

FINANCIAL STATEMENTS
For
ONTARIO BRAIN INSTITUTE
For year ended
MARCH 31, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

ONTARIO BRAIN INSTITUTE

Opinion

We have audited the financial statements of Ontario Brain Institute (the Organization), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
August 21, 2026.

ONTARIO BRAIN INSTITUTE
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (note 3)	\$ 1,050,036	\$ 918,777
Other receivables	240,931	430,843
Prepaid expenses and deposits	<u>1,226,209</u>	<u>447,614</u>
	2,517,176	1,797,234
CAPITAL ASSETS (note 5)	322,394	439,644
PROMISSORY NOTES (note 6)	<u>255,000</u>	<u>-</u>
	<u>\$ 3,094,570</u>	<u>\$ 2,236,878</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	\$ 498,871	\$ 464,225
Deferred contributions (note 8)	1,622,279	693,927
Deferred federal grant (note 9)	9,800	-
Deferred industry funds	<u>86,500</u>	<u>86,500</u>
	2,217,450	1,244,652
DEFERRED CAPITAL CONTRIBUTIONS (note 10)	128,396	170,550
DEFERRED LEASE INDUCEMENT (note 11)	<u>193,998</u>	<u>269,094</u>
	<u>2,539,844</u>	<u>1,684,296</u>
NET ASSETS		
Unrestricted	<u>554,726</u>	<u>552,582</u>
	<u>\$ 3,094,570</u>	<u>\$ 2,236,878</u>

On behalf of the Board:

Mike Van Soelen
..... Director

Bobbi-Jean White
..... Director

(See accompanying notes)

ONTARIO BRAIN INSTITUTE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
Revenue		
Grant - MCURES	\$ 20,958,845	\$ 23,315,640
Interest	17,892	25,982
Sublease revenue	323,340	316,212
Other	147,846	62,401
Grant - Federal	<u>536,982</u>	<u>53,218</u>
	<u>21,984,905</u>	<u>23,773,453</u>
Expenses (note 13)		
Research programs	10,554,518	9,806,694
Informatics and analysis	5,064,090	4,769,228
Industry and education (note 6)	1,762,617	2,798,866
Administrative support (note 5)	3,211,428	3,380,709
Knowledge translation	<u>1,390,108</u>	<u>1,740,275</u>
	<u>21,982,761</u>	<u>22,495,772</u>
Excess of revenues over expenses before items below	2,144	1,277,681
Other gains/losses		
Net loss resulting from share capital valuation	<u>-</u>	<u>(1,259,976)</u>
Excess of revenues over expenses	2,144	17,705
Net assets, beginning of year	<u>552,582</u>	<u>534,877</u>
Net assets, end of year	<u>\$ 554,726</u>	<u>\$ 552,582</u>

(See accompanying notes)

ONTARIO BRAIN INSTITUTE
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
CASH PROVIDED FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,144	\$ 17,705
Items not involving cash:		
Amortization of capital assets	123,779	123,263
Amortization of deferred capital contributions	(48,683)	(48,167)
Amortization of deferred lease inducement	(75,096)	(75,096)
Allowance for promissory notes	(575,767)	747,036
Net loss resulting from promissory notes valuation	915,645	-
Net loss resulting from share capital valuation	<u>-</u>	<u>1,259,976</u>
	342,022	2,024,717
Change in non-cash operating working capital:		
Other receivables	189,912	(169,676)
Prepaid expenses and deposits	(778,595)	120,303
Accounts payable and accrued liabilities	34,646	(1,453,637)
Deferred contributions	928,352	(1,467,343)
Deferred federal grant	9,800	-
Deferred industry funds	<u>-</u>	<u>(29,968)</u>
	726,137	(975,604)
INVESTING ACTIVITIES		
Additions to capital assets	(6,529)	-
Issuance of promissory notes and accrued interest	(597,378)	(528,313)
Repayment of interest and principal on convertible loans	2,500	255,181
Investment in common shares	<u>-</u>	<u>(851,016)</u>
	(601,407)	(1,124,148)
FINANCING ACTIVITIES		
Receipt of deferred capital contributions	<u>6,529</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	131,259	(2,099,752)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>918,777</u>	<u>3,018,529</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,050,036</u>	<u>\$ 918,777</u>

(See accompanying notes)

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

1. NATURE OF OPERATIONS

Ontario Brain Institute ("OBI") is a not-for-profit organization without share capital and on April 2, 2013, was continued under the Canada Not-for-profit Corporations Act.

OBI is funded by the Government of Ontario. OBI's existing contract with the Ministry of Colleges, Universities, Research Excellence and Security (MCURES) (the "Ministry") beginning April 1, 2023, ends on March 31, 2026. The Ministry has committed funding to OBI of \$65,000,000 over three years.

OBI was established to become an internationally recognized centre of excellence in brain and neuroscience research, clinical application of research, commercialization of research and education and training in research discoveries, relating to prevention, early detection, diagnosis, treatment and control of brain diseases and disorders.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. Significant accounting policies are as follows:

Revenue recognition

OBI follows the deferral method of accounting for contributions.

Capital contributions for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the related capital assets.

Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted interest income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

Sublease revenue is recognized over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents include cash on account and guaranteed investment certificates.

Capital assets

Capital assets are recorded at cost less accumulated amortization, provided on a straight-line basis over the estimated useful lives as follows:

Computer hardware	3 years
Computer software	2 years
Website	5 years
Furniture and equipment	5 years
Leasehold improvements	Over lease term

In the period of acquisition, 50% of the annual amortization rate is used.

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Deferred lease inducement

The deferred lease inducement is amortized over the term of the lease agreement to correspond to the asset to which it relates.

Financial instruments

Financial assets are initially recognized at fair value when OBI becomes a party to the contractual provisions of the financial instrument. Cash and investments are subsequently measured at fair value and all of OBI's other financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the company recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

Controlled entity

OBI has chosen not to consolidate the not-for-profit foundation it controls, and instead, to disclose summarized financial information of the controlled foundation.

Use of estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Areas requiring significant estimates and assumptions include determining the allowance for doubtful accounts, valuation of investments, the useful lives of tangible capital assets, and the amount of accrued liabilities.

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2026</u>	<u>2025</u>
Cash on account	\$ 991,419	\$ 861,556
Guaranteed investment certificates (GICs)	<u>58,617</u>	<u>57,221</u>
	<u>\$ 1,050,036</u>	<u>\$ 918,777</u>

GICs held at March 31, 2026 are earning interest between 2.45% and 2.55% and have maturity dates between July 2026 and March 2027.

4. INVESTMENTS

OBI uses the cost method to account for its investment in entities over which it does not exercise significant influence or control. The determination of when significant influence is present is a matter of professional judgment. If OBI holds less than 20% of the voting interest of the investee, it is presumed that it does not have the ability to exercise significant influence, unless such influence is clearly demonstrated. OBI has recorded the following investments at cost:

	<u>2026</u>	<u>2025</u>
Diamond Therapeutics Inc.	\$ 319,859	\$ 319,859
Steadywear Inc.	167,918	167,918
Voxel AI Inc.	279,989	279,989
Damona Pharmaceuticals Inc.	500,000	500,000
Interaxon Inc.	408,960	408,960
Mobio Interactive Inc.	236,016	236,016
Grey Matter Neurosciences Inc	400,000	400,000
Retispec Inc.	<u>250,000</u>	<u>250,000</u>
	2,562,742	2,562,742
Less: impairment loss	<u>(2,562,742)</u>	<u>(2,562,742)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

OBI invested in SAFE (Simple Agreement for Future Equity) investments in the following entities, recorded at cost:

	<u>2026</u>	<u>2025</u>
Panaxium Holding	\$ 400,000	\$ 400,000
Lucid Inc.	250,000	250,000
ManagingLife Inc.	205,000	205,000
Cove Neurosciences Inc.	<u>115,000</u>	<u>115,000</u>
	970,000	970,000
Less: impairment loss	<u>(970,000)</u>	<u>(970,000)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

As at March 31, 2026, OBI recorded impairment loss of \$nil (2025 - \$1,259,976) due to uncertainty of future cash flows from investments.

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

5. CAPITAL ASSETS

	<u>2026</u>		<u>2025</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computer hardware	\$ 154,718	\$ 149,277	\$ 148,189	\$ 148,189
Computer software	174,224	174,224	174,224	174,224
Website	150,093	150,093	150,093	150,093
Furniture and equipment	232,959	232,959	232,959	232,959
Leasehold improvement	<u>1,530,250</u>	<u>1,213,297</u>	<u>1,530,250</u>	<u>1,090,606</u>
	<u>2,242,244</u>	<u>\$ 1,919,850</u>	<u>2,235,715</u>	<u>\$ 1,796,071</u>
Less: accumulated amortization	<u>(1,919,850)</u>		<u>(1,796,071)</u>	
	<u>\$ 322,394</u>		<u>\$ 439,644</u>	

Included in administrative support expense is amortization of capital assets of \$123,779 (2025 - \$123,264).

6. PROMISSORY NOTES

In 2020, OBI changed the form of funding that it provides to Neurotech Early Research Development entities to be in the form of loans where previously, OBI extended grants to these types of entities. During the year, OBI issued interest bearing convertible promissory notes to three (2025 - three) companies totaling \$382,000 (2025 - \$525,000).

Following a reassessment of the current loan portfolio, three loans have been written off due to bankruptcy, the winding up of the borrowing entity, or the absence of any meaningful communication from the borrower despite repeated collection efforts over an extended period. Certain promissory notes are convertible into common shares of the companies at the option of OBI at any time prior to the repayment or maturity date.

Promissory notes includes:

	<u>2026</u>	<u>2025</u>
Promissory notes	\$ 4,153,656	\$ 4,474,424
Allowance for doubtful accounts	<u>(3,898,656)</u>	<u>(4,474,424)</u>
Balance, end of year	<u>\$ 255,000</u>	<u>\$ -</u>

Included in promissory notes as at March 31, 2026 is accrued interest of \$701,322 (2025 - \$667,562). The allowance for doubtful accounts includes amounts recorded in respect of accrued interest.

Management assessed the recoverability of these notes and recorded an allowance of \$3,898,656 on the balance as at March 31, 2026 (2025 - \$4,474,424). Included in industry and education expense is bad debt expense of \$127,000 (2025 - \$525,000).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$890 (2025 - \$2,389), which includes amounts payable for payroll-related taxes.

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

8. DEFERRED CONTRIBUTIONS

Changes in the deferred contributions balance during the year are as follows:

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 693,927	\$ 2,161,270
Contributions received	21,838,514	21,800,129
Amounts recognized as revenue	<u>(20,910,162)</u>	<u>(23,267,472)</u>
Balance, end of year	<u>\$ 1,622,279</u>	<u>\$ 693,927</u>

9. DEFERRED FEDERAL GRANT

Changes in the deferred federal grant balance during the year are as follows:

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ -	\$ -
Contributions received	546,782	53,218
Amounts amortized to revenue	<u>(536,982)</u>	<u>(53,218)</u>
Balance, end of year	<u>\$ 9,800</u>	<u>\$ -</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets.

Changes in the deferred capital contributions balance during the year are as follows:

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 170,550	\$ 218,717
Contributions received	6,529	-
Amounts amortized to revenue	<u>(48,683)</u>	<u>(48,167)</u>
Balance, end of year	<u>\$ 128,396</u>	<u>\$ 170,550</u>

11. DEFERRED LEASE INDUCEMENT

The deferred lease inducement represents a leasehold improvement inducement received and receivable from the landlord.

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

12. ONTARIO BRAIN INSTITUTE FOUNDATION

OBI is related to the Ontario Brain Institute Foundation (the "Foundation") by virtue of sharing common Board of Directors.

The Ontario Brain Institute Foundation (the "Foundation") continued under the Canada Not-for-profit Corporations Act on April 28, 2014. The Foundation is a registered charity under the Income Tax Act (Canada) and was established to fund academic and treatment centres in Canada that are qualified donees for purposes of the Income Tax Act (Canada), in furtherance of brain and neuroscience research and the education and training of brain and neuroscience researchers.

OBI provides administrative support to the Foundation at no cost.

All related party transactions are in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration agreed upon by the related parties.

The Foundation's financial statements have not been consolidated in OBI's financial statements. There are no restrictions on the resources of the Foundation, nor are there significant differences from the accounting policies used by OBI.

Financial summaries of the Foundation are as follows:

(a) Financial position:

	<u>2026</u>	<u>2025</u>
<i>Assets</i>		
Cash	\$ 651,513	\$ 574,904
Other receivables	874	2,113
Prepaid expenses	-	3,440
	<u>\$ 652,387</u>	<u>\$ 580,457</u>
<i>Liabilities and net assets</i>		
Accounts payable and accrued liabilities	\$ 10,966	\$ 14,421
Deferred revenue	24,509	25,000
Net assets	<u>616,912</u>	<u>541,036</u>
	<u>\$ 652,387</u>	<u>\$ 580,457</u>

(b) Statement of operations:

	<u>2026</u>	<u>2025</u>
Revenue	\$ 111,281	\$ 85,941
Expenses	<u>35,405</u>	<u>14,773</u>
Excess of revenue over expenses	<u>\$ 75,876</u>	<u>\$ 71,168</u>

(c) Changes in net assets:

	<u>2026</u>	<u>2025</u>
Net assets, beginning of year	\$ 541,036	\$ 469,868
Excess of revenue over expenses	<u>75,876</u>	<u>71,168</u>
Net assets, end of year	<u>\$ 616,912</u>	<u>\$ 541,036</u>

(d) Statement of cash flows:

	<u>2026</u>	<u>2025</u>
Increase in cash from operating activities	\$ 76,609	\$ 95,812
Cash, beginning of year	<u>574,904</u>	<u>479,092</u>
Cash, end of year	<u>\$ 651,513</u>	<u>\$ 574,904</u>

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

13. EXPENSES

Salaries and benefit expenses included in expenses are as follows:

	<u>2026</u>	<u>2025</u>
Research programs	\$ 684,520	\$ 650,220
Informatics and analysis	1,092,524	826,617
Industry and education	655,568	498,065
Administrative support	1,772,712	1,950,455
Knowledge translation	<u>471,438</u>	<u>543,407</u>
	<u>\$ 4,676,762</u>	<u>\$ 4,468,764</u>

14. COMMITMENTS

(a) Lease and other commitments:

During the year and subsequent to year end, OBI entered into various operating contracts and leases for its premises, office equipment and other services. OBI sub-leases certain premises, revenue of which is recorded in other revenue. OBI maintains ultimate responsibility related to the leases between OBI and the landlords. The future minimum payments for leases and other services, net of sub-lease receipts, are as follows:

	<u>OBI's commitments</u>	<u>Sub-lease receipts</u>	<u>Total</u>
2027	\$ 2,082,536	\$ 320,850	\$ 1,761,686
2028	1,166,181	320,850	845,331
2029	946,013	321,851	624,162
2030	952,518	324,255	628,263
2031	883,819	326,659	557,160
Thereafter	<u>2,312,514</u>	<u>854,705</u>	<u>1,457,809</u>
	<u>\$ 8,343,581</u>	<u>\$ 2,469,170</u>	<u>\$ 5,874,411</u>

(b) Grant commitments:

OBI has approved grants of \$19,700,000 (2025 - \$9,850,000), which will be paid in future years once the conditions of the grants have been met. These amounts are not reflected in the statement of operations and changes in net assets.

2027	\$ 9,850,000
2028	<u>9,850,000</u>
	<u>\$ 19,700,000</u>

15. FINANCIAL INSTRUMENTS

OBI is exposed to and manages various risks resulting from its financial instruments. The following analysis provides a measure of OBI's risk exposure and concentrations:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. OBI's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents, other receivables, and promissory notes. OBI's cash and cash equivalents are held with a Canadian chartered bank. OBI assesses, on a continuous basis, accounts receivable and promissory notes, and provides for any amounts that are not collectible in the allowance for doubtful accounts. As a result, management believes the risk of loss of these items to be remote.

ONTARIO BRAIN INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2026

15. FINANCIAL INSTRUMENTS - Cont'd.

Liquidity risk

Liquidity risk is the risk that OBI cannot meet a demand for cash or fund its obligations as they become due. OBI manages its liquidity risk by preparing budgets and monitoring cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. As a result, management believes its exposure to liquidity risk is minimal.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. OBI's financial instruments are all denominated in Canadian dollars. The statement of financial position includes the following amounts that are denominated or to be settled in a currency other than the Canadian dollar:

Cash	\$9,057 CAD	\$6,498 USD
------	-------------	-------------

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. OBI's cash earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible. As a result, management does not believe it is exposed to significant interest rate risk.

iii) *Other price risk*

Other price risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument, its issuers, or factors affecting all similar instruments traded in the market. OBI has investments in equities that are publicly traded. OBI's maximum exposure to other price risk represents the sum of the carrying value of its equity investments (see note 4).

Changes in risk

There are no significant changes in OBI's risk exposure from the prior year.

16. SUBSEQUENT EVENTS

On March 31, 2026, the transfer payment agreement with the Ministry of Colleges, Universities, Research Excellence and Security (MCURES) expired with an option to renew for two additional years. MCURES notified OBI in written form that the contract would be renewed for the two additional years prior to March 31, 2026. The contract for renewal was executed on June 26, 2026.