

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)



General

The following management's discussion and analysis (MD&A) of the financial condition and results of operations of ZTEST Electronics Inc. (ZTEST or the Company) constitutes management's review of the factors that affected the Company's interim condensed consolidated financial and operating performance for the nine months ended March 31, 2026. The MD&A was prepared as of May 22, 2026, and was approved by the Board of Directors on May 22, 2026. It should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the nine months ended March 31, 2026, 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.sedar.com.

The Company

ZTEST is located at 523 McNicoll Avenue, Toronto, Ontario. Through its wholly owned subsidiary, Permotech Electronics Corporation (PEC), the Company operates a single business segment developing and assembling printed circuit boards and other electronic equipment. The Company's 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. In December 2025 the Board opted to expand from four directors to five, and added Trevor Treweeke, an independent director, who was subsequently added to the Compensation Committee. The Company's 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)
Trevor Treweeke ⁽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 Permotech Electronics Corporation

Corporate Performance

As noted in the preceding fiscal quarter, the Company is observing indicators suggesting that the general decline in the electronics market which has persisted for several reporting periods may be abating but also that marketplace improvements are rarely linear or consistent. The Company has again realized revenue growth with increases of 14% and 8% year over year, for the 3 and 9 month periods ended March 31, 2026, however we were unable to surpass the revenues of Q2, 2026, falling a little more than 3% short. The Company is encouraged by the revenue growth, believing it to confirm the benefit of cultivating and nurturing relationships with prospective and existing customers, but knows that there is still work to do to generate more, and sustained, growth while navigating market hurdles and inconsistencies.

ZTEST Electronics Inc.

Management's Discussion and Analysis

For The Nine Month Period Ended March 31, 2026

(Prepared as at May 22, 2026)

**Corporate Performance - continued**

The Company offers both turnkey services, including complete materials management, and non-turnkey services. Turnkey, which the Company promotes as an efficient and effective alternative for its customers, accounts for the majority of periodic revenues. The Company is pleased to report that for the second straight quarter it has realized growth in both turnkey and non-turnkey services with turnkey revenues increasing 7.5% year over year while non-turnkey revenues grew almost 78%. Non-turnkey revenues in Q3 2025 had been unusually low, following an even higher quarter previously, contributing to the 78% growth rate. Non-turnkey services generated only 9.8% of total quarterly revenues in Q3 2025 yet for the nine month period they accounted for 16.2% of the revenue total. More traditionally, non-turnkey services accounted for 15.5% of total revenues in Q3 2026 and 15.6% year to date. For the nine month periods, turnkey revenues have grown about 10.1% while non-turnkey revenues have grown about 9.8% and the Company continues to strive for sustained growth from both services.

As one should expect, the higher revenue figures have resulted in greater profitability. Net income for the quarter was \$376,288, and for the nine month period was \$1,039,155, representing improvements of almost 47% and 32% respectively, when compared to March 2025. This also gives rise to stronger earnings per share figures as basic earnings per share was \$0.010 for the quarter and \$0.028 year to date, compared to \$0.007 and \$0.021 at March 31, 2025.

The operating results for the periods ended March 31, 2026 also served to further reduce business risks as the Company continues to generate positive cash flows from operations and has added \$1,230,110 (24.6%) to working capital and \$1,133,185 (19.3%) to capital under management since the start of the fiscal year. The only minor blip on the liquidity front is that current financial liabilities have risen, albeit at a pace slower than the growth in current financial assets. Current financial liabilities have risen due to the timing of inventory purchases and because the estimated income taxes due on current year profits exceed required income tax instalments predicated on last year's income.

There is one other factor contributing to the increase in current financial liabilities, and an increase in long-term liabilities, and that is the recognition of a new lease obligation. The Company assessed its operating requirements, both presently and for the foreseeable future, and determined the current facilities to be beneficially located, appropriate for the Company's needs, and sufficient to enable the Company to grow significantly. With that in mind, the Company negotiated a new five year lease extension, commencing April 1, 2026, wherein the Company is required to pay minimum lease payments perceived to be favourable relative to prevailing market rates. The Company is required to record a lease obligation, and a right of use asset, on the commencement date at the value determined by discounting the minimum lease payments at the Company's incremental borrowing rate. As this was determined to be material, the resulting asset and obligation were recorded March 31, 2026, adding \$164,420 to current financial liabilities and \$873,131 to long-term liabilities, for a total of \$1,037,551. This same amount of \$1,037,551 was also added to total assets and will be amortized over the term of the lease extension.

With the knowledge that the Company's operating facilities are now secured for the next five years, the Company is continuing to seek out and compete for opportunities to grow revenues, while continuing to navigate market inconsistencies and hurdles in a manner that is consistent with the objective of growing shareholder value.

The following data may provide some additional insights relative to the Company's 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

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)

**Corporate Performance - continued**

	Mar. 2026	For the fiscal quarters ended:		
		Dec. 2025	Sept. 2025	June 2025
Total Revenues	2,399,624	2,481,516	1,823,428	2,113,637
Net income for the period	376,288	425,913	236,954	299,569
Per share - basic	0.010	0.012	0.006	0.008
Total assets	9,630,262	7,878,522	7,691,708	7,197,418
Total long-term financial liabilities	997,071	131,686	144,042	154,516
Total liabilities	2,640,100	1,346,617	1,641,261	1,390,801

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

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

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

Nine month periods ended March 31	2026	2025
Net income for the period	1,039,155	789,180
Income tax provision	394,825	276,375
Interest expense ñ cash based	993	2,669
Interest expense ñ lease liability	1,557	6,133
Depreciation of equipment	121,790	144,260
Depreciation of right of use asset	124,331	124,331
EBITDA	1,682,651	1,342,949
Weighted average shares outstanding - basic	36,860,829	36,871,003
EBITDA per share - basic	0.046	0.036

Three month periods ended March 31	2026	2025
Net income for the period	376,288	256,457
Income tax provision	159,178	75,597
Interest expense ñ cash based	179	748
Interest expense ñ lease liability	131	1,669
Depreciation of equipment	40,342	48,333
Depreciation of right of use asset	41,443	41,444
EBITDA	617,561	424,248
Weighted average shares outstanding - basic	36,936,701	37,111,932
EBITDA per share - basic	0.017	0.011

ZTEST Electronics Inc.

Management's Discussion and Analysis

For The Nine Month Period Ended March 31, 2026

(Prepared as at May 22, 2026)

**Results of Operations**

Accompanying the revenue growth for the quarter, the Company also realized more than 25% growth in gross margins which increased from \$833,532 for the quarter ended March 2025 to \$1,044,552. Gross margins for the nine month period have also risen more than 12% to \$2,901,823, as compared to \$2,584,809 one year earlier. In addition to the growth in gross margin value the Company also realized growth in gross margin percentage for each of the periods presented as the quarterly gross margin percentage rose from 39.6% to 43.5%, while the year-to-date gross margin percentage was 43.3% as compared to 41.7% one year earlier.

There are many factors that impact upon gross margins in any given period including that every product produced is custom and is therefore a unique combination of components, labour and testing. Market factors like inflation and exchange rates also have an impact as do periodic production volumes, product mix between turnkey and non-turnkey, average order size, average complexity, and other factors. To better understand the gross margins realized, one must look more closely at cost of product sales. The different elements of cost of product sales for the periods ended March 31 were as follows:

Nine-month periods:	2026	2025	Change
Raw materials and supplies consumed	\$ 2,806,204	\$ 2,623,622	\$ 182,582
Labour costs incurred	723,253	705,889	17,364
Depreciation	115,872	136,481	(20,609)
Shipping and packaging	105,326	94,512	10,814
Stencils and tooling	24,055	21,630	2,425
Repairs and maintenance	12,175	24,417	(12,242)
Net change in finished goods and work in process	15,860	14,305	1,555
Total cost of product sales	\$ 3,802,745	\$ 3,620,856	\$ 181,889

Three-month periods:	2026	2025	Change
Raw materials and supplies consumed	\$ 1,016,855	\$ 953,536	\$ 63,319
Labour costs incurred	254,524	225,981	28,543
Depreciation	38,639	45,707	(7,068)
Shipping and packaging	34,198	36,725	(2,527)
Stencils and tooling	6,220	8,620	(2,400)
Repairs and maintenance	5,656	8,605	(2,949)
Net change in finished goods and work in process	(1,020)	(7,409)	6,389
Total cost of product sales	\$ 1,355,072	\$ 1,271,765	\$ 83,307

The cost of raw materials and supplies consumed rose almost 7% in both the quarter and year to date, in comparison to the same periods one year earlier. There is a general expectation that the cost of materials will rise any time that turnkey revenues increase. In this case we see that the turnkey revenue increases of 7.5% for the quarter and 10.1% year to date exceed the material cost increases. This is attributed to the uniqueness of each custom order, requiring a distinct set of components at varying costs, as well as different amounts of labour to complete the orders. The total materials costs incurred in each of the periods presented are consistent with management expectations.

Labour costs incurred rose by 12.6% for the quarter, and by 2.4% for the nine month period, as compared to the corresponding periods ended March 2025. Although increases in labour costs incurred are common in periods when revenues rise, the cost increase incurred during the most recent quarter may be greater than one might anticipate. Labour hours for the quarter increased 14.7% year over year, albeit at a lower average cost per hour, and represented almost 35% of the cumulative labour hours thus far in the year as compared to having been less than 31% in the third quarter of 2025. Management makes every effort to adjust the volume and the nature of its labour supply based upon demand and this process can lead to greater than anticipated changes, particularly when looking at shorter time periods. This same process also resulted in a decline in the first quarter of this year when labour hours declined by 8.7% year over year. For the nine months ended March 21, 2026 labour hours are up 1.3% with the remainder of the cost increase being primarily attributable to annual payrate increases.

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)

**Results of Operations - continued**

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 labour costs for the recent quarter equated to \$253,504, or almost 16% more than the total of \$218,572 for the March 2025 period, again reflective of the labour demand as well as higher production throughput which was expected given the increase in revenues. Once again there is far greater similarity in the year to date costs where the aggregate for the current year of \$739,113 is 2.6% greater than the \$720,194 incurred last year.

Depreciation costs have decreased in line with expectations. The Company's 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 are up more than 11% year to date despite a decline of almost 7% in the most recent quarter. We have noted that shipping and handling rates along with the cost of packaging supplies have been escalating and these high rates show no sign of abatement. These rate escalations had been exacerbated by a corresponding need for more frequent smaller shipments, which was not nearly as prevalent in the most recent quarter. All shipping and packaging costs are continuously monitored, and all costs are within expectations.

Stencils and tooling are primarily incurred at the time that the Company prepares for assembly of boards that it has never produced before. The initial production 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 increases incurred thus far in fiscal 2026, indicate that the number of new boards being ordered has risen while a slight decline in the most recent quarter is reflective of an increase in product re-orders.

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 March 2026 periods is reflective of the Company's equipment being in fine working order.

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

Nine-month periods:	2026	2025	Change
Employee and consultant compensation	\$ 929,698	\$ 931,593	\$ (1,895)
Occupancy costs	253,694	255,822	(2,128)
Professional fees	113,159	114,054	(895)
Shareholder services	46,317	33,183	13,134
Travel and promotional activities	34,603	29,227	5,376
Insurance	30,855	29,710	1,145
Office and general expenses	27,323	25,269	2,054
Total selling, general and administrative	\$ 1,435,649	\$ 1,418,858	\$ 16,791

Three-month periods:	2026	2025	Change
Employee and consultant compensation	\$ 298,156	\$ 303,330	\$ (5,174)
Occupancy costs	84,344	89,937	(5,593)
Professional fees	34,765	43,095	(8,330)
Shareholder services	9,712	7,181	2,531
Travel and promotional activities	786	694	92
Insurance	10,287	10,162	125
Office and general expenses	9,779	7,886	1,893
Total selling, general and administrative	\$ 447,829	\$ 462,285	\$ (14,456)

ZTEST Electronics Inc.

Management's Discussion and Analysis

For The Nine Month Period Ended March 31, 2026

(Prepared as at May 22, 2026)

**Results of Operations - continued**

Employee and consultant compensation costs include salaries and benefits, consulting fees, and directors' fees. These are generally comparable in aggregate for the periods presented although each of salaries and benefits, consulting fees, and directors' fees do reflect small increases in the current periods while incremental payroll taxes that arose from stock option exercises in the December 2024 periods did not recur.

Occupancy costs have been generally comparable in recent periods as depreciation of the right of use asset remained consistent at \$41,444 per quarter while common area and utility costs resulted in minor variations in the overall expense. The Company signed a new five year lease extension, commencing April 1, 2026, which has resulted in the recognition of a new right of use asset. The value ascribed to this new asset is determined by using prevailing market interest rates to discount the minimum lease payments required under the lease extension. Although our renewal rate was favourable, the minimum lease payments required under the lease extension are greater than the minimum lease payments were under the expired lease term. Further, prevailing market interest rates are higher than they had been when the last lease term commenced. This combination will result in an increase in quarterly amortization to \$65,378 starting in the final quarter of 2026 and continuing through the new term.

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. Audit fees are up approximately 17% for each of the periods presented due to market increases. Legal fees were approximately \$10,000 lower for each of the periods presented as there was no recurrence of costs related to establishing the Company's inaugural Normal Course Issuer Bid. Fees for reporting required by the Company's financial institution and the filing of annual income tax returns have remained consistent.

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 both the three and nine month periods ended March 2026 include new fees associated with the OTCID listing in the US while the nine month period also include incremental costs related to having added a fifth Director to the Board as well as higher costs related to the shareholders' meeting held October 2025, as compared to July 2024.

Travel and promotional fees include costs related to the Company's attendance at investor conferences in both the 2025 and 2024 periods as well as travel costs related to the shareholders' meetings held October 2025 and July 2024.

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.

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

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

Nine-month periods:	2026	2025	Change
Interest expense - long term	\$ 752	\$ 2,431	\$ (1,679)
Interest expense - other	241	238	3
Interest expense - lease liability	1,557	6,133	(4,576)
Total financing expenses	\$ 2,550	\$ 8,802	\$ (6,252)
Three-month periods:	2026	2025	Change
Interest expense - long term	\$ 105	\$ 662	\$ (557)
Interest expense - other	74	86	(12)
Interest expense - lease liability	131	1,669	(1,538)
Total financing expenses	\$ 310	\$ 2,417	\$ (2,107)

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)

**Results of Operations - continued**

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. This loan was paid out on its maturity date in April 2026.

Interest expense ñ other represents miscellaneous interest charges incurred. This would also include interest related to the Company's bank operating line if it were used but there has been no usage since November 2023.

Interest expense ñ lease liability represents imputed interest costs on the lease liability arising from the Company's operating facility lease which commenced April 1, 2021 and expired March 31, 2026, with those costs declining as the liability approached maturity. A new lease extension commenced April 1, 2026 resulting in the recognition of a new lease liability upon which interest will be imputed over the new term. These new imputed interest costs will peak in the final quarter of 2026 then decline steadily over the remaining lease term.

Liquidity

On March 31, 2026, the Company had working capital of \$6,238,394 (June 30, 2025 ñ \$5,008,284) and current financial assets of \$6,328,170 (June 30, 2025 ñ \$5,132,451) available to settle current financial liabilities of \$1,643,029 (June 30, 2025 ñ \$1,236,285).

The Company also has access to a \$1,000,000 bank operating line, of which \$Nil (June 30, 2025 ñ \$Nil) had been drawn on March 31, 2026.

In addition to satisfying the cost of operations, the Company must also address the settlement of the following amounts at March 31, 2026:

	Due by Mar. 2027	Due by Mar. 2028	Due after Mar. 2028	Total Due
Term loan	\$ 5,732	\$ -	\$ -	\$ 5,732
Lease liability	164,420	182,213	690,918	1,037,551
	\$ 170,152	\$ 182,213	\$ 690,918	\$ 1,043,283

Capital Resources

The Company has a \$1,000,000 commercial line of credit from which \$Nil (June 2025 - \$Nil) was drawn on March 31, 2026. The loan bears interest at the TD Bank prime lending rate plus 1.5% (June 2025 - prime + 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 of which \$5,732 remained payable on March 31, 2026. The loan bears interest at 3.386%, and was fully paid upon maturity in April 2026.

The following transactions involving the Company's securities have occurred since June 30, 2025:

- 219,380 broker warrants were exercised for cash proceeds of \$54,845;
- 2,370,000 share purchase warrants expired;
- The Company repurchased and cancelled 78,000 common shares under its NCIB for \$19,072, including commissions;
- 800,000 stock options were granted to Directors, officers and employees of the Company and its subsidiary. These options, which may be exercised at \$0.28 until December 15, 2030, will vest as to 50% on June 15, 2026 and 50% on December 15, 2026.

There have been no securities transactions between March 31, 2026 and the date of this document.

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)

**Related Party Transactions**

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

Nine-month periods ended March 31	2026	2025
Salaries and benefits ⁽¹⁾	\$ 418,946	\$ 384,791
Directors' fees ⁽¹⁾	37,750	33,250
Legal fees ⁽²⁾	55,409	65,281
Accounting fees ⁽²⁾	6,000	6,000
Cash based expenditures	\$ 518,105	\$ 489,322
Share-based payments	\$ 96,425	\$ 151,708

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

⁽²⁾ Charged to net income as an element of professional fees.

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

	2026	2025
Consulting fees payable	\$ 104,926	\$ 197,596
Director fees payable	\$ -	\$ 3,750
Salaries and benefits payable	\$ 109,644	\$ 90,380
Professional fees payable	\$ 7,352	\$ 13,400

The following stock options have been issued to Directors, former Directors, and Officers of the Company and its subsidiary, and were outstanding on March 31, 2026:

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
Stock options @ \$0.28 per share ⁽¹⁾	Dec. 15, 2030	800,000

⁽¹⁾ 50% of these stock options will vest June 15, 2026 and the remaining 50% will vest on December 15, 2026.

Convertible Instruments and Other Securities

The Company has the following securities issued and outstanding:

Common shares	Quantity	Amount
Common shares, June 30, 2025	36,795,321	\$ 25,081,033
Broker warrants exercised	219,380	115,288
Shares repurchased under Normal Course Issuer Bid	(78,000)	(53,167)
Common shares, March 31, 2026 and on the date of this document	36,936,701	\$ 25,143,154

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)

**Convertible Instruments and Other Securities - continued**

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 potential issuances:

Common shares reserved	Expiry Date	Number of Common Shares
To be issued for Class A shares ⁽¹⁾		8,246
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
Stock options @ \$0.28 per share ⁽²⁾	Dec. 2030	900,000
Common shares reserved, March 31, 2026 and on the date of this document		2,458,246

⁽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 March 31, 2026 and on the date of this document	36,936,701
Shares reserved on March 31, 2026 and on the date of this document	2,458,246
Fully diluted number of shares, March 31, 2026 and on the date of this document	39,394,947

Transactions involving warrants are summarized as follows:

	Number of Warrants	Amount
Balance, June 30, 2025	2,589,380	\$ 421,385
Broker warrants exercised	(219,380)	(60,446)
Warrants expired	(2,370,000)	(360,939)
Balance, December 31, 2025 and on the date of this document	-	\$ -

No warrants were issued during the year ended June 30, 2025, or thereafter.

Additional disclosures relative to stock options are as follows:

During the period ended December 31, 2025 the Company granted 900,000 stock options, entitling the holders to exercise at a price of \$0.28 per share until December 15, 2030. 50% of these options will vest June 15, 2026 and the remaining 50% will vest December 15, 2026. The following weighted average assumptions were used to calculate the fair value of the stock options granted during the periods:

	Dec. 31 2025	June 30 2025
Dividend yield	Nil	Nil
Risk free interest rate (%)	3.00	1.05 ñ 2.92
Expected stock volatility (%)	134.98	143.56 ñ 146.09
Expected life (years)	5	5

	Common Shares Under Option	Weighted Average Price/Option	Weighted Average Expiry Date
Balance, June 30, 2025	1,550,000	\$ 0.26	Mar. 13, 2029
Stock options granted	900,000	\$ 0.28	Dec. 15, 2030
Balance, December 31, 2025 and on the date of this document	2,450,000	\$ 0.27	Nov. 4, 2029

ZTEST Electronics Inc.

Management's Discussion and Analysis
For The Nine Month Period Ended March 31, 2026
(Prepared as at May 22, 2026)

**Convertible Instruments and Other Securities - continued**

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 15, 2025	100,000	100,000	\$ 0.40	Jan. 15, 2030
Granted December 15, 2025	800,000 ^(1,2)	-	\$ 0.28	Dec. 15, 2030
Granted December 15, 2025	100,000 ⁽²⁾	-	\$ 0.28	Dec. 15, 2030

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

⁽²⁾ These options will vest as to 50% on June 15, 2026 with the remaining 50% vesting December 15, 2026.

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

Financial instruments

The Company's financial instruments are comprised of the following:

<u>Financial assets:</u>	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
<u>Financial liabilities:</u>	<u>Classification</u>
Accounts payable and accrued liabilities	Amortized cost
Government remittances payable	Amortized cost
Customer deposits	Amortized cost
Lease liability	Amortized cost
Long-term debt	Amortized cost

Amortized cost ñ 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 asset's 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 arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the income for the period.

Impairment of Non-financial Assets - continued

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

Impairment of Investments

Non-controlling interests, which are not financial instruments, and are less than a 20% ownership interest, are considered impaired when the carrying amount exceeds the recoverable amount. Non-controlling interests, which are not financial instruments, and are equal to or exceeding a 20% ownership interest (an equity instrument) is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occur after the initial recognition of the asset (a loss event) 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 Company's 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 Company's 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 Company's 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 Company's 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 Company's 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 Company's 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 March 31, 2026 or March 31, 2025.

Risk Factors - continued**Concentration of credit risk**

Concentration of credit risk arises when one or more customers, defined as a major customer, individually account for 10% or more of the Company's revenues during a reporting period. During the current nine-month period, the Company had two major customers, who represented 19% and 12% of total revenues. In the comparative period, there were three major customers which represented 22%, 17% and 12% of revenues. Amounts due from major customers represented approximately 34% of accounts receivable on March 31, 2026 (Mar. 31, 2025 - 44%). 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 March 31, 2026 the Company had current financial assets of \$6,328,170 (June 30, 2025 - \$5,132,451) available to settle current financial liabilities of \$1,643,029 (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 Company's 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 period the Company has reported a foreign exchange loss in the amount of \$2,409 (March 31, 2025 - loss of \$13,146).

Sensitivity to market risks

On March 31, 2026, 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\$62,317 (June 30, 2025 - 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 \$3,116 in future cash inflow.
- US\$197,499 (June 30, 2025 - 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 \$9,875 in future cash outflow.

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

Forward-looking Information

Certain statements in this MD&A may constitute "forward-looking information" 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 "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", or "continue", the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases.

Forward-looking Information - continued

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

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

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