,000 available and \$Nil was drawn). The credit facility does not contain any financial covenants and is secured by a general security agreement over accounts receivable and inventory balances. The Corporation also has an equipment financing facility in the amount of \$1,500,000 (December 31, 2025 - \$1,500,000), to be used when necessary to finance equipment additions.

Long-term debt

The Corporation has a long-term lending agreement in the form of a fixed rate mortgage maturing in 2043; bearing interest of 5.25%; repayable monthly in blended principal and interest installments of \$14,000; secured by a mortgage on the Corporation's production facility and land in Brandon, Manitoba, which was professionally appraised at a value of \$4,400,000 in 2022. The facility is secured by a general security agreement providing a security interest in all of the Corporation's present and after acquired personal property but accepting a subordinate position to all existing registered charges. Although it contains general performance conditions, the mortgage agreement does not contain any financial covenants that must be periodically tested. Although containing general performance conditions, these agreements do not contain any financial covenants that must be periodically tested. The Corporation is in compliance with all obligations pertaining to its credit and lending facilities.

8. Foreign Currency Exposure

For the three months ended March 31, 2026, the Corporation had an exposure to foreign currency risk as the proportion of sales denominated in US dollars ("USD") was approximately 10%. This exposure is currently unhedged, and management carefully monitors this exposure on an ongoing basis.

9. Collective Bargaining Agreement

The Corporation's production labour force is organized under a collective bargaining agreement with the United Steel Workers that has an expiry date of December 31, 2026.

10. Related Party Transactions

The four-person senior management team are members of Inventronics' Board of Directors ("Board") and receive no compensation for their service as Board members. The Corporation pays fixed and variable compensation to its senior management team for their employment services. For the quarter ended March 31, 2026, the Corporation expensed \$168,000 (2025 - \$232,000) related to those compensation arrangements.

11. Non-IFRS Measures

EBITDA

Earnings before interest, tax, depreciation and amortization ("EBITDA") is not a recognized measure under International Financial Reporting Standards ("IFRS"). However, management believes that EBITDA is a useful supplementary measure to net earnings, as it provides investors with an indication of cash earnings prior to debt service, capital expenditure, income tax and non-cash items. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Corporation's performance or to cash flows from operating, investing and financing activities as a measure of liquidity or cash flows. The Corporation's method of calculating EBITDA may differ from the methods by which other companies calculate EBITDA and, accordingly, the EBITDA used herein may not be comparable to measures used by other companies.

Reconciliation of EBITDA to Net earnings

(in thousands of dollars)

For the periods ended March 31	Three months	
	2026	2025
EBITDA	127	322
Less: Interest expense	(31)	(35)
Less: Depreciation and amortization	(60)	(44)
Less: Income tax	(11)	(60)
Net earnings	25	183

12. Outlook

In addition to other sections of this MD&A, this section contains forward-looking information, and actual outcomes may differ materially from those expressed or implied therein. Please see the forward-looking information advisory included in the opening section of this MD&A.

The Corporation is a part of the supply chain to the construction and maintenance of communications infrastructures in Canada and the USA which are essential to establishing and supporting internet services. The Corporation's enclosures house the interconnections and control systems necessary to support these services. The continuing digitization of the economy and the rapid expansion of the metaverse and AI data centres are expected to play a significant part in the demand for the Corporation's products for the foreseeable future. The key risks in this uncertain environment are changes in government regulation and support programs, employee availability, customer spending patterns, and supply chain challenges. These risks are being addressed and mitigated to the extent possible but are largely beyond the Corporation's control.

The first quarter of 2026 was weaker than the first quarter of 2025 due to the general economic uncertainties in the current market. Across the market that the Corporation services, the pace of installations are continuing at a sustainable rate aligned with the availability of installers. The demand for internet bandwidth, AI services, and changing communication technologies is continuing to drive significant infrastructure investments in both Canada and the USA. The uncertain inflation projections and threats of recession are creating a cautious environment for the short to medium-term demand for enclosures.

At the present time, the Corporation's USA sales are unaffected by the tariffs since the products are produced and shipped under the terms of the CUSMA free trade agreement. The future of this agreement remains uncertain and therefore the impact on future sales to the USA are indeterminable.