

**SPECTRA PRODUCTS INC.**  
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

**CONTENTS**

Notice of No Auditor Review	1
Unaudited Interim Condensed Statements of Financial Position	2
Unaudited Interim Condensed Statements of Changes in Shareholders' Equity	3
Unaudited Interim Condensed Statements of Comprehensive Income	4
Unaudited Interim Condensed Statements of Cash Flows	5
Notes to Unaudited Interim Condensed Financial Statements	6 - 12

**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, Subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying interim condensed financial statements of Spectra Products Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**SPECTRA PRODUCTS INC.****Unaudited Interim Condensed Statements of Financial Position  
September 30, 2025 and December 31, 2024**

	Note	September 30 2025	December 31 2024
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 717,958	\$ 1,390,325
Loan receivable	7	9,870	12,267
Investments	4	771,050	31,232
Accounts receivable	5	297,885	282,625
Inventories	6	263,500	231,347
Prepaid expenses		19,956	21,894
		<u>2,080,219</u>	<u>1,969,690</u>
Deferred Tax Asset	16	22,124	26,007
Right-of-use Asset	8	132,982	177,310
<b>Total Assets</b>		<u>\$ 2,235,325</u>	<u>\$ 2,173,007</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued charges	9	\$ 149,462	\$ 129,601
Taxes payable	16	18,975	15,261
Lease liability - current portion	10	71,578	67,164
		<u>240,015</u>	<u>212,026</u>
Lease Liability	10	97,641	152,235
		<u>337,656</u>	<u>364,261</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	11	512,553	582,379
Contributed Surplus	12	5,388,392	5,345,726
Equity Reserve	13	204,614	187,280
Accumulated Other Comprehensive Loss		(206,652)	(259,709)
Accumulated Deficit		(4,001,238)	(4,046,930)
<b>Total Shareholders' Equity</b>		<u>1,897,669</u>	<u>1,808,746</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>\$ 2,235,325</u>	<u>\$ 2,173,007</u>

**APPROVED ON BEHALF OF THE BOARD**

"Andrew J. Malion"

---

Chairman

"Robert Moran"

---

Director

**SPECTRA PRODUCTS INC.**

**Unaudited Interim Condensed Statements of Changes in Shareholders' Equity  
Nine Months Ended September 30, 2025 and 2024**

	Share capital	Contributed surplus	Equity reserve	Accumulated Other comprehensive income (OCI)	Accumulated deficit	Total shareholders' equity
<b>Balance, January 01, 2025</b>	\$ 582,379	\$ 5,345,726	\$ 187,280	\$ (259,709)	\$ (4,046,930)	\$ 1,808,746
Total comprehensive income	-	-	-	53,057	45,692	98,749
Stock based compensation (note 13)	-	-	60,000	-	-	60,000
Forfeiture of unexercised options	-	42,666	(42,666)	-	-	-
Purchase of common shares for cancellation	(69,826)	-	-	-	-	(69,826)
<b>Balance, September 30, 2025</b>	\$ 512,553	\$ 5,388,392	\$ 204,614	\$ (206,652)	\$ (4,001,238)	\$ 1,897,669
	Share capital	Contributed surplus	Equity reserve	comprehensive income (OCI)	Accumulated deficit	Total shareholders' equity
<b>Balance, January 01, 2024</b>	\$ 711,549	\$ 5,274,096	\$ 258,910	\$ (211,338)	\$ (4,204,460)	\$ 1,828,757
Total comprehensive income	-	-	-	(30,530)	103,618	73,088
Purchase of common shares for cancellation	(93,347)	-	-	-	-	(93,347)
<b>Balance, September 30, 2024</b>	\$ 618,202	\$ 5,274,096	\$ 258,910	\$ (241,868)	\$ (4,100,842)	\$ 1,808,498

**SPECTRA PRODUCTS INC.**

**Unaudited Interim Condensed Statements of Comprehensive Income**

**Three and Nine Months Ended September 30, 2025 and 2024**

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
<b>Sales</b>	\$ 444,782	\$ 362,470	\$ 1,316,960	\$ 1,235,356
<b>Cost of Sales</b>	249,171	186,061	713,888	658,165
<b>Gross Profit</b>	<u>195,611</u>	<u>176,409</u>	<u>603,072</u>	<u>577,191</u>
<b>Expenses</b>				
Administrative costs (note 15)	122,948	119,954	382,365	375,303
Stock-based compensation (note 13)	16,000	-	60,000	-
Selling costs (note 15)	9,366	12,232	38,044	52,420
Finance costs	1,379	1,888	4,521	5,987
Amortization	14,776	14,776	44,328	44,328
	<u>164,469</u>	<u>148,850</u>	<u>529,258</u>	<u>478,038</u>
<b>Other Income (Loss)</b>				
Foreign exchange gain (loss)	6,717	(1,617)	(10,167)	9,444
Interest income (note 15)	4,682	10,278	20,261	32,493
	<u>11,399</u>	<u>8,661</u>	<u>10,094</u>	<u>41,937</u>
<b>Income Before Taxes</b>	42,541	36,220	83,908	141,090
Current income taxes (recovery) (note 16)	14,212	-	34,333	-
Deferred income taxes (note 16)	1,328	9,628	3,883	37,472
<b>Net Income</b>	<u>27,001</u>	<u>26,592</u>	<u>45,692</u>	<u>103,618</u>
<b>Other Comprehensive Income:</b>				
<i>Items that will not be reclassified through profit and loss:</i>				
Unrealized gain (loss) on investments net of deferred tax	25,024	(12,212)	53,057	(30,530)
	<u>25,024</u>	<u>(12,212)</u>	<u>53,057</u>	<u>(30,530)</u>
<b>Total Comprehensive Income</b>	<u>\$ 52,025</u>	<u>\$ 14,380</u>	<u>\$ 98,749</u>	<u>\$ 73,088</u>
<b>Comprehensive Income per Share - Basic</b>	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
<b>Comprehensive Income per Share - Diluted</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.00</u>
<b>Weighted Average Number of Common Shares</b>				
Outstanding during the period - basic	13,513,611	13,930,672	13,627,193	14,065,072
Outstanding during the period - diluted	14,477,687	13,991,542	14,599,556	15,465,072

**SPECTRA PRODUCTS INC.**

**Unaudited Interim Condensed Statements of Cash Flows**  
**Three and nine months ended September 30, 2025 and 2024**

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
<b>Cash Flows from Operating Activities</b>				
Total comprehensive income	\$ 52,025	\$ 14,380	\$ 98,749	\$ 73,088
Adjustments for:				
Deferred taxes	1,328	9,628	3,883	37,472
Finance costs	1,379	1,888	4,521	5,987
Stock-based compensation	16,000	-	60,000	-
Loss (gain) on investments (net of deferred tax)	(25,024)	12,212	(53,057)	30,530
Foreign exchange gain (loss) on long-term loan receivable	1,761	161	2,397	(233)
Amortization	14,776	14,776	44,328	44,328
	<u>62,245</u>	<u>53,045</u>	<u>160,821</u>	<u>191,172</u>
Changes in:				
Accounts receivable	4,608	107,303	(15,260)	20,183
Inventories	19,299	52,540	(32,153)	23,548
Prepaid expenses	10,435	12,571	1,938	(8,704)
Accounts payable and accrued charges	(67,775)	(42,276)	19,860	71,076
Taxes payable	14,471	-	3,714	-
	<u>(18,962)</u>	<u>130,138</u>	<u>(21,901)</u>	<u>106,103</u>
Cash used in operating activities:				
Interest paid	(1,379)	(1,888)	(4,521)	(5,987)
<b>Net Cash Provided by Operating Activities</b>	<u>41,904</u>	<u>181,295</u>	<u>134,399</u>	<u>291,288</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	(686,760)	-	(686,760)	-
Proceeds from sale of investments	-	900,000	-	-
<b>Net Cash Provided by Investing Activities</b>	<u>(686,760)</u>	<u>900,000</u>	<u>(686,760)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of lease liability	(16,855)	(15,417)	(50,180)	(45,899)
Purchase of common shares for cancellation	(45,490)	(7,305)	(69,826)	(93,347)
<b>Net Cash Used in Financing Activities</b>	<u>(62,345)</u>	<u>(22,722)</u>	<u>(120,006)</u>	<u>(139,246)</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(707,201)</u>	<u>1,058,573</u>	<u>(672,367)</u>	<u>152,042</u>
<b>Cash and Cash Equivalents - Beginning of Period</b>	<u>1,425,159</u>	<u>327,851</u>	<u>1,390,325</u>	<u>1,234,382</u>
<b>Cash and Cash Equivalents - End of Period</b>	<u>\$ 717,958</u>	<u>\$ 1,386,424</u>	<u>\$ 717,958</u>	<u>\$ 1,386,424</u>
Cash	\$ 404,718	\$ 1,386,424	\$ 404,718	\$ 1,386,424
Cash equivalents	313,240	-	313,240	-
<b>Cash and Cash Equivalents</b>	<u>\$ 717,958</u>	<u>\$ 1,386,424</u>	<u>\$ 717,958</u>	<u>\$ 1,386,424</u>

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**1 Nature of Business and Basis of Presentation**

Nature of Business

Spectra Products Inc. ("Spectra") or (the "Company") is a manufacturing and marketing company operating in one market segment - bus and truck transportation safety equipment. The Company is incorporated under the Alberta Business Corporations Act and manufactures and markets brake and wheel-end monitoring equipment as an after-market product through transportation dealers, distributors and direct sales to fleet operators. It is also an authorized reseller of industry-leading predictive and prescriptive AI-based maintenance software. The address of the Company is Unit 2, 41 Horner Avenue, Etobicoke, Ontario M8Z 4X4. The Company trades on the TSX-Venture exchange under the symbol SSA.

These unaudited interim condensed financial statements were authorized for issuance by the Company's Board of Directors on October 28, 2025.

The unaudited interim condensed financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values as described in the accounting policies.

Presentation and Functional Currency

The unaudited interim condensed financial statements are presented in Canadian dollars, which is the Company's functional currency.

**2 Summary of Significant Accounting Policies**

Basis of Presentation

These financial statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the accounting policies disclosed in the annual audited financial statements for the year ended December 31, 2024.

The notes presented in these unaudited interim condensed financial statements include in general only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These unaudited interim condensed financial statements should be read in conjunction with the annual audited financial statements, including the notes thereto, for the year ended December 31, 2024.

**3 Capital Structure**

The capital structure of the Company consists principally of shareholders' equity comprised of accumulated deficit, contributed surplus, equity reserve, accumulated other comprehensive loss and share capital. The Company's primary uses of capital are to finance working capital requirements and capital expenditures, which are currently funded from internally generated cash flows. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth and to deploy capital to provide an appropriate return on investment to its shareholders.

The components of capital are as follows:

	<b>September 30, 2025</b>	December 31, 2024
Share capital	\$ 512,553	\$ 582,379
Contributed surplus	5,388,392	5,345,726
Equity reserve	204,614	187,280
Accumulated other comprehensive loss	(206,652)	(259,709)
Accumulated deficit	<u>(4,001,238)</u>	<u>(4,046,930)</u>
	<b>\$ 1,897,669</b>	<b>\$ 1,808,746</b>

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**4 Investments**

Investments in the amount of \$771,050 comprise marketable securities stated at fair value.

**5 Accounts Receivable**

	<b>September 30, 2025</b>	December 31, 2024
Trade receivables	\$ 285,224	\$ 261,720
Government remittances receivable	12,444	5,404
Interest receivable (note 15)	217	15,501
	<u>\$ 297,885</u>	<u>\$ 282,625</u>

At September 30, 2025 based on the Company's experience, there was \$nil allowance for doubtful accounts (December 31, 2024 - \$nil).

**6 Inventories**

	<b>September 30, 2025</b>	December 31, 2024
Finished goods	\$ 188,200	\$ 178,539
Raw materials	75,300	52,808
	<u>\$ 263,500</u>	<u>\$ 231,347</u>

**7 Loan Receivable**

On July 19, 2021, the Company advanced USD \$15,000 to the Company's President. This loan was due for repayment on July 19, 2022 together with interest at 5%. In 2022, the maturity date of the loan was extended by the Board of Directors to July 19, 2024. During 2023, the loan was partially repaid in the amount of USD \$6,475 for a remaining balance of USD \$8,525. The maturity date of the loan was further extended by the Board of Directors to July 19, 2026. During 2025, the loan was partially repaid in the amount of USD \$1,435 along with interest accrued to date. At September 30, 2025, the Canadian dollar converted value of this loan is \$9,870 (December 31, 2024 -\$12,267).

**8 Right-of-use Asset**

	<b>September 30, 2025</b>	December 31, 2024
Cost	\$ 443,809	\$ 443,809
Less: Accumulated amortization	(310,827)	(266,499)
	<u>\$ 132,982</u>	<u>\$ 177,310</u>

**9 Accounts Payable and Accrued Charges**

	<b>September 30, 2025</b>	December 31, 2024
Trade and other payables	\$ 53,592	\$ 62,069
Accrued expenses (note 15)	51,652	56,882
Government remittances payable	44,218	10,650
	<u>\$ 149,462</u>	<u>\$ 129,601</u>

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**10 Lease Liability**

The Company has renewed its premises lease effective January 1, 2023 which continues for five years until December 31, 2027. The present value of the lease liability has been calculated using the Company's incremental borrowing rate of 3.10% per annum.

	<b>September 30,</b>	December 31,
	<b>2025</b>	2024
Lease liability	\$ <b>169,219</b>	\$ 219,399
Less: current portion	<b>(71,578)</b>	(67,164)
Long-term portion	<u>\$ <b>97,641</b></u>	<u>\$ 152,235</u>

	Three months ended September 30,		Nine months ended September 30,	
	<b>2023</b>	2022	<b>2023</b>	2022
Principal repayment of lease liability	\$ <b>16,855</b>	\$ 15,417	\$ <b>50,180</b>	\$ 45,899
Interest expense	<b>1,379</b>	1,888	<b>4,521</b>	5,987
Total lease payments made	<u>\$ <b>18,234</b></u>	<u>\$ 17,305</u>	<u>\$ <b>54,701</b></u>	<u>\$ 51,886</u>

**11 Share Capital**

Authorized

Unlimited common shares with no par value  
Unlimited first, second, third and fourth preferred shares with no par value to be issued in one or more series, redeemable, with rights, privileges, restrictions and conditions to be determined by the Board of Directors upon issuance

540,000 second preferred shares Series 1, with no par value, non-cumulative dividends of 10% per annum, redeemable at the stated value, non-voting

	<b>September 30,</b>	December 31,
	<b>2025</b>	2024
Issued and outstanding		
13,399,565 issued and outstanding (2024 – 13,756,395) common shares	<u>\$ <b>512,553</b></u>	<u>\$ 582,379</u>

During the course of the year ended December 31, 2024, the Company purchased for cancellation a total of 556,000 shares for a total cost of \$129,170, including \$3,172 of transaction costs. During the nine months ended September 30, 2025, the Company purchased an additional 356,830 shares at a total cost of \$69,826. These share repurchases were in accordance with the Company's Notice of Intention to make Normal Course Issuer Bid, as accepted by the TSX Venture Exchange on April 3, 2024 and April 14, 2025, described in further detail below.

On April 14, 2025, the TSX Venture Exchange accepted the Company's Notice of Intention to make a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to a maximum of 681,769 common shares of the capital of the Company, from time to time, as the Company considers appropriate. The maximum number of common shares to be purchased pursuant to the NCIB represents 5% of the Company's 13,635,395 common shares outstanding as at the date above. The NCIB commenced on April 17, 2025 and will terminate on April 16, 2026 or at such earlier time as the NCIB is completed or terminated at the option of the Company.

**12 Contributed Surplus**

Contributed surplus consists of the equity portion of formerly convertible preferred shares, the value attributed to unexercised warrants, the value attributed to unexercised and forfeited stock options, and the transfer of five million dollars from the stated capital account of the common shares to the contributed surplus account.

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**13 Equity Reserve**

The Company has a stock option plan for its directors, officers, employees and consultants. The maximum number of shares reserved for issuance under the plan is equal to 10% of the issued and outstanding common shares.

The following table represents all of the Company's stock options granted, exercised, forfeited, expired and outstanding during the nine months ended September 30, 2025 and September 30, 2024.

	2025	Weighted Exercise Price	Number of Options	2024 Weighted Exercise Price
Balance, Beginning of Period	1,140,000	\$ 0.14	1,400,000	\$ 0.16
Granted	375,000	0.15	-	-
Forfeited	300,000	0.11	-	-
<b>Balance, End of Period</b>	<b>1,215,000</b>	<b>\$ 0.15</b>	<b>1,400,000</b>	<b>\$ 0.16</b>

For the period ended September 30, 2025, stock-based compensation expense was \$60,000 (2024 - \$nil). Stock-based

On April 28, 2025, the Company granted 220,000 options to a director, giving the holder the right to acquire shares at \$0.15 per share. They vested immediately upon issuance and are exercisable on or before April 27, 2030. On August 20, 2025, the Company granted 80,000 options to a director and 75,000 options to an officer of the Company, giving the holders the right to acquire shares at \$0.15 per share. They vested immediately upon issuance and are exercisable on or before August 19, 2030. The fair value of these stock option grants was estimated as at the grant date using the Black-Scholes option pricing model with the following assumptions:

	28-Apr-2025	20-Aug-2025
Risk-free interest rate	2.76%	2.96%
Expected term of options	5 years	5 years
Volatility	109%	106%
Stock price	\$0.20	\$0.20
Fair value per option	\$0.16	\$0.16

On July 24, 2025, 300,000 options issued to a former director of the Company were forfeited. The value associated with these options was reclassified from equity reserve to contributed surplus.

As at September 30, 2025, the average remaining contractual life of outstanding options was approximately 2.3 years (December 31, 2024 – 2.1 years). The following is a summary of all options currently outstanding as at September 30, 2025.

Grant Date	Number of Options	Exercise Price	Expiry Date
18-Mar-2021	240,000	0.25	17-Mar-2026
5-Nov-2022	600,000	0.11	4-Nov-2027
28-Apr-2025	220,000	0.15	27-Apr-2030
20-Aug-2025	155,000	0.15	19-Aug-2030

**14 Financial Instruments Fair Value and Risks**

a) Fair Value

The carrying value of the Company's financial instruments consisting of cash and cash equivalents, loan and accounts receivable and accounts payable and accrued charges approximates their fair value due to their immediate or short-term maturity. Investments are measured at fair value using Level 1 inputs described above in Note 2.

The Company does not measure any assets at level 3 of the fair value hierarchy.

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**14 Financial Instruments Fair Value and Risks (cont'd)**

b) Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, and accounts receivable.

Cash and cash equivalents are maintained at a major financial institution. Deposits and short-term investments held with a bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with a financial institution of reputable credit and therefore bear minimal credit risk.

Credit risk from accounts receivable encompasses the default risk of customers. Credit risk on accounts receivable is minimized as a result of the constant review and evaluation of customer account balances. The Company also maintains an allowance for doubtful accounts at an estimated amount (if needed), to provide sufficient protection against losses resulting from collecting less than full payments from its receivables.

As at September 30, 2025, two major customers accounted for 51% and 19% of accounts receivable (December 31, 2024 – two major customers accounted for 57% and 10%).

The Company’s maximum credit exposure is represented by the carrying amount of accounts receivable.

c) Foreign Currency Risk

The Company is exposed to currency risk due to a certain portion of the Company’s sales and purchases being in U.S. currency, resulting in U.S. dollar accounts receivable and U.S dollar cash balances. In addition, the company has US dollar denominated investments. These activities result in exposure to fluctuations in foreign currency rates between the U.S. and Canadian dollar. The Company’s sensitivity to these foreign currency fluctuations is such that a 10% strengthening or weakening of the U.S. dollar would result in a corresponding \$22,998 increase or decrease to the Company’s income before taxes and \$9,063 to other comprehensive income for the period ended September 30, 2025. At September 30, 2025, the Company had net assets denominated in U.S. currency of USD \$230,313 (December 31, 2024 – USD \$151,193) translated into Canadian dollars as shown below. The Company does not utilize any financial instruments or cash management policies to mitigate the risks arising from changes in foreign currency rates.

	<b>September 30,</b>	December 31,
	<b>2025</b>	2024
Cash	\$ 58,564	\$ 9,783
Accounts receivable	161,551	168,719
Loan receivable	9,870	12,267
Investments	90,635	26,782
	<b>\$ 320,620</b>	<b>\$ 217,551</b>

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**14 Financial Instruments Fair Value and Risks (cont'd)**

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through regular monitoring of cash requirements by preparing short-term cash flow forecasts. The financing requirements are addressed through a combination of credit facilities and private placements.

The following are the contractual maturities of the Company's financial liabilities as at September 30, 2025.

	Due within 1 year	1 and 2 years	Due between 2 and 3 years		3 and 4 years	Total
Accounts payable and accrued charges	\$ 149,462	-	-	-	-	\$ 149,462
Principal repayments on lease liability	71,578	77,623	20,018	-	-	\$ 169,219
Interest payments on lease liability	4,186	1,914	102	-	-	\$ 6,202
<b>Total</b>	<b>\$ 225,226</b>	<b>79,537</b>	<b>20,120</b>	<b>-</b>	<b>-</b>	<b>\$ 324,883</b>

e) Market Risk

The Company is exposed to market risk through its financial instruments and especially to price risk from its investing activities. It is the risk that the fair value and future cash flows of its investments will fluctuate because of market factors. Management monitors its investments on a regular basis and uses the services of an investment adviser when needed. The Company's sensitivity to market risk is such that a 10% strengthening or weakening of its portfolio would result in a respective \$77,105 increase or decrease to the Company's other comprehensive income for the nine months ended September 30, 2025.

**15 Related Party Transactions**

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Fees paid to a company of a key executive, included within administrative costs	\$ 15,450	\$ 15,000	\$ 46,350	\$ 42,000
Commissions and salaries paid to the President of the Company, included within selling costs and	\$ 28,518	\$ 27,275	\$ 88,938	\$ 81,335
Interest earned on loan described in note 7, included in interest income	\$ 170	\$ 140	\$ 424	\$ 434
			<b>September 30,</b>	<b>December 31,</b>
			<b>2025</b>	<b>2024</b>
Interest accrual on loan described in note 7, included within accounts receivable			\$ 51	\$ 667
Commission payable to the President of the Company, included in accounts payable and accrued charges			\$ 3,615	\$ 4,629

These transactions were in the normal course of business and recorded at the exchange value established and agreed upon by the related parties.

**SPECTRA PRODUCTS INC.**  
**Notes to Unaudited Interim Condensed Financial Statements**  
**September 30, 2025 and December 31, 2024**

**16 Income Taxes**

Income tax expense varies from the amount that would be computed by applying the combined Federal and Provincial statutory income taxes rate as a result of the following:

	Three months ended September 30, 2025		Nine months ended September 30, 2024	
	2025	2024	2025	2024
Expected income tax expense at the combined Federal and provincial rate of 26.50% (2024 - 26.50%)	\$ 11,273	\$ 9,602	\$ 22,236	\$ 37,392
Increase (decrease) in income taxes resulting from: non-deductible permanent differences	4,267	26	15,980	80
<b>Provision for Income Taxes</b>	<b>\$ 15,540</b>	<b>\$ 9,628</b>	<b>\$ 38,216</b>	<b>\$ 37,472</b>

Major components of the income tax expense recorded on the income statements are as follows:

	2025		2024	
	2025	2024	2025	2024
Current	\$ 14,212	\$ -	\$ 34,333	\$ -
Deferred	1,328	9,625	3,883	37,468
<b>Provision for Income Taxes</b>	<b>15,540</b>	<b>9,625</b>	<b>38,216</b>	<b>37,468</b>
<b>Deferred taxes charged (credit) to OCI</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has deferred tax assets of \$22,124 (2024 - \$26,007). The significant components of the Company's deferred tax assets are as follows:

	September 30, 2025		December 31, 2024	
	2025	2024	2025	2024
Equipment	\$ 10,607	\$ 12,497		
Intangible assets	1,915	2,357		
Right of use asset and lease liability	9,602	11,153		
<b>Deferred Tax Asset</b>	<b>\$ 22,124</b>	<b>\$ 26,007</b>		

**17 Segmented Information**

Sales are attributed to countries based on location of customer.

	Three months ended September 30, 2025		Nine months ended September 30, 2024	
	2025	2024	2025	2024
Canada	\$ 240,218	\$ 190,296	\$ 608,188	\$ 679,543
United States	204,564	170,948	708,772	537,252
Other	-	1,226	-	18,561
<b>Total</b>	<b>\$ 444,782</b>	<b>\$ 362,470</b>	<b>\$ 1,316,960</b>	<b>\$ 1,235,356</b>

In the nine months ended September 30, 2025, the Company derived 54% (2024 – 43%) of its revenue from sales to the United States. The Company's equipment is located in Canada.

In 2025, the Company derived sales from one customer in the United States amounting to 39% of the total sales revenue (2024 – one customer in the United States amounting to 33%).

**18 Subsequent events**

In connection with the NCIB program as described in note 11, the Company has purchased 50,000 common shares at a cost of \$9,250 as of the date of issuance of these unaudited interim condensed financial statements.