2026 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C- 36 as Amended (the "**CCAA**")

AND IN THE MATTER OF an application by Spring Loaded Technology Incorporated "**SLT**" or the "**Applicant**" for creditor protection under s.11 of the CCAA and other relief.

AFFIDAVIT OF JOE ELLSMERE

I, **Joe Ellsmere**, of Dartmouth, Nova Scotia, **MAKE OATH AND SAY THAT:**

I. OVERVIEW:

1. I am the Chief Executive Officer of Spring Loaded Technology Incorporation ("**SLT**" or the "**Applicant**"). As such, I have direct knowledge of its business and financial affairs.

2. This Affidavit is sworn in support of SLT's application for urgent relief in the form of an Initial Order under s. 11 of the CCAA (the "**CCAA Application**") and for no improper purpose.

3. I have reviewed the CCAA Application. The facts contained therein are true to the best of my knowledge, information, and belief, based on my knowledge of the Applicant's business and affairs as of 22 January 2026.

4. Where the information provided herein is not based on my direct knowledge, I have indicated the third-party source for that information.

II. BACKGROUND AND DESCRIPTION OF THE COMPANY:

5. SLT was incorporated on 04 December 2012, under the *Canada Business Corporations Act* and on 07 December 2012, was registered as an Extra-Provincial Corporation under the laws of the Province of Nova Scotia. The Company is based in Dartmouth, Nova Scotia with its registered office is at 50 Raddall Ave. Unit 8, Dartmouth, Nova Scotia. Registration details as they exist at the Nova Scotia Registry of Joint Stock Companies on 19 January 2026 are attached hereto as **Exhibit "A"**.

6. SLT was founded by Chris Cowper-Smith ("**Mr. Cowper-Smith**"), Robert Garrish, and Shea Kewin. Mr. Cowper-Smith served as the CEO from 2012-2022, and at present, he is the sole director of the Company. The Company has approximately 50 individual shareholders.

7. The Company is in the business of developing and manufacturing assistive orthopedic knee braces, designed to rapidly alleviate pain and improve function in the presence of patellofemoral or multi-compartment knee osteoarthritis. The company currently sells to patients, clinics and resellers across all 10 provinces of Canada, as well as through international distribution channels in the United States and United Kingdom

8. We have a manufacturing, engineering, and sales department. The Company currently has 17 employees across the organization, of whom about 8 are engaged in directly, or in support of manufacturing. The company has served over 10,000 clients to date and the current annual manufacturing volumes are approximately 2,500 braces.

9. The Company has paid approximately $13 million in wages, primarily to employees based in Nova Scotia. Payroll taxes, and related source deductions remitted to CRA total $4.9M since 2016. The Company has not had net taxable income due to accumulated losses. It has been engaged in grant-funded R&D projects, with the most recent project providing approximately $18,000 per month in wage support slated to be fully consumed by February 2026.

10. The Company has historically raised approximately $10.4 million in capital from venture capital and angel investors, approximately $2 million in non-dilutive grant-based funding, over $250,000 in award funding, and $4.1 million in unsecured, long-term repayable debt from ACOA.

Licenses, Regulatory Approvals, and Intellectual Property

11. The Company is a Health Canada registered class 1 medical device manufacturer, has FDA authorization, and holds UKCA authorization for custom bracing.

12. SLT has 4 registered global patents and is actively working through the approvals process for 1 more (the "**IP**"). The IP is in effect in Canada, the United States of America, as well as other global jurisdictions.

III. ASSETS AND LIABILITIES:

13. A copy of Financial Statements ("**FS**") for SLT's financial years ended 2022-2023 are attached as **Exhibit "B"**. The FS were prepared by MNP Ltd. Chartered Professional

Accountants. The FS were done in accordance with Canadian Generally Accepted Accounting Standards for such engagements.

14. The internally prepared Balance Sheet and Income Statements for 2024 and 2025 are attached hereto as **Exhibit "C"**. The Company deferred retaining MNP to prepare FS for 2024 due to capital constraints. The Company has remained in communication with MNP and advised of the company's status throughout 2025.

15. SLT's current estimated outstanding indebtedness is approximately $6.1 million in unconverted interest-bearing debentures and approximately $4.1 million in unsecured federal long-term debt.

16. SLT's current estimated assets are approximately $789,548 based on the 2025 Internally prepared Financial Statements, which will be further confirmed through updated appraisals in these proceedings. The business's primary challenge is one of liquidity.

i. **Assets**

17. The Applicant's primary assets include the following:

a) Property and Equipment: approximately $42,946;

b) Inventory: $144,302;

c) Prepayments: approximately 67,994;

d) Accounts receivable: approximately $251,249; and

e) Intangible assets: approximately 81,753.

18. I am not aware of any regulatory, environmental or other concern affecting the IP. Nonetheless failure to meet payments to the health regulator due to a liquidity crisis will result in the Company ceasing operations, all employees being terminated and the Company's ability to sell its medical product being jeopardized.

ii. **Liabilities**

19. In 2020, The Atlantic Canada Regional Venture Fund GP Inc. (operating as "**Build Ventures**"), Invest Nova Scotia, Consortium MedTeq, and Wislang Corporation co-invested with BDC Capital Inc. ("**BDC**") (collectively the "**2020 Debentureholders**") in convertible debentures (the "**2020 Debentures**"). At the time, Build Ventures served as the lead institutional investor. BDC's participation was under the COVID-19 Bridge Financing Program.

20. The 2020 Debentureholders are SLT's fulcrum debenture creditors and are currently owed over $5.1 million, under the existing loan facility as described below.

21. The 2020 Debentures were secured by a general security agreement ("**GSA**").

22. Further, SLT owes approximately $260,000.00 to a group of senior secured creditors including certain members of the Company's management team; Ben Ross, Helen Steer, Mr. Cowper-Smith through Cedar Point Business Solutions Inc., his wholly owned corporation, and myself, as well as Wenova Ventures Ltd ("**Wenova"**)., and 3323381 Nova Scotia Limited. The funds were raised with consent from the 2020 Debentureholders under a series of senior-secured convertible debentures issued in 2025 (the "**2025 Debentures**").

23. The 2025 Debentures are secured by a GSA. The 2020 Debentures are contractually subordinated via consent and subordination agreements amongst the Company's creditors dated 24 September 2025 and subsequently amended on 18 November 2025.

24. Upon filing, I understand that the proposed Monitor, Grant Thornton Limited ("**GTL**" or "**Proposed Monitor**") will do a full security review as it relates to all security held against SLT's assets and/or undertakings.

25. SLT's owes its unsecured creditor, including Atlantic Canada Opportunities Agency ("**ACOA**") $4.1 million as of December 2025.

26. A list of long term creditors prepared by the Applicant is attached as **Exhibit "D".**

27. The Applicant's total trade payables is $123,391.70.

28. Also attached hereto as **Exhibit "E"** is a Personal Property Registration search result ("**PPSA**") relating to the Applicant, current as of 18 January 2026.

IV. EVENTS LEADING UP TO THE NEED FOR CCAA RELIEF:

29. The Company historically raised funding from angel and institutional investors including Build Ventures, Invest Nova Scotia, and others via a series of convertible debentures and equity financing events. Before 2018, and consistent with common practice, any funds issued via convertible debenture instruments were subsequently converted into equity, preventing the need for the company to repay outstanding debentures in cash.

The 2020 Debentures

30. Due to the effects of COVID-19 on the business, and in order to support the continued growth of the Company, the Company needed to raise additional funding in 2020.

31. In 2020, Build Ventures led a round of convertible debenture financing. With the encouragement of Build Ventures, the Company included BDC in the same funding round via their COVID-19 Bridge Financing Program. The Bridge Financing Program was designed to match institutional investments made in qualified Canadian startups during COVID-19.

32. The 2020 debenture was structured with an optional conversion feature at BDC's insistence, accrued interest annually, and over time became a material impediment to new investment because, reportedly due to a federal government mandate to repatriate funds after COVID-19, BDC declined to convert to equity the principal and accrued interest tied to the 2020 Debentures in association with any new financing event until January 2025.

33. All long-term debt and convertible debentures presently shown on the Company's balance sheet are from 2020, with no other substantial long-term debt or convertible debentures incurred until 2025.

34. The current accrued interest expense related to the 2020 debenture is approximately $500,000 per annum. Since their issuance, the 2020 Debentures have accrued a total of $1,995,262 in accrued interest.

35. Under the 2020 and 2025 Debentures, and consistent with common practice, no regular debt payments are made by the company, and interest is accrued then added to the principal balance of the outstanding debt.

36. The 2020 Debentures matured on 21 July 2024 and were not extended by the Debentureholders, rendering them due and payable. Although the 2020 Debentureholders have not taken any enforcement steps to date, the ongoing possibility that they could do so at any time has created uncertainty and constrained the Company's ability to attract new investment interest.

<u>Corporate Governance steps taken to address issues (2022-2024)</u>

37. In or about February 2022, following challenges with device reimbursement from public insurance providers such as Medicare in the United States, Mr. Cowper-Smith was replaced as CEO by Tim McCarthy, ("**Mr. McCarthy**") previously Chief Revenue Officer.

38. In October 2022, Tim McCarthy resigned as CEO due to cash constraints. I was appointed to the General Manager role with a mandate to cut costs and stabilize the business, while Mr. McCarthy transitioned to a board role as Executive Chair, and was engaged by the Company on an hourly consulting engagement to sell the business and/or continue to seek strategic partnerships.

39. Between October 2022 and February 2023, the Company conducted two rounds of layoffs, significantly reducing headcount from 22 to 14, further reducing operating expenses

40. The Company further liquidated certain machinery with lender consent to raise approximately $160,000 and focused on incremental revenue growth.

41. For fiscal 2023, the Company achieved approximately $150,000 EBITDA burn, a $1.75M improvement on the prior year reflecting progress on expense reductions and revenue growth.

42. In his capacity as Executive Chair, on 11 May 2023, Tim McCarthy reported to the Board that he had approached, unsuccessfully, a wide range of potential investors and strategic partners to consider the opportunity to invest in, partner with, or acquire the business. Board records indicate strategic partners and prospective acquirors of the business approached included, among others: Breg Inc., Cascade Orthopedic Supply, DJO CANADA INC., SMITH & NEPHEW PLC, Becker Orthopedic Appliance Company, ManaMed Inc. VQ Orthocare, medi GmbH & Co. KG, Elevate Dynamics, Ovation Medical, and Rush Orthopaedic.

43. I am advised by Mr.Cowper-Smith and understand that, by letter dated August 7, 2024, and following reduced engagement from certain members of the Board, a majority of common shareholders proposed nomination of myself to the board to replace Kristin Barnebey, pursuant

to their nomination rights under the Company's unanimous shareholder's agreement. The common shareholders requested that the remaining Directors take all necessary steps to elect myself to the Board as soon as possible. However, on 16 August 2024, Rob Barbara, Tim McCarthy, Kristen Barnaby, and Jeff Wyman resigned from the Board, leaving Mr. Cowper-Smith as the sole remaining director.

Creditor Engagement and Recapitalization Efforts (2024–2025)

44. Throughout 2023, 2024, and the first half of 2025, the Company and the Board continued outreach to potential strategic partners or acquirors, as well as prospective institutional and angel investors.

45. During the same period, the Company engaged major creditors regarding an eventual balloon payment in the range of approximately $3 to $4 million under the 2020 debenture and signaled that (i) based on capital market feedback, this was preventing the company from raising outside capital, and that (ii) there was no viable cash-based repayment path.

46. In January 2025, BDC provided proposed recapitalization terms contemplating conversion of the 2020 Debentures into equity (with new funding to follow), subject to ACOA forgiving its unsecured debt position. Management indicated a willingness to attempt raising new capital from third parties on terms broadly in-line with those proposed by BDC in January 2025.

47. In early 2025 the Company sought to raise approximately $1.5 million in new equity, socializing a non-binding term sheet with interested investors (the "**2025 Equity Term Sheet**"). The 2025 Equity Term Sheet was modified during the socialization process based on investor feedback. By mid-2025, preliminary non-binding commitments had been secured for approximately $1 million including $250,000 from Wenova, $250,000 from existing shareholders and third party investors, and $365,000 from 4 members of Management and the Board including myself.

48. Although the 2025 Equity Term Sheet was otherwise broadly in-line with the structure proposed by BDC, a share buyback mechanism in the final proposed investment terms was not

acceptable to BDC and, separately, Wenova withdrew its non-binding indication over concerns surrounding the liquidity preferences proposed by BDC.

49. Wenova subsequently re-engaged with the Company and proposed an asset purchase transaction to be effected through a newly formed corporate entity. The Company took steps to substantiate Wenova's expression of interest and to negotiate an increase to the proposed purchase price. A condition of Wenova's asset purchase was that Management, including Joe Ellsmere, Mr. Cowper-Smith and Ben Ross co-invest alongside them, and that the operating assets be acquired and moved into a new company that would continue the regular Business of the Company. In order to secure the assets free and clear of any liabilities, Wenova also required release and discharge of security interests from the 2020 Debentureholders.

50. In October 2025 terms of the proposed asset purchase were verbally disclosed to BDC and Build Ventures. We received verbal, high-level confirmation of alignment to continue efforts to secure a final letter of intent from Wenova, while also engaging with ACOA to determine their position. Given liquidity pressures, the Company proposed a management-funded senior secured convertible note in July 2025 intended to extend the Company's runway while the Company worked to continue obtaining investor interest and formalize the terms of a proposal to creditors With unanimous consent from the 2020 Debentureholders, a senior note with total approved indebtedness of $250,000 was finalized in September 2025, featuring (a) full GSA, (b) subordination by the 2020 Debenture creditors, (c) majority investor demand rights, and (d) creditor buy-out rights.

51. In mid-November 2025, with consent of subordinated creditors, Wenova joined the senior note for the remaining availability (approximately $90,000), aligning interests while an asset transaction led by Wenvova Ventures was further evaluated.

52. On November 26, 2025, following negotiations with the Company, Wenova submitted a non-binding LOI (the "**November LOI**") that contemplated the purchase of the Company's operating assets for $1 million. BDC subsequently expressed dissatisfaction upon understanding

that net proceeds available to the 2020 Debenture would be less than $1 million due to transaction costs and priority distributions.

53. On 04 December 4, 2025, the Company received initial email confirmation from Build Ventures that they were generally supportive of the November LOI. On 05 December 2025, the Company received a request from Build Ventures that the Company re-engage former CEO Tim McCarthy to explore whether the assets could be sold for more than $1 million. Management immediately cooperated with the request from Build Ventures while noting that due to limited runway, the Company felt it was important to try to maintain investment interest from Wenova.

54. Due to all ongoing discussions the Company failed to accept the November LOI within its validity period, and it subsequently expired. Nonetheless, the Company continued in discussions with Wenova and sought the following: (i) that the offer to co-invest be extended to all current shareholders and noteholders; (ii) that the exclusivity provision be removed; and (iii) that in recognition of considerable and historical government support, the business remains headquartered in Canada.

55. On 24 December 2025 the Company obtained a revised LOI from Wenova (the "**December LOI**", including a commitment to allow existing shareholders to co-invest and keep the business headquartered in Canada. Again, the Company did not receive necessary creditor consents to sign the December LOI before its expiry date of 06 January 2026.

56. At the request of creditors, in January 2026, the Company successfully negotiated a commitment from Wenova to move to a binding purchase agreement within an accelerated 2-week period. Wenova agreed to the request, and indicated they would honor the $1 million purchase price, less legal fees incurred up to a cap of $50,000.

<u>Creditor Demands</u>

57. Although agreeable to culminating an asset purchase on an accelerated timeline as requested by the 2020 Debentureholders, given the expiry of multiple previous LOIs, Wenova expressed doubt that the Company would ultimately sell their operating assets outside of a formal

insolvency process. Wenova and Ben Ross, representing a majority of the 2025 Debentures, subsequently exercised their demand right on 08 January 2026, for approximately $260,000.

58. On 09 January 2026, ACOA issued a demand for approximately $4.1 million, due 23 January 2026.

59. As of the date of filing for protection under the CCAA no demand has been received from the 2020 Debentureholders.

60. Irrespective of the Wenova demand, or the ACOA demand, operating cash will be exhausted on or before 31 January 2026, risking an imminent missed payroll and destruction of going-concern value. The shareholders and creditors are aware of this. Among other prior communications, a detailed Board Memorandum dated 30 December 2025 (the "**Board Memorandum**") was presented to shareholders and creditors outlining the risk of the business going insolvent.

61. Documentation prepared for the shareholders and creditors, including additional details regarding financial challenges leading up to the present date and our Business Plan, are in the Board Memorandum attached as **Confidential Exhibit "F"**.

V. PROPOSED CCAA PROCESS:

62. SLT is in an immediate liquidity crisis. We have no meaningful credit available under our current facilities and are unsustainably operating, with no ability to satisfy creditors absent a formal process.

63. Notwithstanding efforts over the past years to refinance, sell or find more investors, all the efforts have not culminated in a path forward. Creditors have now issued demands, and unconverted debentures remain an obstacle to raising new capital. We have determined, as management, that formal creditor protection is required to preserve enterprise value and facilitate an orderly restructuring process for the benefit of all stakeholders.

64. Enforcement by creditors would entail a liquidation of assets and would destroy the value of goodwill. As the long-term value of the business is much higher as a going-concern than would be realized through liquidation, the latter scenario would be to the detriment of all stakeholders.

65. As SLT's current situation has become unsustainable, we have been consulting legal and accounting professionals as to the available options to address our insolvency. We have concluded that the CCAA process will best maximize value for all stakeholders, including creditors, employees, suppliers, present and future customers, and the local and regional communities. I also understand based on discussions with our advisors that a CCAA restructuring can be completed at a similar or lower cost than the alternatives.

66. Our aim is to avoid a liquidation scenario. In furtherance of this aim, we have been, in consultation with the Proposed Monitor and counsel, evaluating multiple potential options including a going-concern sale of the business, a refinancing of the existing credit facilities, the disclaimer of unprofitable contracts, various operational restructuring initiatives, and a viable plan of compromise or arrangement with creditors. We believe that the preferred approach is likely to be an expedited sale of the business as a going concern operation through a sales investment solicitation process ("**SISP**").

67. The Proposed Monitor, Grant Thornton Limited, has been apprised of the circumstances and has commenced preparation of a pre-filing report.

68. A 13-week cashflow forecast is attached as **Exhibit "G"** (the "**13-Week Cashflow Forecast**").

69. As appears from the 13-Week Cashflow Forecast, SLT requires total cash injections of approximately $500,000.00 over the next 13-week period to sustain its operations and attempt a restructuring.

70. Once CCAA protection is granted under the Initial Order, we will work with the Proposed Monitor diligently and in consultation with our creditors and other stakeholders to determine the restructuring option that best maximizes value. We will then present the proposed plan to the CCAA Court for approval.

VI. FINANCING DURING THE CCAA PROCEEDINGS:

71. We have entered into debtor-in-possession ("**DIP**") terms with Wenova (the "**DIP Lender**") for financing (the "**DIP Loan**"). A copy of the DIP term sheet for the DIP Loan is attached hereto as **Exhibit "H"** (the "**DIP Term Sheet**").

72. We have reviewed this DIP Term Sheet in consultation with our legal counsel and the Proposed Monitor and believe it is in the best interest of the Applicant and all stakeholders that the DIP Term Sheet be approved as to permit the Applicant to meet financing needs during the restructuring period, in accordance with the 13-Week Cashflow Forecast.

73. With respect to operations being funded by the DIP Loan, funds up to $100,000.00, for the initial 10-day period (the "**Stay Period**"), are urgently needed to meet payroll obligations and maintain our current level of production. The DIP Lender is willing to advance a $500,000.00 for the Stay Period under the terms set out in the DIP Term Sheet, allowing the Applicant to continue to operate while pursuing a restructuring.

74. At the comeback hearing, we intend to seek approval to draw up to $500,000.00, per the DIP Term Sheet.

VII. RELIEF SOUGHT:

75. Having discussed the range of options with professional advisors over the past month, I firmly believe that the flexibility and wider protections offered under the CCAA will be preferable to a process under the BIA, particularly one driven by one or more of SLT's secured creditors. A CCAA proceeding which allows us to maintain operations and maximize value is vastly to the overall benefit of our company and its stakeholders, including employees, suppliers, customers and unsecured creditors.

76. I understand from discussions with my counsel that the proposed Initial Order is in substantial accordance with the Nova Scotia model CCAA initial order and that it is limited to relief that is necessary to preserve the business's ability to operate as a going concern during the initial 10-day stay of proceedings.

Critical Supplier Payments

77. In order to avoid immediate and irreparable harm to SLT's operations during the initial 10-day stay period, the Applicant seeks authority to pay pre-filing amounts owing to certain critical suppliers, in the aggregate not to exceed $100,000.00, with such payments to be applied only where the supplier's continued performance is necessary to ensure uninterrupted manufacturing, service continuity to patients and clinics, and preservation of enterprise value.

78. The critical suppliers for whom pre-filing amounts are required include, Action O & P Inc, Designfusion and Click Medical. These sole suppliers are important as they are (a) suppliers of core brace component/raw materials required to meet in-process and imminent customer orders; (b) specialized contract manufacturers and finishers necessary to complete sub-assemblies on current work-in-progress, and (c) essential to maintain order processing, engineering files, and communications with our Canada, United States, and the United Kingdom clientele. Payments, if made, will be limited to the minimum amounts required to induce continued supply on customary trade terms during the initial stay period, subject to the Proposed Monitor's oversight.

Ordinary Course Post-Filing Obligations

79. The Applicant seeks authority to continue to satisfy, in the ordinary course and in accordance with the 13-week cash flow forecast and subject to the DIP facility: (a) vendor and supplier obligations for post-filing goods and services necessary to maintain operations; (b) employee obligations, including regular wages, salaries, and benefits; (c) payroll on its ordinary biweekly schedule; (d) amounts payable for leased equipment necessary for manufacturing and operations; and (e) rent and other amounts due under leased premises required for continued occupancy.

80. SLT is party to a property lease for its premises at 50 Raddall Ave, Unit 8, Dartmouth, Nova Scotia. SLT is also party to lease agreements relating to certain computer equipment used in its operations. SLT is further party to a lease agreement relating to an air compressor used in its manufacturing process.

81. SLT currently has 17 employees and pays payroll on a biweekly schedule with the next payment due 27 January 2026. Production staff are compensated on an hourly basis. Administrative, engineering, and sales staff are compensated on a salaried basis. For eligible full-time employees who opt for benefits, the Company pays 50% of the cost of health benefits.

82. SLT employs three sales staff who are paid commissions on the first payroll five weeks after the close of the previous fiscal quarter, calculated on net revenue for that prior quarter. The next scheduled payroll including the commissions pay-out is 13 February 2026. SLT records commissions as an accrued liability in the month in which the related revenue is recognized and reduces this liability at the time of pay-out.

83. SLT has an independent sales representative agreement with GE Consultants Medicaux for the sale of products in the Province of Quebec. Under that agreement, the independent representative is paid a percentage of net revenue in the territory within 45 days following the close of the previous quarter. The independent representative invoices SLT shortly before the applicable commission pay-out.

84. It is necessary that the Applicant is allowed to pay its suppliers and vendors, sales representatives and employees to stabilize the workforce, preserve customer relationships, and prevent disruption in production and distribution during the initial stay.

Cash Management System

85. The Applicant has three accounts (a) a business chequing account - (Canadian domiciled CAD Account), a (b) US Current Account" - (Canadian domiciled USD Account) and (c) GBP current account (Canadian Domiciled GBP Account). The Applicant has two visa cards one with a credit limit of $14.500.00 and registered and another with a $3,500 credit limit, both secured by a GSA and a guaranteed investment certificate.

86. The company collects payment for sales via Cheque, Quickbooks Payments, which are all linked to the bank account, Stripe or Shopify for credit card payments.

87. Access to the company's online banking portal is limited to myself, financial controller Helen Steer ("**Helen**"), and part time book bookkeeper Kathy Michalishyn. EFTs and Wires can not be sent without verification from both myself and Helen. Any withdrawal at the branch requires authorization from myself and Helen. Cheque written by the Company require also two signatures from myself and Helen.

88. The Applicant seeks authority to keep the same cash management system. This will minimize disruption, reduce administrative burden and cost, and permit timely satisfaction of ordinary course post-filing obligations, while providing transparency to the Court, the Monitor, and stakeholders.

Directors and Officers Charge

89. A directors and officers charge ("**D&O Charge**") is necessary to protect sole director, Mr. Cowper-Smith and myself as a recognized officer from personal liability for decisions made in

good faith during these proceedings, thereby ensuring our continued involvement in critical oversight and decision-making needed to maintain operations, stabilize the business, and preserve stakeholder confidence while the Company pursues an expedited going-concern sale through a SISP and evaluates restructuring options. I here note that the insurance policy we currently have in place does not provide any protection to directors and officers of SLT in case SLT files for protection under CCAA. Without such protection, there is a material risk that we will become constrained in exercising our duties due to potential personal exposure, which would jeopardize operational continuity and the preservation of enterprise value during the CCAA process, which will affect all stakeholders involved in the process under CCAA. We therefore seek that a D&O Charge be approved while we help pursue a value-maximizing path.

VIII. CONCLUSION

90. SLT will not survive enforcement actions being taken by creditors but can viably restructure and operate while a SISP is undertaken which will preserve its going-concern value, provided that it is given the breathing room to do so.

91. Management has concluded that creditor protection is required to preserve enterprise value and facilitate an orderly restructuring for the benefit of all stakeholders, with an expedited going-concern SISP being the preferred path, and that immediate liquidity is required to avoid imminent missed payroll and loss of going-concern value.

92. The Applicant respectfully seeks approval of the Initial Order attached as Schedule "B'" to the Notice of Application, the Charging Order, the Sealing Order and all the ancillary relief in the Application.

93. I swear this affidavit in support of Applicant's Application for the relief requested and for no other or improper purpose.

SWORN at the City of Halifax, Nova Scotia, this 22 day of January 2026, before me:	)	
	)	
A Commissioner of Oaths, being a Solicitor	)	JOE ELLSMERE

This is Exhibit "A" to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT "A"

NOVA SCOTIA
Registry of Joint Stock Companies

Entity Snapshot

REGISTRAR OF JOINT STOCK COMPANIES
PROVINCE OF NOVA SCOTIA

Electronically signed by:
Office of the Registrar of Joint Stock Companies
Date: 19 January 2026 13:17 AST
Location: Nova Scotia, Canada
Contact: rjsc@novascotia.ca

Entity details

Information as of	19 January 2026
Registry ID	3268242
Business/Organization Name	SPRING LOADED TECHNOLOGY INCORPORATED
Incorporation Date	07 December 2012
Annual Return due Date	31 December 2025
Type	Extra-provincial Corporation Federal
Status	Active
Jurisdiction	CANADA
Registered Office	50 RADDALL AVE., UNIT 8, DARTMOUTH, NOVA SCOTIA, B3B 1T2, CANADA
Mailing Address	50 RADDALL AVE., UNIT 8, DARTMOUTH, NOVA SCOTIA, B3B 1T2, CANADA

Directors and Officers

Name	Position
CHRISTOPHER COWPER-SMITH	Director

Recognized Agent

Name	Position	Civic Address	Mailing Address
CHRISTOPHER D. COWPER-SMITH	Recognized Agent	50 RADDALL AVENUE, UNIT 8 DARTMOUTH NOVA SCOTIA B3B 1T2 CANADA	8 - 50 RADDALL AVENUE DARTMOUTH NOVA SCOTIA B3B 1T2 CANADA

This is Exhibit "B" to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT "B"

Spring Loaded Technology Incorporated
Consolidated Financial Statements
December 31, 2022

Contents

For the year ended December 31, 2022

Independent Practitioner's Review Engagement Report

MNP LLP

To the Shareholders of Spring Loaded Technology Incorporated:

We have reviewed the accompanying consolidated financial statements of Spring Loaded Technology Incorporated that comprise the consolidated balance sheet as at December 31, 2022, and the consolidated statements of loss, deficit, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the financial position of Spring Loaded Technology Incorporated as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Dartmouth, Nova Scotia

Chartered Professional Accountants

Spring Loaded Technology Incorporated
Consolidated Balance Sheet
As at December 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**201,483**	875,998
Short-term investments *(Note 3)*	**25,000**	25,007
Accounts receivable *(Note 4)*	**216,371**	552,697
Inventory *(Note 5)*	**180,543**	316,949
Investment tax credits recoverable *(Note 6)*	**176,662**	389,481
Prepaids	**41,528**	69,415
	841,587	2,229,547
Property and equipment *(Note 7)*	**137,738**	187,817
Intangible assets *(Note 8)*	**105,139**	156,240
Future income taxes *(Note 9)*	**1,505,500**	1,243,500
	2,589,964	3,817,104
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 10)*	**459,614**	343,930
Deferred revenue	**-**	23,698
Deposit on share subscriptions	**32,750**	32,750
Current portion of long-term debt *(Note 11)*	**59,917**	480,633
	552,281	881,011
Long-term debt *(Note 11)*	**3,066,204**	2,323,711
Convertible debentures *(Note 12)*	**4,525,013**	4,121,310
	8,143,498	7,326,032
Commitments *(Note 16)*		
Subsequent event *(Note 18)*		
Shareholders' Deficit		
Share capital *(Note 13)*	**6,790,045**	6,790,045
Contributed surplus *(Note 14)*	**1,787,218**	1,213,458
Deficit	**(14,130,797)**	(11,512,431)
	(5,553,534)	(3,508,928)
	2,589,964	3,817,104

Approved on behalf of the Board of Directors

Director **Director**

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

Spring Loaded Technology Incorporated
Consolidated Statement of Loss and Deficit
For the year ended December 31, 2022

	2022	2021
Revenue		
Revenue	**1,378,901**	1,511,571
Other revenue	**9,097**	19,863
	1,387,998	1,531,434
Direct Costs		
Purchases *(Note 5)*	**337,817**	362,448
Freight in and duty	**105,528**	89,784
Direct labour	**161,508**	218,627
Other direct costs	**14,456**	14,496
Inventory write-off	**205,231**	-
	824,540	685,355
Gross profit	**563,458**	846,079
Selling and Other Direct Expenses *(Schedule 1)*	**454,604**	666,887
General and Administration Expenses *(Schedule 2)*	**2,177,294**	2,092,222
Amortization Expenses		
Amortization of transaction costs	**23,126**	23,126
Amortization of property and equipment	**63,212**	79,097
Amortization of intangible assets	**95,735**	83,643
Loss from operations	**(2,250,513)**	(2,098,896)
Other income (expense)		
SR&ED Tax credits	**156,659**	406,871
Fair value adjustments related to imputed interest	**286,162**	384,946
Imputed interest on interest free loans	**(147,146)**	(132,262)
Employee stock based compensation *(Note 14)*	**(573,760)**	(318,011)
Interest on convertible debentures	**(380,577)**	(330,735)
Interest on long-term debt	**(2,573)**	(3,062)
Foreign exchange gain (loss)	**12,160**	(1,301)
Interest income	**829**	205
Amortization of imputed interest on property and equipment	**18,393**	19,458
Loss on disposal of property and equipment	**-**	(844)
	(629,853)	25,265
Loss before income tax	**(2,880,366)**	(2,073,631)
Future income tax recovery	**(262,000)**	(288,100)
Net loss	**(2,618,366)**	(1,785,531)
Deficit, beginning of year	**(11,512,431)**	(9,726,900)
Deficit, end of year	**(14,130,797)**	(11,512,431)

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

Spring Loaded Technology Incorporated
Consolidated Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Net loss	**(2,618,366)**	(1,785,531)
Amortization of transaction costs	**23,126**	23,126
Amortization of property and equipment	**63,212**	79,097
Amortization of intangible assets	**95,735**	83,643
Loss on disposal of property and equipment	**-**	844
Fair market value adjustment on interest free loans	**(286,162)**	(384,946)
Imputed interest on interest free loans	**147,146**	132,262
Amortization of discounting on property and equipment	**(18,393)**	(19,458)
Interest accrued on convertible debentures	**380,577**	330,735
Employee stock based compensation	**573,760**	318,011
Future income tax	**(262,000)**	(288,100)
	(1,901,365)	(1,510,317)
Change in working capital accounts		
Accounts receivable	**336,047**	189,812
Inventory	**136,406**	14,241
Prepaids	**27,887**	1,730
Investment tax credits recoverable	**212,819**	2,642
Accounts payable and accrued liabilities	**115,963**	60,383
Deferred revenue	**(23,698)**	23,698
	(1,095,941)	(1,217,811)
Financing activities		
Advances of long-term debt	**510,000**	205,259
Repayments of long-term debt	**(35,074)**	(147,281)
Issue of common shares	**-**	10,000
	474,926	67,978
Investing activities		
Purchases of property and equipment, net of investment tax credits of $629 (2021 - $1,724)	**(8,872)**	(22,207)
Proceeds on disposal of property and equipment	**-**	2,500
Purchases of intangible assets	**(44,635)**	(110,003)
Purchase of short-term investments	**(25,000)**	-
Proceeds on disposal of short-term investments	**25,007**	1,502,467
	(53,500)	1,372,757
Increase (decrease) in cash resources	**(674,515)**	222,924
Cash resources, beginning of year	**875,998**	653,074
Cash resources, end of year	**201,483**	875,998

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

1. Incorporation and operations

Spring Loaded Technology Incorporated (the "Company") was incorporated on December 4, 2012, under the Canada Business Corporations Act and on December 7, 2012, as an Extra-Provincial Corporation under the laws of the Province of Nova Scotia. The Company is based in Dartmouth, Nova Scotia, and has designed knee bracing technology to enhance the strength and power of the leg muscles. By augmenting leg strength, the Company's technology can be used in a wide range of applications including mobility assistance, fatigue reduction, injury prevention, injury rehabilitation, and performance management.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises set out in Part II of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Basis of consolidation

The Company consolidates all subsidiaries. As such, assets, liabilities, revenues and expenses of all subsidiaries have been consolidated and all inter-company transactions and balances have been eliminated. The consolidated financial statements include the following companies for the current and prior year:

- Spring Loaded Technology Incorporated, parent company
- Spring Loaded Technology US, Inc., a wholly owned subsidiary

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Raw materials inventory is measured at the lower of weighted average cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs or the estimated replacement costs.

Finished goods, right to returned product and rework inventory are measured at the lower of weighted average cost and net realizable value. Materials consumption is tracked through a bill of materials in an inventory management system, verified by monthly physical counts. Labour and applicable manufacturing overhead is allocated to units produced in accordance with productive operating hours employed in the year. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Property and equipment

Property and equipment are initially recorded at cost, net of related investment tax credits and the fair value adjustment for zero-rated loans. Amortization is provided with the intention to amortize the cost of assets over their estimated useful lives under the following methods:

Furniture and fixtures	declining balance	20 %
Machinery and equipment	declining balance	20 %
Production molds	declining balance	50 %
Computer equipment	declining balance	55 %
Leasehold improvements	straight-line	term of lease

In the year of acquisition, amortization is taken at one-half of the above rates.

2. Significant accounting policies *(Continued from previous page)*

Intangible assets

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost and amortized using the straight-line method at a rate intended to amortize the cost of the intangible asset over its estimated useful life as follows.

Incorporation costs	straight-line	5 years
Intellectual property	straight-line	5 years
Knee brace technology	straight-line	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

Revenue recognition

The Company recognizes the revenue of product sales when there is persuasive evidence of an arrangement, the products are shipped in accordance with standard shipping terms of the customer, the customer assumes ownership of the product and all the related risks, the sales price is fixed or determinable, and collection is reasonably assured.

Government assistance

Non-repayable claims for assistance under various government grant programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any amortization calculated on the net amount. Non-repayable claims for government assistance under various government grant programs to cover non-capital items are recorded as a reduction of the related expenses in the year in which eligible expenditures are incurred. All other government assistance is included as other income when received.

Income taxes

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Provisions are made for slow moving and obsolete inventory based on management's review of the aging of inventory and related sales. Warranty and after sales service costs are estimated based upon prior history.

Amortization is based on the estimated useful lives of property and equipment and intangible assets with definite lives.

Non-interest bearing loans are discounted using an interest rate equivalent to the market rate of similar debt which is estimated to be 5%. Loan repayments based upon future annual gross revenues are estimated using the budget and historical revenue growth year over year at the point in time when amounts can be estimated.

The amount of investment tax credits to be received is based upon management's assessment of qualifying expenditures.

The amounts disclosed relating to fair values of stock options issued are based on management's estimates of expected stock price volatility, expected lives of the options, expected dividends to be paid by the Company, risk-free interest rates and certain other assumptions.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates) *(Continued from previous page)*

The calculation of future income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Future income tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carryforward and the balances in various tax pools.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the consolidated financial statements from changes in such estimates in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings (loss) in the year in which they become known.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Company may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Company has not made such an election during the year.

The Company subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net loss.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net loss in the year the reversal occurs.

Long-lived assets and discontinued operations

Long-lived assets held for use consists of property and equipment and intangible assets and are measured and amortized as described in the applicable accounting policies.

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets and discontinued operations *(Continued from previous page)*

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using the market price of similar assets or discounted cash flows. Any impairment is included in net loss for the year.

Foreign currency transactions

These consolidated financial statements have been presented in Canadian dollars, the principal currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net loss for the current year.

Stock-based compensation

The Company grants common stock options to its employees and officers under its stock option plan.

The Company uses the fair value method to account for all stock-based payments.

The fair value of stock options granted is estimated on the date of the grant using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the expected volatility of the value of the Company's stock, the expected lives of the awards of stock-based compensation, the exercise price and current price of the Company's underlying stock and the risk-free interest rate, as determined at the grant date. The associated compensation cost is recognized directly in net loss over the vesting period with a corresponding credit to contributed surplus. When stock options are exercised, the consideration paid by employees and officers and the related contributed surplus are recorded in share capital.

Internally generated intangible assets - research and development costs

The Company expenses all research and development costs as they are incurred.

The Company is entitled to Canadian federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relating to current eligible research and development expenditures are included in net loss, recorded as other income. Investment tax credits related to the acquisition of property and equipment are recorded as a reduction of the related asset with any amortization calculated on the net amount. Investment tax credits are accrued when the Company has made the qualifying expenditures, provided there is reasonable assurance that the credits will be realized. In the event that the Canada Revenue Agency has an alternative interpretation of qualifying amounts, the difference would be applied to the non-capital loss carry forward balance.

3. Short-term investments

At the end of the year, the Company held the following short-term investments as follows:

	2022	*2021*
TD Guaranteed Investment Certificate, bearing interest at 2% and maturing in June 2023.	**25,000**	-
TD Guaranteed Investment Certificate, bearing interest at 0.05% and matured in June 2022.	-	25,007
	25,000	25,007

As at December 31, 2022, the short-term investments include $nil (2021 - $nil) of accrued interest.

4. Accounts receivable

	2022	2021
Trade receivables	**131,127**	580,958
HST receivable	**36,301**	47,770
Government assistance receivable	**47,760**	108,408
Other	**1,183**	38,713
	216,371	775,849
Allowance for doubtful accounts	**-**	(223,152)
	216,371	552,697

5. Inventory

	2022	2021
Rework	**3,153**	3,153
Finished goods	**26,672**	179,284
Raw materials	**144,600**	122,236
Right to returned product	**6,118**	12,276
	180,543	316,949

The cost of inventories recognized as an expense and included in cost of sales amounted to $457,801 (2021 – $466,727).

6. Investment tax credits

	2022	2021
Scientific Research & Experimental Development (SR&ED) Credits	**155,969**	368,475
Manufacturing and processing investment tax credits	**20,693**	21,006
	176,662	389,481

7. Property and equipment

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	**28,382**	**20,448**	**7,934**	9,917
Machinery and equipment	**523,660**	**408,720**	**114,940**	154,277
Production molds	**139,121**	**129,603**	**9,518**	15,254
Computer equipment	**93,112**	**88,384**	**4,728**	5,329
Leasehold improvements	**185,414**	**184,796**	**618**	3,040
	969,689	**831,951**	**137,738**	187,817

7. Property and equipment *(Continued from previous page)*

Equipment is net of the fair market value adjustment on interest free loans of $73,574 (2021 - $77,833).

Equipment cost
A portion of the funds received from the Atlantic Innovation Fund loan (see note 11) were to be used to purchase machinery and equipment. As a result, a portion of the fair value adjustment was netted against the cost of machinery and equipment. At December 31, 2022, the cost of machinery and equipment has been reduced by $123,505 (2021 - $109,372). This fair value adjustment is amortized at 20%. At December 31, 2022, the accumulated amortization relating to the fair value adjustment is $49,931 (2021 - $31,538). The fair value adjustment increased by $14,133 (2021 - $48,972) and the amortization of the fair value adjustment is $18,393 (2021 - $19,458) which are non-cash transactions.

8. Intangible assets

	Cost	*Accumulated amortization*	*2022 Net book value*	*2021 Net book value*
Incorporation costs	**3,547**	**2,483**	**1,064**	1,774
Intellectual property	**423,094**	**321,944**	**101,150**	140,245
Knee brace technology	**91,209**	**88,284**	**2,925**	14,221
	517,850	**412,711**	**105,139**	156,240

9. Future income taxes

The Company's future income tax asset consists of the following:

	2022	*2021*
Future income tax benefit relating to temporary differences	**73,601**	53,324
Future income tax benefit from recognition of loss carryforwards	**1,385,580**	1,130,358
Future income tax benefit from the pool of deductible SR&ED expenditures	**46,319**	59,818
Future income tax asset	**1,505,500**	1,243,500

10. Accounts payable and accrued liabilities

	2022	*2021*
Trade accounts payable	**246,947**	154,568
Accrued liabilities	**162,246**	131,884
Warranty liability	**26,578**	28,485
Vacation pay payable	**23,843**	28,993
	459,614	343,930

11. Long-term debt

	2022	*2021*
Business Development Bank of Canada ("BDC") term loan, secured by a general security agreement, personal guarantees from two majority shareholders limited to 15% of the outstanding loan balance and specific equipment with a net book value of $22,015. The term loan is repayable in monthly principal payments of $685 until July 2023, plus interest at BDC's floating base rate per annum. Subsequent to year end, the balance was repaid in full. (See note 18)	**4,795**	13,015
BDC term loan, secured by a general security agreement and specific equipment with a net book value of $64,104. The term loan is repayable in monthly principal payments of $486 until December 2027 plus interest at BDC's floating base rate per annum. Subsequent to year end, the balance was repaid in full. (See note 18)	**29,131**	34,963
Canada Emergency Business Account ("CEBA") loan. No interest applies until January 1, 2024. Commencing on January 1, 2024, interest will accrue on the balance of the term loan at the rate of 5% per annum, payable monthly. Loan forgiveness of 33.3% will apply if 66.7% of maximum loan balance is repaid by December 31, 2023. In 2020, the Company received $60,000 and the forgivable portion of $20,000 has been recorded as income in that year.	**16,991**	16,991
Atlantic Canada Opportunities Agency ("ACOA") repayable contribution, unsecured, non-interest bearing and repayable in monthly principal payments of $250 until April 2024, $3,935 until October 2026, then monthly principal payments of $11,950 until January 2028 and a final payment of $8,347 in February 2028. (Refer to note 15)	**309,647**	316,332
Less: accreted interest	**(54,102)**	(48,320)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in monthly principal payments of $250 until April 2024, then monthly principal repayments of $3,837 until February 2029, then monthly principal payments of $4,030 until October 2029, then monthly principal payments of $11,590 until October 2030, and then monthly principal payments of $21,523 for November 2030 and $21,525 for December 2030.	**440,914**	447,501
Less: accreted interest	**(104,323)**	(92,749)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in monthly principal payments of $250 until April 2024, then monthly principal payments of $5,000 until February 2027, then monthly principal payments of $15,100 until May 2028.	**412,237**	419,987
Less: accreted interest	**(75,212)**	(66,578)
ACOA Atlantic Innovation Fund contribution, unsecured, non-interest bearing, repayable in annual principal payments commencing September 2023 equal to 5% of gross revenue for fiscal years with revenue under $10,000,000 or 10% of gross revenue for fiscal years with revenue over $10,000,000 until the contribution is repaid in full. The Company is required to maintain covenants as noted below.	**2,438,967**	2,438,967
Less: accreted interest	**(778,884)**	(741,465)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in monthly principal payments of $1,000 commencing March 2024 and then a final principal payment of $5,000 in February 2032.	**100,000**	90,000
Less: accreted interest	**(26,847)**	(24,300)

11. Long-term debt *(Continued from previous page)*

	2022	*2021*
ACOA repayable contribution, unsecured, non-interest bearing, repayable in annual principal payments commencing September 2024 equal to 5% of gross revenue for fiscal years with revenue under $10,000,000 or 10% of gross revenue for fiscal years with revenue over $10,000,000 until the contribution is repaid in full. The Company is required to maintain covenants as noted below.	**500,000**	-
Less: accreted interest	**(87,193)**	-
	3,126,121	2,804,344
Less: current portion of long-term debt	**59,917**	480,633
	3,066,204	2,323,711

Principal repayments on long-term debt in each of the next five years and thereafter are estimated as follows:

2023	59,917
2024	670,004
2025	350,905
2026	384,063
2027	583,922
Thereafter	2,203,871
	4,252,682

The Company is required to maintain equity at a level that is acceptable to ACOA. The Company was onside with the minimum equity level requirement.

The long-term debt that is non-interest bearing has been discounted using an interest rate of 5% which is equivalent to the market rate.

The Company is not authorized to make any corporate distributions unless otherwise approved by ACOA. During the year, no distributions were made.

12. Convertible debentures

	2022	*2021*
Invest Nova Scotia (formally Nova Scotia Innovation Corporation) unsecured convertible debenture, bearing interest at 5.00%, and includes accumulated interest accretion of $95,773 (2021 - $69,503). The conversion option was set to expire in July 2023, but, subsequent to year end, has been extended to July 2024. See note below for details of the convertible debenture.	**525,793**	499,524
Consortium MedTeq (MedTeq) unsecured convertible debenture, bearing interest at 5.00%, including accumulated interest accretion of $41,590 (2021 - $29,831). The conversion option was set to expire in March, 2023, but, subsequent to year end, has been extended to July 2024. See note below for details of the convertible debenture.	**241,599**	229,841

12. Convertible debentures *(Continued from previous page)*

BDC Capital Inc. convertible debenture, bearing interest at 10.00%, including accumulated interest accretion of \$390,625 (2021 - \$218,750), net of unamortized transaction costs of \$3,183 (2021 - \$12,852). The conversion option was set to expire in July 2023, but, subsequent to year end, has been extended to July 2024. Secured by a general security agreement. See note below for details of the convertible debenture.	**1,887,511**	1,705,967
Consortium MedTeq (MedTeq) convertible debenture, bearing interest at 10.00%, including accumulated accretion of \$65,104 (2021 - \$36,458), net of unamortized transaction costs of \$1,159 (2021 - \$4,680). The conversion option was set to expire in July 2023, but, subsequent to year end, has been extended to July 2024. Secured by a general security agreement. See note below for details of the convertible debenture.	**313,956**	281,789
Atlantic Canada Regional Venture Fund Limited Partnership (Build Ventures), Invest Nova Scotia, and Wilsang Corporation convertible debenture, bearing interest at 10.00%, including accumulated accretion of \$292,312 (2021 - \$150,283), net of unamortized transaction costs of \$6,215 (2021 - \$16,151). The conversion option was set to expire in October 2023, but, subsequent to year end, has been extended to July 2024. Secured by a general security agreement. See note below for details of the convertible debenture.	**1,556,154**	1,404,189
	4,525,013	4,121,310

Invest Nova Scotia (formally Nova Scotia Innovation Corporation)

Invest Nova Scotia unsecured convertible debenture of \$525,793 (2021 - \$499,524) is convertible at the option of Invest Nova Scotia upon the closing of any equity investment in the capital of the Company by a third party or parties for an aggregate purchase price of \$3,000,000 or greater. Invest Nova Scotia may convert the debenture to shares of the Company at a price equal to 80% of the lesser of the price per shares issued in the qualified investment and the price obtained by dividing \$25 million by the number of shares outstanding on a fully-diluted basis at the time of the conversion.

If there is a consummation or consolidation of the Company with or into another entity, an acquisition or the closing of the sale, transfer or other disposition, in a single transaction or series of related transactions, of all the Company's assets, then Invest Nova Scotia may be repaid in full, may stay as is or may be converted at a price equal to 80% of the lesser of the purchase price and the price obtained by dividing \$25 million by the number of shares outstanding on a fully-diluted basis at the time of conversion. Invest Nova Scotia may also convert, at its option, the debenture at any time prior to the maturity date at a price equal to 80% of the price obtained by dividing the \$25 million by the number of shares outstanding on a fully-diluted basis at the date of exercise.

Consortium MedTeq (MedTeq)

MedTeq unsecured convertible debenture of \$241,599 (2021 - \$229,841). MedTeq has the option to convert the debenture if there is a qualified investment whereby there is a closing of an equity investment in the capital of the Company by a third party or parties for an aggregate purchase price of \$3,000,000 or greater. If there is a consummation of a merger or consolidation of the Company with or into another entity, an acquisition or the closing of the sale, transfer or other disposition, in a single transaction or series of related transactions, of all the Company's assets, then MedTeq may be repaid in full, may stay as is or may be converted into the number of conversion shares, and MedTeq at its option, may convert the debenture at any time prior to the maturity date. Under these scenarios, the debenture is converted into the conversion shares by taking the aggregate outstanding indebtedness on the date of conversion by the conversion price which is 80% of the lesser of the price per share of the shares issued to investors in the qualified investment and the price obtained by dividing \$25 million by the number of shares of the Company outstanding on a fully-diluted basis at the time of conversion. In the event of insolvency or bankruptcy, MedTeq may, at its sole discretion, elect to convert the debenture, when the number of conversion shares into which the amounts due under this debenture shall be converted using the quotient obtained by dividing the aggregate outstanding indebtedness on the date of conversion by the conversion price.

12. Convertible debentures *(Continued from previous page)*

Debentures issued in 2020

The debentures issued in 2020 ("the group") are made up of multiple investors that have similar terms and conditions per the agreements. The investors include BDC Capital Inc., Consortium MedTeq (MedTeq), Invest Nova Scotia, Atlantic Canada Regional Venture Fund Limited Partnership and Wilsang Corporation.

The group's unsecured convertible debentures include BDC Capital Inc. debentures of $1,887,511 (2021 - $1,705,967), MedTeq debentures of $313,956 (2021 - $281,789) and Atlantic Canada Regional Venture Fund Limited Partnership (Build Ventures), Invest Nova Scotia, and Wilsang Corporation convertible debentures of $1,556,154 (2021 - $1,404,189).

The group's unsecured convertible debentures have the option to extend the initial term by a period of up to twelve months. With the exception of BDC Capital Inc., the remaining group has an additional condition with the option to extend the term up to three separate occasions, with each extension consisting of a period of up to twelve months. The Company will repay the principal and interest on the earliest of the end of the term, the date the Company completes a sale transaction, the date the Company undergoes a dissolution event, the date the Company completes a qualified financing event or the date following an event of default. Payments by the Company under these debentures will be allocated first, to any amounts relating to costs of collection under concurrent debentures, second, to any outstanding interest and third, to the outstanding principal.

To the extent that the debenture has not been repaid pursuant to the terms of the agreement, the outstanding principal of the debenture is convertible, in whole or in part, at the option of the holder at any time following the initial term, into the highest ranking equity securities of the Company outstanding as of the date of the notice of conversion at a price equal to the lower of $0.30 per share and the price per share of the Company paid to the Company for such securities at the last external financing. If the holder converts the outstanding principal of this debenture at its option, then all interest shall be waived and shall not be payable by the Company.

Upon a qualified financing event, the debenture will be automatically converted (with the exception of BDC Capital Inc. where the holder shall be entitled to convert the debenture) including both principal and interest, into the type of securities issued pursuant to the qualified financing event in an amount equal to the quotient obtained by dividing the total outstanding principal and interest by the lower of the price per share at which the Company offers its securities in connection with such qualified financing event, less a discount of 15%, and the pre-money price per share of the Company assuming a $25 million pre-money valuation.

Upon a sale transaction, the holder shall be entitled to convert the debenture, including principal and interest outstanding, into common shares of the Company equal to the quotient obtained by dividing the aggregate outstanding principal amount due on this debenture and unpaid interest accrued, by the lower of the price per common share paid by the acquirer upon the sale transaction, less a discount of 15%, and the pre-money price per common share of the Company assuming a $25 million pre-money valuation.

In the event of a dissolution event, the outstanding principal and interest shall become due and payable to the holder.

13. Share capital

			2022	*2021*
Issued				
	24,229,886	Common shares without nominal or par value	**1,418,781**	1,418,781
	21,679,673	Voting preferred shares, convertible at the option of the holder, ranking pari passu for dividends with common shares, ranking above common shares on dissolution	**5,371,264**	5,371,264
			6,790,045	6,790,045

14. Stock-based compensation

The Company has an employee stock option plan (the "plan"). The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of the Company. The general terms of award under the plan provide that options in the common stock of the Company are granted to employees and directors for their service. When granted, these options vest over periods ranging from 4 to 10 years and expire after a maximum of 10 years. 16,065,611 common shares have been authorized for grant under the terms of this plan. The exercise price of each option equals the estimated market price of the Company's stock on the date of the grant.

In the event of termination, the options may be exercised at the earlier of:

a) the termination of the option;
b) 90 days from the event of termination:
c) one year from the date of death; or
d) two years from the date of the event of termination without just cause.

Options not vested at the date of termination, or if terminated with just cause, will expire at the date of termination.

During the year, 1,191,250 (2021 - 7,950,040) stock options with a term of 10 years (2021 - 10 years) were granted to employees. The fair value of these stock options has been estimated using the Black-Scholes valuation model and the following weighted average assumptions:

	2022	***2021***
Risk-free interest rate	**1.49 %**	1.74 %
Expected volatility	**118.36 %**	118.07 %
Expected dividend yield	**0.00 %**	0.00 %
Expected life (years)	**10.00**	10.00

Options outstanding at December 31, 2022 are comprised of the following:

			2022			*2021*
Range of exercise prices	**Number of options #**	***Weighted average exercise price $***	**Range of remaining contractual lives Years**	Number of options #	Weighted average exercise price $	Range of remaining contractual lives Years
Outstanding - beginning of year	**11,091,590**	**0.18**	**2.29 - 9.89**	5,810,380	0.17	3.29 - 9.10
Granted	**1,191,250**	**0.20**	**8.01 - 9.01**	7,950,040	0.20	9.01 - 9.89
Exercised	**-**	**-**		(50,000)	0.20	
Forfeited/Expired	**(1,598,349)**	**0.14**	**1.29 - 8.89**	(2,618,830)	0.20	4.05 - 8.10
Outstanding, end of year	**10,684,491**	**0.19**		11,091,590	0.18	

During the year, compensation cost of $573,760 (2021 – $318,011) was recognized in net loss, and was credited to contributed surplus. A total of 2,032,736 (2021 - 1,189,021) share options were vested in accordance with the terms of employee stock option agreements during the year.

Subsequent to year end, there were four employees who terminated employment. At the time of their respective termination, a total of 116,950 options were vested of which, none have been subsequently exercised. 183,050 unvested options have been forfeited subsequent to year end.

15. Government assistance

Atlantic Canada Opportunities Agency (ACOA)

During the year, the Company received non-repayable funding from ACOA totaling $22,575 (2021 - $nil) of which $22,575 (2021 - $nil) has been allocated against salaries and benefits. The maximum funding available under this project during the term between April 2020 to April 2022 is $50,000. Any breach of the agreement would require the Company to repay all or part of the contribution including interest.

During the year, the Company entered into a repayable funding agreement with ACOA and established a project under the Business Development Program. The maximum funding available under this project is $500,000 and the Company has obtained the full funding. See note 11 for details on this loan from ACOA.

In 2021, the Company entered into a repayable funding agreement with ACOA and established a project under the Business Development Program . The Company received funding of $10,000 (2021 - $90,000). The maximum funding available under this project during the term between October 2021 to March 2023 is $100,000 and the Company has obtained the full funding. See note 11 for details on this loan from ACOA.

Co-op Education Incentive Program

During the year, the Company received non-repayable funding from the Co-op Education Incentive Program totaling $6,400 (2021 - $nil) which has been allocated against salaries and benefits. The maximum funding available under this project during the term between April 2022 to August 2022 was $6,400.

WILWorks Student Work Placement Program

During the year, the Company received non-repayable funding from the WILWorks Student Work Placement Program totaling $8,475 (2021 - $nil) which has been allocated against salaries and benefits. The maximum funding available under this project during the term between January 2022 to April 2022 was $8,475.

Graduate to Opportunity Program

During the year, the Company received non-repayable funding from the Graduate to Opportunity Program totaling $nil (2021 - $18,037) which has been allocated against salaries and benefits. The maximum funding available under these projects during the terms between March 2019 to August 2022 was $82,750.

Industrial Research Assistance Program (IRAP)

During the year, the Company received non-repayable funding from Industrial Research Assistance Program (IRAP) totaling $250,291 (2021 - $79,349) of which $250,291 has been allocated against salaries and benefits. The maximum funding available under these projects during the terms between December 2020 to March 2023 is $575,848. At year end, there is $47,760 (2021 - $19,915) in accounts receivable related to these projects. Any breach of the agreement would require the Company to repay all or part of the contribution including interest.

Invest Nova Scotia (formally Nova Scotia Innovation Corporation)

During the year, the Company received non-repayable funding from Invest Nova Scotia - Expert Advice Program totaling $nil (2021 - $7,354) which has been allocated against professional fee expense. The maximum funding available under these projects during the terms between July 2019 to March 2021 was $86,560.

Canada Emergency Wage Subsidy (CEWS)

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program in April 2020. CEWS is a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The qualification and application of the CEWS is being assessed over multiple four-week application period segments.

The CEWS program ended in October 2021. The Company has recognized $85,144 of wage subsidies in the prior year which has been allocated against salaries and benefits and is included in government assistance receivable at December 31, 2021.

15. Government assistance *(Continued from previous page)*

Canada Emergency Rent Subsidy (CERS)

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Rent Subsidy (CERS) program in November 2020. CERS is a rent subsidy on eligible remuneration, subject to limits based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The qualification and application of the CERS is being assessed over multiple four-week application period segments. The CERS program ended in October 2021.

The Company has recognized $3,349 of rent subsidies in the prior year which has been allocated against rent and is included in government assistance receivable at December 31, 2021.

16. Commitments

The Company has entered into a lease agreement for its office and manufacturing facilities, with estimated minimum annual payments as follows:

2023	84,500
2024	87,035
2025	89,646
2026	30,778
	291,959

17. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Credit risk arises from cash and cash equivalents, short-term investments, and amounts receivable. The Company invests excess cash in highly liquid temporary investments of Schedule 1 Canadian Banks. The credit risk of cash and cash equivalents and short-term investments is limited because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies.

If required, the balance of receivables is shown net of allowances for bad debts, estimated by management based on prior experience and their assessment of the current economic environment. The Company believes this credit risk is minimized due to its large and diverse customer base. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions to purchase materials and sell finished goods denominated in U.S. currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at December 31, 2022, the following items are denominated in U.S. currency and were translated into Canadian dollars at a closing rate of 1.35 (2021 - 1.27):

	2022 CAD$	*2021 CAD$*
Cash	**150,430**	444,618
Accounts receivable	**8,423**	515,997
Allowance for doubtful accounts	**-**	(223,152)
Accounts payable	**(41,600)**	(48,605)

17. Financial instruments *(Continued from previous page)*

The foreign exchange gain (loss) is $12,160 for the year ended December 31, 2022 (2021 - $1,301). If the foreign exchange had been 1% higher or lower, with all other variables held constant, it would not have resulted in a material impact on the consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company enters into transactions to purchase goods and services on credit and borrows funds from financial institutions or other creditors, for which repayment is required at various maturity dates.

The Company has positive working capital available to meet obligations as they come due. The Company depends on cash inflow from issuing new shares and securing funding to fund its operations sufficiently to meet its obligations. Payments for the convertible debentures due in fiscal 2023 have been postponed until fiscal 2024.

18. Subsequent event

Subsequent to the date of the financial statements, the Company disposed of assets that were no longer required within the manufacturing process. The assets had a net book value of $132,461 and were sold at a gain of $27,539.

Spring Loaded Technology Incorporated
Schedule 1 - Consolidated Schedule of Selling and Other Direct Expenses
For the year ended December 31, 2022

	2022	2021
Selling and Other Direct Expenses		
Marketing and promotion	**257,455**	561,416
Travel - selling and other direct expenses	**94,628**	-
Dues, fees and licences	**78,359**	97,867
Training	**10,338**	1,875
Equipment	**13,824**	5,729
	454,604	666,887

Spring Loaded Technology Incorporated
Schedule 2 - Consolidated Schedule of General and Administration Expenses
For the year ended December 31, 2022

	2022	2021
General and Administration Expenses		
Bad debts	**272,014**	63,212
Communications	**13,360**	19,264
Data processing	**11,975**	11,175
Insurance	**35,730**	28,441
Interest and bank charges	**38,165**	38,141
Office	**18,606**	16,857
Professional fees *(Note 15)*	**165,132**	110,855
Rent	**105,382**	121,962
Repairs and maintenance	**17,389**	14,412
Research and development	**88,103**	119,865
Salaries and benefits *(Note 15)*	**1,353,206**	1,497,107
Travel	**42,075**	34,680
Utilities	**16,157**	16,251
	2,177,294	2,092,222

Spring Loaded Technology Incorporated

Consolidated Financial Statements

December 31, 2023

Spring Loaded Technology Incorporated

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For the year ended December 31, 2023

Independent Practitioner's Review Engagement Report

To the Shareholders of Spring Loaded Technology Incorporated:

We have reviewed the accompanying consolidated financial statements of Spring Loaded Technology Incorporated that comprise the consolidated balance sheet as at December 31, 2023, and the consolidated statements of loss and deficit, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the financial position of Spring Loaded Technology Incorporated as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. We draw attention to Note 1 in the consolidated financial statements which indicates that the convertible debentures that mature in July 2024 have not been renegotiated as of the date of this report. These events or conditions along with other matters, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Dartmouth, Nova Scotia

Chartered Professional Accountants

Spring Loaded Technology Incorporated
Consolidated Balance Sheet
As at December 31, 2023

	2023	2022
Assets		
Current		
Cash	**58,415**	201,483
Short-term investments *(Note 4)*	**25,000**	25,000
Accounts receivable *(Note 5)*	**208,172**	216,371
Inventory *(Note 6)*	**142,788**	180,543
Investment tax credits recoverable *(Note 7)*	**144,402**	176,662
Prepaids	**48,317**	41,528
	627,094	841,587
Property and equipment *(Note 8)*	**32,060**	137,738
Intangible assets *(Note 9)*	**95,449**	105,139
Future income taxes *(Note 10)*	**-**	1,505,500
	754,603	2,589,964
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 11)*	**354,737**	459,613
Short-term loan *(Note 12)*	**47,106**	-
Deposit on share subscriptions	**32,750**	32,750
Current portion of long-term debt *(Note 13)*	**11,500**	59,917
	446,093	552,280
Long-term debt *(Note 13)*	**3,216,525**	3,066,204
Convertible debentures *(Note 14)*	**4,951,634**	4,525,013
	8,614,252	8,143,497
Commitments *(Note 19)*		
Going concern *(Note 1)*		
Shareholders' (Deficit)		
Share capital *(Note 15)*	**6,790,045**	6,790,045
Contributed surplus *(Note 16)*	**2,103,606**	1,787,218
Deficit	**(16,753,300)**	(14,130,796)
	(7,859,649)	(5,553,533)
	754,603	2,589,964

Approved on behalf of the Board of Directors

Director **Director**

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

Spring Loaded Technology Incorporated
Consolidated Statement of Loss and Deficit
For the year ended December 31, 2023

	2023	*2022*
Revenue *(Note 17)*	**1,748,725**	1,387,998
Direct Costs		
Purchases *(Note 6)*	**496,967**	337,817
Freight in and duty	**90,947**	75,893
Direct labour	**120,006**	161,508
Other direct costs	**15,241**	14,456
Inventory write-off	**11,149**	205,231
	734,310	794,905
Gross profit	**1,014,415**	593,093
Selling and Other Direct Expenses *(Schedule 1)*	**183,615**	454,604
General and Administration Expenses *(Schedule 2)*	**1,165,662**	2,206,929
Amortization Expenses		
Amortization of transaction costs	**10,557**	23,126
Amortization of property and equipment	**23,894**	63,212
Amortization of intangible assets	**49,822**	95,735
Loss from operations	**(419,135)**	(2,250,513)
Other income (expense)		
SR&ED Tax credits	**126,109**	156,659
Fair value adjustments related to imputed interest	**31,069**	286,162
Gain on disposal of property and equipment	**73,263**	-
CEBA forgivable loan adjustment	**(20,000)**	-
Imputed interest on interest free loans	**(155,900)**	(147,146)
Employee stock based compensation *(Note 16)*	**(316,388)**	(573,760)
Interest on convertible debentures	**(416,064)**	(380,577)
Interest on long-term debt	**(7,034)**	(2,573)
Foreign exchange gain (loss)	**(13,602)**	12,160
Interest income	**678**	829
Amortization of imputed interest on property and equipment	**-**	18,393
	(697,869)	(629,853)
Loss before income tax	**(1,117,004)**	(2,880,366)
Future income tax (recovery) *(Note 10)*	**1,505,500**	(262,000)
Net loss	**(2,622,504)**	(2,618,366)
Deficit, beginning of year	**(14,130,796)**	(11,512,430)
Deficit, end of year	**(16,753,300)**	(14,130,796)

Spring Loaded Technology Incorporated
Consolidated Statement of Cash Flows
For the year ended December 31, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating activities		
Net loss	**(2,622,504)**	(2,618,366)
Amortization of transaction costs	**10,557**	23,126
Amortization of property and equipment	**23,894**	63,212
Amortization of intangible assets	**49,822**	95,735
Fair market value adjustment on interest free loans	**(31,069)**	(286,162)
Imputed interest on interest free loans	**155,900**	147,146
Amortization of discounting on property and equipment		(18,393)
Interest accrued on convertible debentures	**416,064**	380,577
Employee stock based compensation	**316,388**	573,760
Future income taxes	**1,505,500**	(262,000)
Gain on disposal of property and equipment	**(73,263)**	-
CEBA forgivable loan adjustment	**20,000**	-
	(228,711)	(1,901,365)
Change in working capital accounts		
Accounts receivable	**8,199**	336,047
Inventory	**37,755**	136,406
Prepaids	**(6,789)**	27,887
Investment tax credits recoverable	**32,260**	212,819
Accounts payable and accrued liabilities	**(104,878)**	139,661
Deferred revenue	-	(23,698)
	(262,164)	(1,072,243)
Financing activities		
Advances of long-term debt	-	510,000
Repayments of long-term debt	**(42,926)**	(35,074)
Advances of short-term debt	**172,106**	-
Repayments of short-term debt	**(125,000)**	(23,698)
	4,180	451,228
Investing activities		
Purchases of property and equipment, net of investment tax credits of $Nil (2022 - $629)	**(4,952)**	(8,872)
Proceeds on disposal of property and equipment	**160,000**	-
Purchases of intangible assets	**(40,132)**	(44,635)
Purchase of short-term investments	**(25,000)**	(25,000)
Proceeds on disposal of short-term investments	**25,000**	25,007
	114,916	(53,500)
Decrease in cash resources	**(143,068)**	(674,515)
Cash resources, beginning of year	**201,483**	875,998
Cash resources, end of year	**58,415**	201,483

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

1. Going concern

These consolidated financial statements have been prepared on a going concern basis, which presumes that the company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business.

In 2023, the Company obtained an extension on its convertible debentures to extend the maturity from July 2023 to July 2024. As of the report date, the Company has not sought an additional extension on the expiry date of the debentures. The Company intends to begin an equity raise in 2024 and would like to see the debentures converted as part of this equity raise. At December 31, 2023, the convertible debentures account for $4,951,634 of total liabilities. The Company has experienced losses from operations and a valuation allowance has been recognized to the extent that it is no longer more likely than not that the future tax assets will be realized. As a result, these events and conditions may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of operations.

To remain a going concern, the Company intends to increase sales and gross margins and reduce expenditures and continue to receive the support from its shareholders, convertible debenture holders and lenders.

Management believes the going concern assumption is appropriate for these consolidated financial statements because forecasted cash flows from operations are sufficient to cover operating costs and scheduled long-term debt repayments for the upcoming year and support continues from the convertible debenture holders and lenders. If the Company were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

2. Incorporation and operations

Spring Loaded Technology Incorporated (the "Company") was incorporated on December 4, 2012, under the Canada Business Corporations Act and on December 7, 2012, as an Extra-Provincial Corporation under the laws of the Province of Nova Scotia. The Company is based in Dartmouth, Nova Scotia, and has designed knee bracing technology to enhance the strength and power of the leg muscles. By augmenting leg strength, the Company's technology can be used in a wide range of applications including mobility assistance, fatigue reduction, injury prevention, injury rehabilitation, and performance management.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises set out in Part II of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Basis of consolidation

The Company consolidates all subsidiaries. As such, assets, liabilities, revenues and expenses of all subsidiaries have been consolidated and all inter-company transactions and balances have been eliminated. The consolidated financial statements include the following companies for the current and prior year:

Spring Loaded Technology Incorporated, parent company

Spring Loaded Technology US, Inc., a wholly owned subsidiary

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Raw materials inventory is measured at the lower of weighted average cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs or the estimated replacement costs.

3. Significant accounting policies *(Continued from previous page)*

Finished goods, right to returned product and rework inventory are measured at the lower of weighted average cost and net realizable value. Materials consumption is tracked through a bill of materials in an inventory management system, verified by monthly physical counts. Labour and applicable manufacturing overhead is allocated to units produced in accordance with productive operating hours employed in the year. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Property and equipment

Property and equipment are initially recorded at cost, net of related investment tax credits and the fair value adjustment for zero-rated loans. Amortization is provided with the intention to amortize the cost of assets over their estimated useful lives under the following methods:

Furniture and fixtures	declining balance	20 %
Machinery and equipment	declining balance	20 %
Production molds	declining balance	50 %
Computer equipment	declining balance	55 %
Leasehold improvements	straight-line	term of lease

In the year of acquisition, amortization is taken at one-half of the above rates.

Intangible assets

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost and amortized using the straight-line method at a rate intended to amortize the cost of the intangible asset over its estimated useful life as follows.

Incorporation costs	straight-line	5 years
Intellectual property	straight-line	5 years
Knee brace technology	straight-line	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

Revenue recognition

The Company recognizes the revenue of product sales when there is persuasive evidence of an arrangement, the products are shipped in accordance with standard shipping terms of the customer, the customer assumes ownership of the product and all the related risks, the sales price is fixed or determinable, and collection is reasonably assured.

Government assistance

Non-repayable claims for assistance under various government grant programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any amortization calculated on the net amount. Non-repayable claims for government assistance under various government grant programs to cover non-capital items are recorded as a reduction of the related expenses in the year in which eligible expenditures are incurred. All other government assistance is included as other income when received.

Income taxes

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

3. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Provisions are made for slow moving and obsolete inventory based on management's review of the aging of inventory and related sales. Warranty and after sales service costs are estimated based upon prior history.

Amortization is based on the estimated useful lives of property and equipment and intangible assets with definite lives.

Non-interest bearing loans are discounted using an interest rate equivalent to the market rate of similar debt which is estimated to be 5%. Loan repayments based upon future annual gross revenues are estimated using the budget and historical revenue growth year over year at the point in time when amounts can be estimated.

The amount of investment tax credits to be received is based upon management's assessment of qualifying expenditures.

The amounts disclosed relating to fair values of stock options issued are based on management's estimates of expected stock price volatility, expected lives of the options, expected dividends to be paid by the Company, risk-free interest rates and certain other assumptions.

The calculation of future income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Future income tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carryforward and the balances in various tax pools.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the consolidated financial statements from changes in such estimates in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings (loss) in the year in which they become known.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Company may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Company has not made such an election during the year.

The Company subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Company reduces the carrying amount of any impaired financial assets to the highest of the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net loss.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net loss in the year the reversal occurs.

Long-lived assets and discontinued operations

Long-lived assets held for use consists of property and equipment and intangible assets and are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using the market price of similar assets or discounted cash flows. Any impairment is included in net loss for the year.

Foreign currency transactions

These consolidated financial statements have been presented in Canadian dollars, the principal currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net loss for the current year.

Stock-based compensation

The Company grants common stock options to its employees and officers under its stock option plan.

The Company uses the fair value method to account for all stock-based payments.

The fair value of stock options granted is estimated on the date of the grant using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the expected volatility of the value of the Company's stock, the expected lives of the awards of stock-based compensation, the exercise price and current price of the Company's underlying stock and the risk-free interest rate, as determined at the grant date. The associated compensation cost is recognized directly in net loss over the vesting period with a corresponding credit to contributed surplus. When stock options are exercised, the consideration paid by employees and officers and the related contributed surplus are recorded in share capital.

Internally generated intangible assets - research and development costs

The Company expenses all research and development costs as they are incurred.

3. Significant accounting policies *(Continued from previous page)*

Internally generated intangible assets - research and development costs *(Continued from previous page)*

The Company is entitled to Canadian federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relating to current eligible research and development expenditures are included in net loss, recorded as other income. Investment tax credits related to the acquisition of property and equipment are recorded as a reduction of the related asset with any amortization calculated on the net amount. Investment tax credits are accrued when the Company has made the qualifying expenditures, provided there is reasonable assurance that the credits will be realized. In the event that the Canada Revenue Agency has an alternative interpretation of qualifying amounts, the difference would be applied to the non-capital loss carry forward balance.

4. Short-term investments

At the end of the year, the Company held the following short-term investments as follows:

	2023	2022
TD Guaranteed Investment Certificate, bearing interest at 3% and maturing in June 2024.	**25,000**	-
TD Guaranteed Investment Certificate, bearing interest at 2% and matured in June 2023.	**-**	25,000
	25,000	25,000

5. Accounts receivable

	2023	2022
Trade receivables	**141,987**	131,127
HST receivable	**39,133**	36,301
Government assistance receivable	**30,019**	47,760
Other	**3,780**	1,183
	214,919	216,371
Allowance for doubtful accounts	**(6,747)**	-
	208,172	216,371

6. Inventory

	2023	2022
Rework	**-**	3,153
Finished goods	**45,280**	26,672
Raw materials	**85,077**	144,600
Right to returned product	**12,431**	6,118
	142,788	180,543

The cost of inventories recognized as an expense and included in cost of sales amounted to $603,155 (2022 – $428,166).

7. Investment tax credits

	2023	2022
Scientific Research & Experimental Development (SR&ED) Credits	123,222	155,969
Manufacturing and processing investment tax credits	21,180	20,693
	144,402	176,662

8. Property and equipment

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and fixtures	29,466	22,143	7,323	7,934
Machinery and equipment	43,000	28,365	14,635	114,940
Production molds	54,668	46,329	8,339	9,518
Computer equipment	12,746	10,983	1,763	4,728
Leasehold improvements		-	-	618
	139,880	107,820	32,060	137,738

Equipment is net of the fair market value adjustment on interest free loans of $Nil (2022 - $73,574).

A portion of the funds received from the Atlantic Innovation Fund loan (see note 12) were to be used to purchase machinery and equipment. As a result, a portion of the fair value adjustment was netted against the cost of machinery and equipment.

At December 31, 2023, the cost of machinery and equipment has been reduced by $Nil (2022 - $123,505), the accumulated amortization relating to the fair value adjustment is $Nil (2022 - $49,931), the fair value adjustment increased by $Nil (2022 - $14,133) and the amortization of the fair value adjustment is $Nil (2022 - $18,393) which are non-cash transactions. During 2023, these assets were fully amortized or disposed, resulting in the fair value adjustment to property and equipment being nil at year end.

9. Intangible assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Incorporation costs	3,548	3,193	355	1,064
Intellectual property	463,226	368,132	95,094	101,150
Knee brace technology	91,209	91,209	-	2,925
	557,983	462,534	95,449	105,139

10. Future income taxes

The Company's future income tax asset consists of the following:

	2023	2022
Future income tax benefit relating to temporary differences	**81,545**	73,601
Future income tax benefit from recognition of loss carryforwards	**1,452,990**	1,385,580
Future income tax benefit from the pool of deductible SR&ED expenditures from recognition of loss carryforwards	**42,995**	46,319
Valuation allowance	**(1,577,530)**	-
Future income tax asset	**-**	1,505,500

The corporate income tax rate used to calculate the future income tax benefit is 11.5% (2022 - 11.5%).

A valuation allowance of $1,577,530 was recorded to reduce the carrying amount of the future tax asset to the extent that it is no longer more likely than not that a recognized future income tax asset will be realized.

11. Accounts payable and accrued liabilities

	2023	*2022*
Trade accounts payable	**161,789**	246,946
Accrued liabilities	**106,881**	162,246
Warranty liability	**72,453**	26,578
Vacation pay payable	**13,614**	23,843
	354,737	459,613

12. Short-term loan

Short-tem loan bearing interest of 1.2% per month, compounding monthly. The maximum available loan amount cannot exceed 80% of the SR&ED claim receivable that has been disclosed by the Company to the lender. The loan and accrued interest are due when the Company receives its SR&ED claim from the Canada Revenue Agency. The loan is secured by a security interest in all goods including inventory, equipment, all bank accounts and book debts.

Subsequent to year end, the Company received an additional advance of $52,000 relating to this loan.

13. Long-term debt

	2023	2022
Business Development Bank of Canada ("BDC") term loan, secured by a general security agreement, personal guarantees from two majority shareholders limited to 15% of the outstanding loan balance and specific equipment with a net book value of $Nil (2022- $22,015). Balance repaid in full in 2023.	-	4,795
BDC term loan, secured by a general security agreement and specific equipment with a net book value of $Nil (2022- $64,104). The term loan is repayable in monthly principal payments of $486 and was repaid in full in 2023.		29,131
Canada Emergency Business Account ("CEBA") loan. Commencing on January 1, 2024, interest will accrue on the balance of the term loan at the rate of 5% per annum, payable monthly. The loan matures in December 2026. 66.7% of loan balance was not repaid by December 31, 2023, therefore, loan forgiveness of 33.3% will not apply. The forgivable portion of $20,000 has been added to the loan and refinanced through TD with the terms noted above.	**36,991**	16,991
Atlantic Canada Opportunities Agency ("ACOA") repayable contribution, unsecured, non-interest bearing and repayable in monthly principal payments of $250 until April 2025, $500 until April 2026, $7,495 until October 2026, then monthly principal payments of $15,885 until January 2028 and a final payment of $13,402 in February 2028.	**306,647**	309,647
Less: accreted interest	**(48,525)**	(54,102)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in monthly principal payments of $250 until April 2025, $500 until April 2026, then monthly principal repayments of $3,837 until October 2027, then monthly principal payments of $7,304 until February 2029, then monthly principal payments of $7,497 until October 2029, then monthly principal payments of $11,590 until October 2030, and then monthly principal payments of $21,523 for November 2030 and $21,405 for December 2030.	**437,914**	440,914
Less: accreted interest	**(99,656)**	(104,323)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in monthly principal payments of $250 until April 2025, then monthly principal repayments of $500 until April 2026, then monthly principal payments of $9,906 until February 2027, then monthly principal payments of $20,000 until April 2028 and a final payment of $20,177 in May 2028.	**409,237**	412,237
Less: accreted interest	**(67,588)**	(75,212)
ACOA Atlantic Innovation Fund contribution, unsecured, non-interest bearing, repayable in annual principal payments commencing September 2025 equal to 5% of gross revenue for fiscal years with revenue under $10,000,000 or 10% of gross revenue for fiscal years with revenue over $10,000,000 until the contribution is repaid in full. The Company is required to maintain covenants as noted below.	**2,438,967**	2,438,967
Less: accreted interest	**(673,215)**	(778,884)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in monthly principal payments of $250 commencing March 2024 until February 2025, then monthly principal payments of $500 until February 2026, then monthly principal payments of $1,000 until October 2030, then monthly principal payments of $2,000 until January 2032 and a final payment of $5,000 in February 2032.	**100,000**	100,000

13. Long-term debt *(Continued from previous page)*

	2023	2022
Less: accreted interest	**(30,351)**	(26,847)
ACOA repayable contribution, unsecured, non-interest bearing, repayable in annual principal payments commencing September 2025 equal to 5% of gross revenue for fiscal years with revenue under $10,000,000 or 10% of gross revenue for fiscal years with revenue over $10,000,000 until the contribution is repaid in full. The Company is required to maintain covenants as noted below.	**500,000**	500,000
Less: accreted interest	**(82,396)**	(87,193)
	3,228,025	3,126,121
Less: current portion of long-term debt	**11,500**	59,917
	3,216,525	3,066,204

Principal repayments on long-term debt in each of the next five years and thereafter are estimated as follows:

2024	11,500
2025	1,259,040
2026	411,465
2027	703,675
2028	479,881
Thereafter	1,327,204
	4,192,765

The Company is required to maintain equity at a level that is acceptable to ACOA. The Company was onside with the minimum equity level requirement.

The long-term debt that is non-interest bearing has been discounted using an interest rate of 5% which is equivalent to the market rate.

The Company is not authorized to make any corporate distributions unless otherwise approved by ACOA. During the year, no distributions were made.

14. Convertible debentures

	2023	2022
Invest Nova Scotia unsecured convertible debenture, bearing interest at 5.00%, and includes accumulated interest accretion of $122,672 (2022 - $95,773). The conversion option is set to expire in July 2024. See note below for details of the convertible debenture.	**552,672**	525,793
Consortium MedTeq (MedTeq) unsecured convertible debenture, bearing interest at 5.00%, including accumulated interest accretion of $53,950 (2022 - $41,590). The conversion option is set to expire in July 2024. See note below for details of the convertible debenture.	**253,950**	241,599

14. Convertible debentures *(Continued from previous page)*

	2023	2022
BDC Capital Inc. convertible debenture, bearing interest at 10.00%, including accumulated interest accretion of $ 579,688 (2022 - $390,625), net of unamortized transaction costs of $nil (2022 - $3,183).The conversion option is set to expire in July 2024. Secured by a general security agreement. See note below for details of the convertible debenture.	**2,079,854**	1,887,511
Consortium MedTeq (MedTeq) convertible debenture, bearing interest at 10.00%, including accumulated accretion of $96,615 (2022 - $65,104), net of unamortized transaction costs of $nil (2022 - $1,159). The conversion option is set to expire in July 2024. Secured by a general security agreement. See note below for details of the convertible debenture.	**346,615**	313,956
Atlantic Canada Regional Venture Fund Limited Partnership (Build Ventures), Invest Nova Scotia, and Wilsang Corporation convertible debenture, bearing interest at 10.00%, including accumulated accretion of $448,543 (2022 - $292,312), net of unamortized transaction costs of $nil (2022 - $6,215), The conversion option is set to expire in July 2024. Secured by a general security agreement. See note below for details of the convertible debenture.	**1,718,543**	1,556,154
	4,951,634	4,525,013

Invest Nova Scotia

Invest Nova Scotia unsecured convertible debenture of $552,672 (2022 - $525,793) is convertible at the option of Invest Nova Scotia upon the closing of any equity investment in the capital of the Company by a third party or parties for an aggregate purchase price of $3,000,000 or greater. Invest Nova Scotia may convert the debenture to shares of the Company at a price equal to 80% of the lesser of the price per shares issued in the qualified investment and the price obtained by dividing $25 million by the number of shares outstanding on a fully-diluted basis at the time of the conversion. If there is a consummation or consolidation of the Company with or into another entity, an acquisition or the closing of the sale, transfer or other disposition, in a single transaction or series of related transactions, of all the Company's assets, then Invest Nova Scotia may be repaid in full, may stay as is or may be converted at a price equal to 80% of the lesser of the purchase price and the price obtained by dividing $25 million by the number of shares outstanding on a fully-diluted basis at the time of conversion. Invest Nova Scotia may also convert, at its option, the debenture at any time prior to the maturity date at a price equal to 80% of the price obtained by dividing the $25 million by the number of shares outstanding on a fully-diluted basis at the date of exercise.

Consortium MedTeq (MedTeq)

MedTeq unsecured convertible debenture of $253,950 (2022 - $241,599). MedTeq has the option to convert the debenture if there is a qualified investment whereby there is a closing of an equity investment in the capital of the Company by a third party or parties for an aggregate purchase price of $3,000,000 or greater. If there is a consummation of a merger or consolidation of the Company with or into another entity, an acquisition or the closing of the sale, transfer or other disposition, in a single transaction or series of related transactions, of all the Company's assets, then MedTeq may be repaid in full, may stay as is or may be converted into the number of conversion shares, and MedTeq at its option, may convert the debenture at any time prior to the maturity date. Under these scenarios, the debenture is converted into the conversion shares by taking the aggregate outstanding indebtedness on the date of conversion by the conversion price which is 80% of the lesser of the price per share of the shares issued to investors in the qualified investment and the price obtained by dividing $25 million by the number of shares of the Company outstanding on a fully-diluted basis at the time of conversion. In the event of insolvency or bankruptcy, MedTeq may, at its sole discretion, elect to convert the debenture, when the number of conversion shares into which the amounts due under this debenture shall be converted using the quotient obtained by dividing the aggregate outstanding indebtedness on the date of conversion by the conversion price.

14. Convertible debentures *(Continued from previous page)*

Debentures issued in 2020

The debentures issued in 2020 ("the group") are made up of multiple investors that have similar terms and conditions per the agreements. The investors include BDC Capital Inc., Consortium MedTeq (MedTeq), Invest Nova Scotia, Atlantic Canada Regional Venture Fund Limited Partnership and Wilsang Corporation.

The group's unsecured convertible debentures include BDC Capital Inc. debentures of $2,079,688 (2022 - $1,887,511), MedTeq debentures of $346,615 (2022 - $313,956) and Atlantic Canada Regional Venture Fund Limited Partnership (Build Ventures), Invest Nova Scotia, and Wilsang Corporation convertible debentures of $1,718,543 (2022 - $1,556,154). The group's unsecured convertible debentures have the option to extend the initial term by a period of up to twelve months. With the exception of BDC Capital Inc., the remaining group has an additional condition with the option to extend the term up to three separate occasions, with each extension consisting of a period of up to twelve months. The Company will repay the principal and interest on the earliest of the end of the term, the date the Company completes a sale transaction, the date the Company undergoes a dissolution event, the date the Company completes a qualified financing event or the date following an event of default. Payments by the Company under these debentures will be allocated first, to any amounts relating to costs of collection under concurrent debentures, second, to any outstanding interest and third, to the outstanding principal.

To the extent that the debenture has not been repaid pursuant to the terms of the agreement, the outstanding principal of the debenture is convertible, in whole or in part, at the option of the holder at any time following the initial term, into the highest ranking equity securities of the Company outstanding as of the date of the notice of conversion at a price equal to the lower of $0.30 per share and the price per share of the Company paid to the Company for such securities at the last external financing. If the holder converts the outstanding principal of this debenture at its option, then all interest shall be waived and shall not be payable by the Company.

Upon a qualified financing event, the debenture will be automatically converted (with the exception of BDC Capital Inc. where the holder shall be entitled to convert the debenture) including both principal and interest, into the type of securities issued pursuant to the qualified financing event in an amount equal to the quotient obtained by dividing the total outstanding principal and interest by the lower of the price per share at which the Company offers its securities in connection with such qualified financing event, less a discount of 15%, and the pre-money price per share of the Company assuming a $25 million pre-money valuation.

Upon a sale transaction, the holder shall be entitled to convert the debenture, including principal and interest outstanding, into common shares of the Company equal to the quotient obtained by dividing the aggregate outstanding principal amount due on this debenture and unpaid interest accrued, by the lower of the price per common share paid by the acquirer upon the sale transaction, less a discount of 15%, and the pre-money price per common share of the Company assuming a $25 million pre-money valuation.

In the event of a dissolution event, the outstanding principal and interest shall become due and payable to the holder.

15. Share capital

		2023	2022
Issued			
Common shares			
24,229,886	Common shares without nominal or par value	**1,418,781**	1,418,781
21,679,673	Voting preferred shares, convertible at the option of the holder, ranking pari passu for dividends with common shares, ranking above common shares on dissolution	**5,371,264**	5,371,264
		6,790,045	6,790,045

16. Stock-based compensation

The Company has an employee stock option plan (the "plan"). The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of the Company. The general terms of award under the plan provide that options in the common stock of the Company are granted to employees and directors for their service. When granted, these options vest over periods ranging from 4 to 10 years and expire after a maximum of 10 years. 16,065,611 common shares have been authorized for grant under the terms of this plan. The exercise price of each option equals the estimated market price of the Company's stock on the date of the grant.

In the event of termination, the options may be exercised at the earlier of:
a) the termination of the option;
b) 90 days from the event of termination:
c) one year from the date of death; or
d) two years from the date of the event of termination without just cause.

Options not vested at the date of termination, or if terminated with just cause, will expire at the date of termination.

Options outstanding at December 31, 2023 are comprised of the following:

	2023			*2022*		
Range of exercise prices	**Number of options #**	***Weighted average exercise price $***	**Range of remaining contractual lives Years**	Number of options #	Weighted average exercise price $	Range of remaining contractual lives Years
Outstanding - beginning of year	**10,684,491**	**0.18**	**0.5-8.89**	11,091,590	0.18	2.29 - 9.89
Granted	**-**			1,191,250	0.20	8.01 - 9.01
Forfeited/Expired	**(4,240,634)**	**0.20**	**5.00-8.00**	(1,598,349)	0.14	1.29-8.89
	6,443,857	**0.17**		10,684,491	0.19	

During the year, compensation cost of $316,388 (2022 – $573,760) was recognized in net loss, and was credited to contributed surplus. A total of 1,102,962 (2022 - 2,032,736) share options were vested in accordance with the terms of employee stock option agreements during the year.

17. Revenue

	2023	*2022*
Braces, net of returns and discounts	**1,715,160**	1,350,731
Accessories	**17,340**	16,639
Engineering services	**11,380**	-
Other	**4,845**	11,531
Face sheilds	**-**	9,097
	1,748,725	1,387,998

18. Government assistance

Industrial Research Assistance Program (IRAP)

During the year, the Company received non-repayable funding from Industrial Research Assistance Program (IRAP) totaling $206,977 (2022 - $250,291) of which $206,977 (2022 - $250,291) has been allocated against salaries and benefits. This program was available from November 2021 to October 2023, and is now complete.

During the year, the Company receive received non-repayable funding from Industrial Research Assistance Program (IRAP) totaling $30,019, all of which is included in accounts receivable and allocated against salaries and benefits. This program commenced in November 2023 and ends March 2025. $258,960 is available under this program. Any breach of the agreement would require the Company to repay all or part of the contribution including interest.

Atlantic Canada Opportunities Agency (ACOA)

During the year, the Company received non-repayable funding from ACOA totaling $nil (2022 - $22,575) of which $nil (2022 - $22,575) has been allocated against salaries and benefits. The maximum funding available under this project during the term between April 2020 to April 2022 is $50,000. Any breach of the agreement would require the Company to repay all or part of the contribution including interest. .

WILWorks Student Work Placement Program

During the year, the Company received non-repayable funding from the WILWorks Student Work Placement Program totaling $nil (2022 - $8,475) which has been allocated against salaries and benefits. The maximum funding available under this project during the term between January 2022 to April 2022 was $8,475.

19. Commitments

The Company has entered into a lease agreement for its office and manufacturing facilities that expires in April 2026, with estimated minimum annual payments as follows:

2024	50,975
2025	55,317
2026	20,003
	126,295

20. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Credit risk arises from cash and cash equivalents, short-term investments, and amounts receivable. The Company invests excess cash in highly liquid temporary investments of Schedule 1 Canadian Banks. The credit risk of cash and cash equivalents and short-term investments is limited because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies.

If required, the balance of receivables is shown net of allowances for bad debts, estimated by management based on prior experience and their assessment of the current economic environment. Two customer balances account for 33% of total accounts receivable at year end. The Company believes this credit risk is minimized due to its large and diverse customer base. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due.

20. Financial instruments *(Continued from previous page)*

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions to purchase materials and sell finished goods denominated in U.S. currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at December 31, 2023, the following items are denominated in U.S. currency and were translated into Canadian dollars at a closing rate of 1.32 (2022 - 1.35):

	2023 CAD$	2022 CAD$
Cash	7,365	150,430
Accounts receivable	-	8,423
Accounts payable	(35,208)	(41,600)

The foreign exchange loss is $13,602 for the year ended December 31, 2023 (2022 - foreign exchange gain of $12,160). If the foreign exchange had been 1% higher or lower, with all other variables held constant, it would not have resulted in a material impact on the consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company enters into transactions to purchase goods and services on credit and borrows funds from financial institutions or other creditors, for which repayment is required at various maturity dates.

The Company depends on cash inflow from issuing new shares and securing funding to fund its operations sufficiently to meet its obligations. See Note 1.

Spring Loaded Technology Incorporated
Schedule 1 - Consolidated Schedule of Selling and Other Direct Expenses
For the year ended December 31, 2023
(Unaudited)

	2023	2022
Selling and Other Direct Expenses		
Marketing and promotion	**97,234**	257,455
Travel - selling and other direct expenses	-	94,628
Dues, fees and licences	**82,618**	78,359
Training	**1,229**	10,338
Equipment	**2,534**	13,824
	183,615	454,604

Spring Loaded Technology Incorporated
Schedule 2 - Consolidated
Consolidated Schedule of General and Administration Expenses
For the year ended December 31, 2023
(Unaudited)

	2023	*2022*
General and Administration Expenses		
Bad debts	-	272,014
Communications	**6,429**	13,360
Data processing	**8,371**	11,975
Freight	**22,933**	29,635
Insurance	**28,237**	35,730
Interest and bank charges	**53,210**	38,165
Office	**13,566**	18,606
Professional fees	**108,524**	165,132
Rent	**85,087**	105,382
Repairs and maintenance	**11,176**	17,389
Research and development	**41,414**	88,103
Salaries and benefits *(Note 18)*	**680,922**	1,353,206
Travel	**93,810**	42,075
Utilities	**11,983**	16,157
	1,165,662	2,206,929

This is Exhibit “C” to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT “C”

Spring Loaded Technology
Balance Sheet

	2024
Current Assets:	
Cash	64,750
Accounts Receivable	281,493
Inventory	115,557
Prepayments & Deposits	215,778
Total Current Assets	**677,579**
Fixed Assets:	
Property and Equipment	30,639
Intangible Assets	82,579
Future Income Taxes	-
Total Assets:	**790,797**
Current Liabilities:	
Accounts Payable and Accrued Liabilities	531,507
Long Term Liabilities:	
Long-term Debt	3,216,526
Convertible Debentures	5,440,252
Equity:	
Share Capital	8,893,651
Retained Earnings	(17,291,140)
Net Equity	**(8,397,488)**
Total Liabilities:	**790,797**

SPRING LOADED

Spring Loaded Technology
Income Statement 2024

	YTD 2024 Budget	YTD 2024 Actuals	Variance $	%	Budget 2024
Net Sales	$1,802,493	$1,813,878	$11,385	100.6%	$1,802,493
Cost of Sales	833,855	777,866	55,989	6.7%	833,855
Gross Margin	968,638	1,036,012	67,374	7.0%	968,638
	54%	*57%*			*54%*
SG&A	1,115,056	1,189,738	(74,682)	106.7%	1,115,056
Other (Income)/Loss	(160,008)	(159,012)	(996)	100.0%	(160,008)
EBITDA	13,590	5,285	(8,305)	61.1%	13,590
Interest	10,512	483,379	(472,867)		10,512
Depreciation	-	59,743	(59,743)		-
Net Income (Before Tax)	3,078	(537,837)	(540,915)		3,078

Spring Loaded Technology
Balance Sheet
2025

	2025
Current Assets:	
Cash	42,081
Accounts Receivable	251,249
Inventory	144,302
SR&ED Receivable	159,223
Prepayments & Other Receivables	67,994
Total Current Assets	**664,849**
Fixed Assets:	
Property and Equipment	42,946
Intangible Assets	81,753
Total Fixed Assets	**124,699**
Total Assets:	**789,548**
Current Liabilities:	
Accounts Payable	133,253
Accrued Liabilities	252,002
Short Term (SR&ED) Loan	-
Total Current Liabilities	**385,255**
Long Term Liabilities:	
Other Long Term Liabilities	36,991
ACOA Long Term Debt[1]	4,160,765
ACOA Imputted Interest	(857,298)
2020 Convertible Debt	5,939,570
2025 Convertible Debt	260,562
Total Long Term Liabilities	**9,540,590**
Equity:	
Share Capital	8,893,651
Retained Earnings	(18,029,935)
Net Equity	**(9,136,283)**
Total Liabilities:	**789,562**

[1] The Company has multiple long-term notes with ACOA, with cumulative contractual repayable amount of $4,162,765 bearing no stated interest. In accordance with GAAP ASC 835-30, the note is recorded at its present value using a market interest rate of 5%. The unamortized discount of $857,298 is accreted to interest expense over the term of the notes. The total contractual amount payable is $4,162,765.

SPRING LOADED

Spring Loaded Technology
Income Statement 2025

	2025 Actuals
Net Sales	$2,352,573
Cost of Sales	1,224,371
Gross Margin	1,128,203
	48%
SG&A	1,286,571
Other (Income)/Loss	(160,406)
EBITDA	2,038
Interest	548,365
Depreciation	64,895
Net Income (Before Tax)	(611,222)

This is Exhibit “D” to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT “D”

Private and Confidential

Spring Loaded Technology Inc.
Summary of Long Term Liabilities
As of December 31, 2025

Unsecured Debenture Group	891,392
2020 Debenture Group	5,015,263
2025 Secured Debenture Group	259,291
ACOA Long Term Debt	4,158,765
CANADIAN EMERGENCY BUSINESS ACCOUNT	36,991

Unsecured Debenture Group

Holder	Issue	Maturity	Principal	Interest Rate	2025 Year End
Innovacorp	21-Dec-18	21-Jul-23	430,000	5% per annum compounded	610,754
Medteq	20-Mar-19	21-Jul-23	200,000	5% per annum compounded	280,638
				Total	891,392

2020 Debenture Group

Holder	Issue	Maturity	Principal	Interest Rate	2025 Year End
BDC	21-Jul-20	21-Jul-23	1,500,000	10% per annum simple	2,516,422
Medteq	21-Jul-20	21-Jul-23	250,000	10% per annum simple	419,404
Build Ventures	1-Oct-20	21-Jul-23	750,000	10% per annum simple	1,228,014
Innovacorp	1-Oct-20	21-Jul-23	500,000	10% per annum simple	818,676
Wilsang Corporation	1-Oct-20	21-Jul-23	20,000	10% per annum simple	32,747
				Total	5,015,263

2025 Secured Debenture Group

Holder	Issue	Maturity	Principal	Interest Rate	2025 Year End
Cedar Point Business Solutions Inc	24-Sep-25	24-Mar-26	45,000	19.56% per annum, compounded monthly	47,201
Joe Ellsmere	24-Sep-25	24-Mar-26	45,000	19.56% per annum, compounded monthly	47,201
Ben Ross	24-Sep-25	24-Mar-26	45,000	19.56% per annum, compounded monthly	47,201
Helen Steer	24-Sep-25	24-Mar-26	25,000	19.56% per annum, compounded monthly	26,223
Wenova Ventures Limited	19-Nov-25	24-Mar-26	70,000	19.56% per annum, compounded monthly	71,141
3323381 Nova Scotia Limited	19-Nov-25	24-Mar-26	20,000	19.56% per annum, compounded monthly	20,326
				Total	259,291

ACOA Long Term Debt

Project No. Principal	Principal Outstanding	Interest Outstanding	NSF fees	Total Amount Outstanding	
202902	$298,147.00	$0.00	$0.00	$298,147.00	
205276	$400,737.14	$0.00	$0.00	$400,737.14	
207647	$2,438,967.08	$0.00	$0.00	$2,438,967.08	
210848	$429,413.85	$0.00	$0.00	$429,413.85	
218429	$91,500.00	$0.00	$0.00	$91,500.00	
220648	$500,000.00	$0.00	$0.00	$500,000.00	
			Total		4,158,765

CANADIAN EMERGENCY BUSINESS ACCOUNT

Account	Principal Outstanding
7215579-01	$36,991.00
Total	36,991

This is Exhibit "E" to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT "E"

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)

Search Criteria: Spring Loaded Technology Inc

Date and Time of Search (YYYY-MM-DD hh:mm): 2026-01-20 11:01 (Atlantic)
Transaction Number: 28012657
Searched By: L194792

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
	*	27816636	SPRING LOADED TECHNOLOGY INCORPORATED	DARTMOUTH
	*	42088583	SPRING LOADED TECHNOLOGY INCORPORATED	DARTMOUTH

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.
Included Column Legend

- An asterisk ('*') in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts
- 0 registration(s) contained information that **exactly** matched the search criteria you specified.

- 2 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to **www.acol.ca**

Registration Details for Registration Number: 27816636

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	27816636	2017-06-20 17:54	2022-06-20	1692373-CT9
Renewal	36126019	2022-04-25 14:09	2027-06-20	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise

SPRING LOADED TECHNOLOGY INCORPORATED
50 RADDALL AVE UNIT 8
DARTMOUTH NS B3B 1T2
Canada

Secured Parties

Type: Enterprise
THE TORONTO-DOMINION BANK - 54203
1785 BARRINGTON ST PO BOX 427
Halifax NS B3J 2P8
Canada

General Collateral

All present and after acquired accounts, monies, deposits from time to time on deposit in the name of the debtor or owed to the debtor by the secured party or TD Mortgage Corporation or TD Pacific Mortgage Corporation, The Canada Trust Company or other subsidiary or affiliate of the Secured Party and in the Debtors rights in and to those accounts, monies, deposits and proceeds thereof.

Registration Details for Registration Number: 42088583

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	42088583	2025-09-24 08:08	2026-09-24	SM998999.8911
Amendment	42095885	2025-09-25 09:17	2026-09-24	SM998999.8911
Amendment	42381756	2025-11-21 15:52	2026-09-24	

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
SPRING LOADED TECHNOLOGY INCORPORATED
50 RADDALL AVENUE
UNIT 8
DARTMOUTH NS B3B 1T2
Canada

Secured Parties

Type: Enterprise
CEDAR POINT BUSINESS SOLUTIONS INC.
20 GARDEN COURT TERRACE
DARTMOUTH NS B3A 3S6
Canada

Type: Individual
ELLSMERE, JOE
2157 CONNAUGHT AVE
UNIT 1
HALIFAX NS B3L 2Z2
Canada

The Secured Party below was deleted by registration number 42095885
~~Type: Individual~~
~~ROSS, BEN~~
~~20 GARDEN COURT TERRACE~~
~~DARTMOUTH NS B3A 3S6~~
~~Canada~~

Type: Individual
STEER, HELEN
123 CAMBRIDGE DRIVE
LAWRENCETOWN NS B2Z 1T3
Canada

The Secured Party below was added by registration number 42095885
Type: Individual
ROSS, BEN
2 Clearview Crescent
Dartmouth NS B3A 2M6
Canada

The Secured Party below was added by registration number 42381756
Type: Enterprise
WENOVA VENTURES LIMITED
1500-1625 GRAFTON STREET
HALIFAX NS B3J 0E8
Canada

The Secured Party below was added by registration number 42381756
Type: Enterprise
3323381 NOVA SCOTIA LIMITED
239 FIVE ISLAND ROAD
HUBLEY NS B3Z 1B5
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

END OF REPORT

This is Exhibit “F” to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT “F”

FILED UNDER SEAL

This is Exhibit “G” to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT “*G*”

Spring Loaded Technology Incorporated
Cash Flow Forecast Projection - Prepared by Management
For the Period of January 26, 2026 to April 24, 2026

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Week Start		26-Jan-26	2-Feb-26	9-Feb-26	16-Feb-26	23-Feb-26	2-Mar-26	9-Mar-26	16-Mar-26	23-Mar-26	30-Mar-26	6-Apr-26	13-Apr-26	20-Apr-26	26-Jan-26
Week End	*Note*	30-Jan-26	6-Feb-26	13-Feb-26	20-Feb-26	27-Feb-26	6-Mar-26	13-Mar-26	20-Mar-26	27-Mar-26	3-Apr-26	10-Apr-26	17-Apr-26	24-Apr-26	24-Apr-26
Receipts															
Collection of accounts receivable	1	32,688	32,688	32,688	54,480	54,480	54,480	54,480	54,480	54,480	54,480	54,480	54,480	47,325	**635,709**
Miscellaneous	2			28,300				10,131				4,300			**42,733**
Total Receipts		**32,688**	**32,688**	**60,988**	**54,480**	**54,480**	**54,480**	**64,611**	**54,480**	**54,480**	**54,480**	**58,780**	**54,480**	**47,325**	**678,442**
Disbursements															
Payroll	3	46,539	-	76,539	-	46,539	-	46,539	-	46,539	-	46,539	-	46,539	**355,773**
Direct materials	4	5,356	21,425	21,425	21,425	21,425	21,425	21,425	21,425	21,425	21,425	21,425	21,425	21,425	**262,460**
Commission	3	-	30,000	-	-	-	-	-	-	-	-	-	-	-	**30,003**
Insurance		-	2,982	-	-	-	2,982	-	-	-	2,982	-	-	-	**8,945**
Rent		-	5,282	-	-	-	5,282	-	-	-	5,282	-	-	-	**15,846**
Office expenses		500	500	500	500	500	500	500	500	500	500	500	500	500	**6,503**
Travel		1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	**21,600**
Utilities		235	235	235	235	235	235	235	235	235	235	235	235	235	**3,056**
Repairs and maintenance		2,196	196	196	196	196	196	196	196	196	196	196	196	196	**4,550**
Regulatory fees	5	15,771	-	-	-	-	-	-	5,085	-	-	-	-	-	**20,861**
Dues and Subscriptions		-	2,234	-	-	-	-	2,234	-	-	-	2,234	-	-	**6,703**
Intellectual Property Legal Expenses		6,512	-	-	9,117	-	2,739	-	-	-	-	2,739	-	-	**21,107**
Corporate Consultants		-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	**10,000**
Banking fees		876	876	876	876	876	876	876	876	876	876	876	876	876	**11,392**
Contingency		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	**13,000**
Critical Suppliers Pool	6	33,065	6,395	18,717	27,734	-	-	-	-	-	-	-	-	-	**85,917**
HST payable (receivable)		-	-	(11,129)	-	-	(32,829)	-	-	-	(29,329)	-	-	-	**(73,287)**
Total Disbursements		**113,712**	**72,788**	**110,021**	**62,745**	**77,433**	**4,068**	**74,667**	**30,979**	**72,433**	**9,829**	**77,406**	**25,894**	**72,433**	**804,429**
Operational Cash Flow		**(81,024)**	**(40,100)**	**(49,033)**	**(8,265)**	**(22,953)**	**50,412**	**(10,056)**	**23,501**	**(17,953)**	**44,651**	**(18,626)**	**28,586**	**(25,108)**	**(125,987)**
Restructuring															
Monitor fees		40,000		20,000			20,000			40,000					**120,000**
Monitor counsel fees		20,000		10,000			10,000			40,000					**80,000**
Company counsel fees		40,000		10,000						20,000					**70,000**
DIP interest and fees	7	15,000				4,000				5,000					**24,000**
DIP lender counsel fees	7	15,000													**15,000**
Total Restructuring		**130,000**	**-**	**40,000**	**-**	**4,000**	**30,000**	**-**	**-**	**105,000**	**-**	**-**	**-**	**-**	**309,000**
Net Cash Flow		**(211,024)**	**(40,100)**	**(89,033)**	**(8,265)**	**(26,953)**	**20,412**	**(10,056)**	**23,501**	**(122,953)**	**44,651**	**(18,626)**	**28,586**	**(25,108)**	**(434,987)**
Opening cash balance		-	38,976	23,876	59,843	51,578	24,625	95,037	84,981	108,482	35,529	80,180	61,554	90,139	**0**
DIP Financing		250,000	25,000	125,000			50,000			50,000					**500,000**
Ending Cash balance		**38,976**	**23,876**	**59,843**	**51,578**	**24,625**	**95,037**	**84,981**	**108,482**	**35,529**	**80,180**	**61,554**	**90,139**	**65,031**	**65,013**

Purpose

This statement of projected cash flow ("Cash Flow Forecast") has been prepared by Spring Loaded Technology Incorporated (the "Company") in accordance with s. 23(1)(b) of the Company Creditors' Arrangement Act ("CCAA") for the period of January 26, 2026 to April 24, 2026 ("Cash Flow Period"). The Company has prepared the Cash Flow Forecast based on probable and hypothetical assumptions that reflect the Company's continued operations and its understanding of the expected restructuring activities. Management is of the opinion that, as at the filing date of the Cash Flow Forecast, the assumptions used to develop the Cash Flow Forecast represent the most probable set of economic conditions facing the Company and that the assumptions used provide a reasonable basis for and are consistent with the purpose of this Cash Flow Forecast.

Disclaimer

Management is of the view that the hypothetical assumptions set out in the notes below are reasonable and consistent with the purpose of the Cash Flow Forecast, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow Forecast. All material assumptions are disclosed in the notes below. Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. The Cash Flow Forecast has been prepared solely for the purpose described above, using a set of hypothetical and probable assumptions set out in notes below. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Notes to Cash Flow Forecast

[1] Collection of trade receivables in the ordinary course, based on historical average.
[2] Collection of reimbursments for wages under the Industrial Resarch Assistance Program ("IRAP").
[3] Payroll incurred in the ordinary course for the Company's employees, including Q4 2025 employee commissions paid in Week 3.
[4] Direct materials include, amongst other things, sales commissions paid to independent representatives.
[5] Regulatory fees include, amongst other things, renewal payments to the FDA for annual dues required to market the Company's products in the United States
[6] Critical Supplier pool includes amounts potentially outstanding to suppliers considered critical by the Company when considering the factors outlined in s. 11.4(1) of the CCAA, where payment of pre-filing amounts may be required to continue the manufacturing and sale of the Company's products on an ongoing basis. Such payments would be subject to consent of the Monitor and the Initial Order.
[7] Fees and interest incurred and payable per the DIP Agreement.

As at January 22, 2025

DocuSigned by:
Joe Ellsmere

Joe Ellsmere
Chief Executive Officer

This is Exhibit “H” to the affidavit of Joe Ellsmere before me on the 22 day of January 22, 2026.

Essber Essber, Barrister and Solicitor in Ontario and Nova Scotia

EXHIBIT “H”

SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT FACILITY

January 21, 2026

TO: Spring Loaded Technology Incorporated
8-50 Raddall Avenue
Dartmouth, Nova Scotia B3B 1T2

FROM: 4782489 Nova Scotia Limited
600-1741 Lower Water Street
Halifax, Nova Scotia B3J 0J2

Re: Debtor-in-possession Financing

4782489 Nova Scotia Limited (the "**Lender**") is pleased to confirm our offer of a senior secured super-priority debtor-in-possession credit facility available to Spring Loaded Technology Incorporated (the "**Borrower**"), pursuant to its court-approved power to borrow in the Proceeding. This agreement (the "**Agreement**") is subject to the conditions precedent set out herein.

Borrower:	Spring Loaded Technology Incorporated
Monitor to Proceeding:	**Grant Thornton Limited,** the proposed court appointed monitor (the "**Monitor**").
CCAA Requirement:	Court order approving the terms herein in the Supreme Court of Nova Scotia (the "**Court**") pursuant to a proceeding under the *Companies' Creditors Arrangement Act* (Canada) (the "**Proceeding**"). The initial order, as amended and supplemented, to be sought / granted in the Proceeding is referred to as the "**Initial Order**".
Credit Facility:	Subject to Court approval in the Proceeding, a non-revolving credit facility up to the Maximum Principal Amount (as defined below) shall be made available to the Borrower for interim financing on the general terms set out herein (the "**DIP Facility**").
Maximum Principal Amount:	The facility will be made available up to a maximum principal amount of $500,000 (the "**Maximum Principal Amount**").
Initial Retainer Advance:	The Lender has funded a retainer of $30,000 (the "**Initial Retainer**") to Stewart McKelvey as a retainer for work performed in preparation for the Proceeding, which Initial Retainer shall be held in trust, administered, and disbursed strictly in accordance with this Section. Upon issuance of the Initial Order, the Initial Retainer shall be returned to the Lender in full and all professional fees of the Monitor and its counsel shall be paid in accordance with the terms of this

	Agreement, the Initial Order and any other Court order (if applicable). Should the Initial Order not be issued by January 27, 2026 commencing the Proceeding and approving this Agreement, the Monitor shall direct Stewart McKelvey to release the Initial Retainer to satisfy the outstanding fees and disbursements of the Monitor, the Monitor's counsel and counsel to the Borrower. Any disbursement of the Initial Retainer shall be subject to: (x) delivery of detailed invoices to the Lender, (y) approval of such invoices by the Lender (acting reasonably), and (z) confirmation from the Monitor, if appointed, that such fees and disbursements were incurred in good faith and are reasonable in the circumstances. For greater certainty, the Initial Retainer shall not constitute property of the Borrower, shall not be available to the Borrower, and shall not form part of the Borrower's estate.
Availability:	On and after the date on which the Conditions Precedent shall have been satisfied, the Borrower may request advances under the DIP Facility by delivering to the Lender and the Monitor not less than one (1) business day prior to the requested advance, a drawdown certificate in form acceptable to the Lender and the Monitor detailing the amount of the requested advance and confirming without limitation the accuracy of all representations and warranties and that no Event of Default has occurred and is continuing. Receipt and disbursement of funds will be made through the Monitor.
Termination Date:	The maturity of the DIP Facility (the "**Termination Date**") shall be the earliest of: 1. the effective date of any plan of arrangement or compromise under the Proceeding (a "**Plan**"); 2. the refinancing of the DIP Facility upon the prior written consent of the Lender and the Borrower; 3. the termination or conversion of the Proceeding; or 4. payment in full of the Obligations.
Disbursement:	Disbursements are to be consistent with the cash flow statement delivered in the Proceeding by the Borrower and the approval of the Monitor.
Interest Rate:	The DIP Facility shall bear interest at an annual rate equal to 12% per annum, calculated in arrears and payable monthly.

Commitment Fee:	In the event the DIP Facility shall be terminated within three (3) months from the date of the Initial Order, the Borrower shall pay a commitment fee of one month's interest to the Lender.
Repayment:	The DIP Facility shall be repayable in full on the earlier of: (i) the occurrence of an Event of Default; (ii) the implementation of a Plan which has been approved by the requisite majority of the Borrower's creditors and by order entered by the Court; (iii) conversion of the Proceeding into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); (iv) the sale of all or substantially all of the now owned or hereafter acquired assets and property of the Borrower, real and personal, tangible or intangible (collectively, the "**Collateral**"); and (v) five (5) months from the date of the Initial Order (the earliest of such dates being the "**Maturity Date**"). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the Interim Lender for such period and on such terms and conditions as the Borrower and the Interim Lender may agree. The commitment in respect of the DIP Facility shall expire on the Maturity Date (as may be extended pursuant to the terms hereof) and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date (as may be extended pursuant to the terms hereof), without the Lender being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the Obligations are due and payable. The order of the Court sanctioning any Plan shall not discharge or otherwise affect in any way any of the Obligations, other than after the permanent and indefeasible payment in cash to the Lender of all Obligations on or before the date the Plan is implemented.
Expenses:	The Borrower will pay all reasonable costs incurred by the Lender, directly or indirectly, including, without limitation, expenses of legal counsel, due diligence, appraisals, and any other reasonable expenses incurred in conjunction with the DIP Facility including, the cost of preparing the DIP Credit Documents.
Security:	Security for repayment of the DIP Facility is by way of contractual security and a fully perfected court-ordered super-priority mortgage and charge against the Collateral, subject only to the Monitor's court-ordered "**Administration Charge**" as defined in the Initial Order, or other court-ordered amount satisfactory to the Lender (the "**Security**"). All rights, agreements and obligations of the Borrower and the Lender and the granting of, and the priorities of, the Security and the Obligations set out in this Agreement, will remain in full force and effect irrespective of the time of any loan or advance made to the Borrower by the Lender, including whether advanced before or after or at the same time as the creation of the security interests or before

	or after or at the same time as the date of execution of this Agreement. The Borrower shall, at their own expense and to the satisfaction of the Lender, register, file or record, or cause to be registered, filed or recorded, the Security in all offices and jurisdictions where such registration, filing or recording is necessary or, in the Lender's determination, advisable or to the advantage of the Lender, to, create, perfect or preserve the Security granted by the Borrower. The Borrower shall provide the Lender with such assistance and do such acts as the Lender may from time to time reasonably request and provide such other materials of conveyance, assignment, transfer, or charge to properly effect the Lender's security as contemplated and shall renew and maintain such registrations, filings, and recordings from time to time as and when required to keep them in full force and effect.
Conditions Precedent to First Advance:	The first advance (the "**First Advance**") under the DIP Facility is subject to the Lender's receipt of the following, all of which will be in form and substance satisfactory to the Lender: 1. execution of this Agreement and other reasonably required transaction documents, in form and substance satisfactory to the Lender (collectively, the "**DIP Credit Documents**" and each a "**DIP Credit Document**"); 2. issuance of the Initial Order, or a revised Initial Order, satisfactory in form and substance to the Lender, approving and authorizing this Agreement, the DIP Credit Documents and the Security with the priority contemplated herein, authorizing the establishment of the DIP Facility, and such orders being in full force and effect, unamended, not vacated and not stayed; 3. the Lender shall, acting reasonably, be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to its business other than as may be permitted under a Court order and no Event of Default shall have occurred and be continuing on the date of the advance or will occur after giving effect to the advance; 4. the Lender shall have received the Budget in accordance with the terms of this Agreement; and 5. such additional information in relation to the Borrower and the Collateral as the Lender may require.
Conditions Precedent to Subsequent Advances:	Any subsequent advance (each a "**Subsequent Advance**") of any amount under the DIP Facility (for certainty, excluding the First Advance) is subject to the following, all of which will be in form and substance satisfactory to the Lender (where applicable):

	1. the Lender shall have received any updates to the Budget in accordance with the terms of this Agreement; 2. each Subsequent Advance shall not, cause the aggregate amount of all amounts advanced under the DIP Facility to exceed the Maximum Principal Amount and shall not cause the cumulative borrowings outstanding under the Interim Facility to materially exceed the forecasted cumulative borrowings outstanding as shown on the Budget for the week in which such Subsequent Advance is made; 3. No Default or Event of Default has occurred or will occur as a result of a Subsequent Advance; and 4. the Interim Lender is satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order.
Positive Covenants:	The Borrower shall: 1. Subject to the terms of the Initial Order, preserve, renew and keep in full force and effect its existence, organization and status in each jurisdiction of incorporation and in each other jurisdiction in which they carry on business or own assets and make all corporate, partnership or other registrations and filings necessary to do so. 2. Pursuant to the terms of the Initial Order, any approved cash flow, duly and punctually pay all post-filing indebtedness due and payable by each of them to any person, including, without limitation the Obligations, taxes, and other contractual obligations. 3. Subject to the terms of the Initial Order, comply with all applicable laws and contractual obligations. 4. Subject to the terms of the Initial Order, maintain insurance with respect to its property and business (with the Lender shown as first loss payee and additional insured within five (5) business days of the date of the Initial Order) with financially sound and reputable insurance companies, of such kinds and in such amounts and against such risks as is customary for the business of the Borrower. Furnish to the Lender and/or the Monitor, on written request, confirmation that such insurance is carried, paid and current. 5. Keep proper books of record and accounts, in which full, true and correct entries in conformity with generally accepted accounting principles, its constating documents and all applicable laws, of all dealings and transactions and assets in relation to its business and activities. 6. Permit the Lender and/or the Monitor, on reasonable notice, to visit, inspect, appraise and conduct field examinations of any or all of the collateral and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to

	discuss its business operations, properties and financial and other conditions with its officers, employees and its independent public accountants, subject to solicitor-client privilege, all court orders, applicable privacy laws and applicable confidentiality obligations of the Lender. 7. Comply with the terms of the Initial Order and all orders made in connection with the Proceeding.
Negative Covenants:	The Borrower shall not: 1. Create, incur, assume, permit to exist or otherwise become liable with respect to any indebtedness, encumbrance, or any other obligation other than pursuant to the Initial Order or as approved by the Monitor. 2. Make or give any financial assurances, in the form of bonds, letters of credit, financial guarantees or otherwise to any person or governmental authority. 3. Merge into, amalgamate or consolidate with any other entity or engage in any business other than businesses of the type conducted by the Borrower on the date hereof and businesses reasonably related thereto. 4. Apply for, or consent to, any new order, or amendment or modification to an existing order issued in the Proceeding that would reasonably be viewed to negatively impact the Lender. 5. Seek or apply to vary, supplement, revoke, terminate or discharge the Initial Order or the Monitor's role as monitor thereunder. 6. Amend, replace or modify approved cash flow, other than with the consent and approval of the Monitor.
Agreed Budget:	On the date of the First Advance and on a monthly basis thereafter on or before the fifteenth (15th) day of each month, the Borrower will provide the Lender with (i) a monthly report for the following monthly period, in a form acceptable to the Lender, describing the Borrower's updated cash flow requirements, which must be prepared by the Borrower in good faith and reviewed by the Monitor (a "**Budget**"); and (ii) a report comparing actual cash flow to the most recent Budget provided to the Lender. If the Lender determines that an updated Budget has resulted in the occurrence of an Event of Default, the Lender shall provide written notice to the Borrower and the Monitor stating that the updated Budget has resulted in the occurrence of an Event of Default by the close of business on the third (3rd) business day following receipt of such updated Budget, failing which such updated Budget shall be deemed not to have resulted in the occurrence of an Event of Default. Notwithstanding the foregoing, to the extent that an emergency cash need arises in respect of the Borrower that is not contemplated in the Budget or updated Budget, as the case may be, the Borrower may request an emergency

	advance from the DIP Facility (an "**Emergency Subsequent Advance**") by providing written particulars relating to such emergency cash need, which Emergency Subsequent Advance shall only be permitted with the prior written consent of the Lender, in its sole and absolute discretion. If such requested Emergency Subsequent Advance is so consented to by the Lender, such Emergency Subsequent Advance shall be made from the DIP Facility.
Use of Proceeds:	The Borrower is authorized to use the First Advance and Subsequent Advances: (i) to provide working capital and for other general corporate purposes of the Borrower; (ii) to make payments in compliance the Initial Order; and (iii) to pay the fees and expenses of the Borrower's legal counsel, the Borrower's financial advisor, the Monitor, the Monitor's legal counsel, the Lender's legal counsel, and such other agents, advisors and consultants of the Borrower as provided for in the Budget, in each case of the foregoing paragraphs (i) to (iii), consistent with the Budget (as updated from time to time) in all material respects to the extent reasonably practicable in the circumstances; provided that no proceeds from the DIP Facility or the Collateral shall be used other than in accordance with this Agreement unless otherwise agreed in writing by the Lender.
Events of Default:	1. The Borrower fails to pay (i) any principal amount owing under this Agreement, or any other DIP Credit Document when due, whether at stated maturity, by acceleration, or otherwise; or (ii) any interest, fee or other amount payable hereunder or under any other DIP Credit Document when due and payable and such failure remains unremedied for a period of three (3) days. 2. Any representation, warranty, certification or other statement of fact made or deemed made by or on behalf of any Borrower herein or in any other DIP Credit Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder proves to be false or misleading in any material respect on or as of the date made or deemed made. 3. The Borrower fails to perform or observe any other covenant, term, condition or agreement contained in this Agreement or any other DIP Credit Document in any material respect, and such failure continues unremedied for a period of five (5) days after written notice to the Borrower from the Lender. 4. An order of the Court shall be entered granting any person an encumbrance, lien or security interest, which is *pari passu* with or senior to the encumbrances, liens and security interest securing the DIP Facility, or any Borrower takes any action seeking or supporting the grant of any such encumbrance, lien, or security interest, in each case except as expressly permitted under the Initial Order or with the consent of the Lender. 5. The Initial Order, or the Monitor's appointment thereunder, shall fail to be in full force and effect, including by the entry of an order (i) appealing,

	reversing or vacating the Initial Order, (ii) amending or modifying the Initial Order, or (iii) staying the Initial Order. 6. The Court shall enter an order or orders (i) terminating the Proceeding, (ii) terminating the stay granted under the Initial Order, (iii) granting relief from the stay granted under the Initial Order to allow any one or more creditors to execute upon or enforce encumbrances, liens on or security interests in any assets of any Borrower without the prior consent of the Lender, or (iv) that would have a material adverse effect. 7. A receiver, receiver manager, interim receiver, proposal trustee, trustee in bankruptcy or similar trustee is appointed over some or all the assets of any Borrower, without the prior written consent of the Lender and the Monitor. 8. The Borrower shall fail to comply, in any material respect, with the terms of the Initial Order or any other court orders delivered in the Proceeding. 9. The Borrower shall make any payments on account of pre-filing debt other than (i) in accordance with the cash flow projections and as permitted by the Initial Order or any other orders of the Court, (ii) as otherwise permitted by this Agreement, or (iii) as otherwise ordered by the Court and agreed in writing by the Lender in its sole discretion. 10. Any Borrower shall file a motion seeking, or take any action supporting a motion seeking, or the Court shall enter, an order, authorizing the sale of the Secured Property (unless, in the case of each of the foregoing, either (i) (A) the Lender consents to the filing of such motion, and (B) any order approving the sale expressly provides for application of cash proceeds in accordance with the terms of this Agreement and is otherwise in form and substance reasonably acceptable to the Lender, or (ii) the order approving such sale contemplates payment in full in cash of the Obligations upon consummation of such sale). 11. If the Borrower ceases, or threatens to cease, to carry on business in the ordinary course. 12. If the Borrower, without the consent of the Lender, seeks to continue the Proceeding under the jurisdiction of a court other than the Court, or seek to initiate any restructuring proceedings other than the Proceeding in any court or jurisdiction.
Remedies on Default:	1. Declare all or any portion of the DIP Facility to be suspended or terminated, whereupon all amounts advanced under the DIP Facility shall forthwith be suspended or terminated. 2. Declare all or any portion of the unpaid principal amount of all outstanding advances, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other DIP Credit Document to be immediately due and payable, without presentment, demand, protest, or (except as provided above) other

		notice of any kind, all of which are hereby expressly waived by the Borrower, whereupon all Obligations shall become due and payable by the Borrower.
	3.	Set-off or combine any amounts then owing by the Lender to the Borrower against the Obligations of the Borrower to the Lender.
	4.	Subject to the applicable provisions of the Initial Order and the necessary Court approval for enforcement of the same, and any subsequent orders issued in the Proceeding, exercise all rights and remedies available to the Lender under the DIP Credit Documents, the Initial Order, or applicable law.
	5.	Upon five (5) days prior written notice to the Court, apply to the Court for an order, on terms acceptable to the Lender, for the appointment of a receiver, interim receiver, or receiver and manager of the Collateral or a trustee in bankruptcy of the Borrower.
	6.	Upon five (5) days prior written notice to the Court, apply to the Court for an order, on terms acceptable to the Monitor and the Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the Proceeding.
Reporting Requirements:	1.	Deliver to the Lender and the Monitor draft copies of any court materials in respect of the Proceeding which the Borrower intends to file with the Court for review and comment by the Lender and the Monitor not less than three (3) business days prior to the date of service and filing of said court materials, or where it is not practically possible to do so, within such time, as soon as possible and in any event not less than one day prior to the date on which such motion, application, proposed order or other materials or document is served on the service list in respect of the Proceeding; provided that all such filing by the Borrower with the Court shall be in form and substance acceptable to the Lender and the Monitor and its respective counsel, acting reasonably, to the extent that any such filings affect or can reasonably be expected to affect the rights and interests of the Lender. Notwithstanding the foregoing, neither the Borrower nor the Monitor shall be obligated to disclose any information that is received in connection with any offers or bids pertaining to the sale and investment solicitation process run by the Monitor or the Borrower, as applicable, that is reasonably deemed by the Monitor to be confidential or commercially sensitive.
	2.	Provide to the Lender and the Monitor, on the last business day of every other week (unless waived by both the Lender and the Monitor), a status report and such other updated information relating to the conduct of the business, the Proceeding, the sales process (if applicable) and such other information as may be reasonably requested by the Lender and/or the Monitor, in form and substance reasonably acceptable to the Lender and the Monitor.

	3. Notify the Lender and the Monitor of the occurrence of any Event of Default. 4. Notify the Lender and the Monitor of any development or event that has had or could reasonably be expected to have a material adverse effect.
Cash Management:	1. The Borrower shall, at its own expense, enforce, collect and receive all amounts owing on its accounts in the ordinary course of its business and any proceeds it so receives shall be subject to the terms hereof. Receipt and disbursement of funds hereunder shall be done through the Monitor. 2. All advances of the DIP Facility shall be deposited into bank accounts approved by the Monitor. 3. The Monitor shall record the principal amount of the Obligations and the payment of principal and interest and all other amounts becoming due to the Lender. These accounts and records shall constitute, in the absence of manifest error, prima facie evidence of the amount of the Obligations.
Lender Fees:	The Borrower shall pay all fees and out-of-pocket expenses (including legal fees and expenses of any professionals or professional firms retained by the Lender) in connection with this Agreement, the DIP Facility or the preparation of any of the DIP Credit Documents.
Arrangement Fee:	In addition to the other fees specified herein, the Borrower shall pay to the Lender an arrangement fee in the amount of $10,000 on the First Advance.
Governing Law:	Nova Scotia

LENDER:

4782489 NOVA SCOTIA LIMITED

By: ____________________________

Name: Yicheng Wen

Title: President

I have authority to bind the corporation

BORROWER:

ACCEPTED this 22 day of January, 2026.

SPRING LOADED TECHNOLOGY INCORPORATED

By: ____________________

Name: JOE ELLSMERE

Title: CEO

I have authority to bind the corporation