Consolidated Annual Financial Statements

For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of Atlas Engineered Products Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Atlas Engineered Products Ltd. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 consolidated financial statements* section of our report.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of goodwill Refer to note 2 – Material accounting policies and note 12 – Goodwill to the consolidated financial statements. The Company had goodwill of $20.1 million as at December 31, 2025. Goodwill impairment assessments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill impairment is assessed by comparing the recoverable amount of a cash generating unit (CGU) to the underlying carrying amount of the CGU's net assets, including goodwill. When the carrying amount of a CGU exceeds its recoverable amount, then the recoverable amount of the CGU is compared to its carrying amount to measure the amount of impairment loss. The recoverable amount of a CGU is the higher of the fair value less costs of disposal and value in use. The recoverable amounts of CGUs to which goodwill was allocated by management were based on the value-in-use method using discounted cash flow models.	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amounts of the CGUs to which goodwill was allocated, which included the following: – Tested the appropriateness of the value in use method used by management and the mathematical accuracy of the discounted cash flow models. – Tested the reasonableness of revenue growth rates and gross margins applied by management in the discounted cash flow models by considering current and past performance of the CGUs to which goodwill was allocated.

Key audit matter	How our audit addressed the key audit matter
Significant assumptions used by management in the discounted cash flow models included revenue growth rates, discount rates and gross margins. No impairments were recognized as a result of the 2025 goodwill impairment assessments. We considered this a key audit matter due to the significant judgment by management in determining the recoverable amounts of the CGUs to which goodwill was allocated, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.	– Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the model used in performing the test and reasonableness of the discount rate applied by management based on available data of comparable companies. – Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the significant assumptions used by management.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nicholas Mobilio.

Chartered Professional Accountants
Vancouver, British Columbia
April 29, 2026

Atlas Engineered Products Ltd.
Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
		$	$
Assets			
Current			
Cash		2,392,786	13,128,028
Accounts receivable	**7, 22, 25**	9,150,876	7,986,127
Income taxes receivable		336,729	838,736
Inventories	**8**	7,651,977	8,144,312
Prepaid expenditures		441,472	320,722
Deposits		415,830	350,935
		20,389,670	30,768,860
Non-current			
Buildings and equipment	**9**	29,778,549	21,745,372
Advances for equipment	**10**	3,349,629	-
Intangible assets	**11**	6,114,775	7,361,831
Goodwill	**12**	20,135,833	19,752,336
Deferred tax assets	**13**	738,143	1,078,776
Total Assets		80,506,599	80,707,175
Liabilities			
Current			
Accounts payable and accrued liabilities	**14, 22**	5,286,700	2,972,429
Customer deposits		695,296	585,379
Lease obligations – current portion	**15**	1,187,146	1,126,557
Long-term debt – current portion	**16**	3,081,260	3,081,260
		10,250,402	7,765,625
Non-current			
Lease obligations	**15**	2,844,116	2,487,809
Long-term debt	**16**	14,775,046	17,856,306
Deferred tax liability	**13**	4,110,508	3,991,574
		31,980,072	32,101,314
Shareholders' Equity			
Share capital	**17**	35,313,103	35,570,408
Contributed surplus	**17**	2,598,879	2,045,543
Retained Earnings		10,614,545	10,989,910
		48,526,527	48,605,861
Total Liabilities and Shareholders' Equity		80,506,599	80,707,175

Subsequent events – Note 27

APPROVED BY THE DIRECTORS ON APRIL 29, 2026

DON HUBBARD Director ***KEVIN SMITH*** Director

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

Atlas Engineered Products Ltd.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
		$	$
Revenue	**18**	62,641,420	55,828,723
Cost of sales	**19**	(50,483,426)	(42,282,238)
Gross profit		12,157,994	13,546,485
Operating expenses			
Administrative and office	**22**	2,557,421	2,676,698
Depreciation and amortization	**9, 11**	2,833,901	3,018,821
Bad debt expense		26,511	66,243
Professional fees		927,870	506,448
Salaries and benefits	**22**	4,116,397	3,925,358
Share-based payments	**17(c), 22**	553,336	456,050
Operating income		1,142,558	2,896,867
Other income	**20**	234,506	553,493
Interest expense		(1,357,350)	(1,828,184)
Finance charge on leases	**15, 22**	(231,035)	(254,274)
Foreign exchange (loss) gain		(66,466)	24,708
Loss on disposal of assets		(186)	(3,814)
Impairment loss	**21**	-	(1,484,952)
Loss before income tax		(277,973)	(96,156)
Income taxes			
Current income tax expense	**13**	(613,196)	(1,339,386)
Deferred income tax recovery	**13**	515,804	1,223,414
		(97,392)	(115,972)
Net loss and comprehensive loss for the year		(375,365)	(212,128)
Loss per share			
Basic		(0.01)	0.00
Diluted		(0.01)	0.00
Weighted average number of shares outstanding			
Basic		70,331,749	65,056,625
Diluted		73,987,992	68,061,650

Atlas Engineered Products Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings	Total
	(Note 17)	(Note 17)	(Note 17)		
		$	$	$	$
Balance, December 31, 2023	**59,166,081**	**21,453,733**	**1,773,815**	**11,202,038**	**34,429,586**
Share-based payments	-	-	456,050	-	456,050
Shares repurchased for cancellation	(19,100)	(21,774)			(21,774)
Shares issued for cash	10,787,300	14,562,855	-	-	14,562,855
Shares issue costs	-	(831,953)	-	-	(831,953)
Stock options exercised	601,666	407,547	(184,322)	-	223,225
Net loss and comprehensive loss for the year	-	-	-	(212,128)	(212,128)
Balance, December 31, 2024	**70,535,947**	**35,570,408**	**2,045,543**	**10,989,910**	**48,605,861**
Share-based payments			553,336		553,336
Shares repurchased for cancellation (Note 17b)	(285,200)	(257,305)			(257,305)
Net loss and comprehensive loss for the year				(375,365)	(375,365)
Balance, December 31, 2025	**70,250,747**	**35,313,103**	**2,598,879**	**10,614,545**	**48,526,527**

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

Atlas Engineered Products Ltd.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars)

	December 31, 2025	December 31, 2024
	$	$
Operating activities		
Net loss and comprehensive loss for the year	(375,365)	(212,128)
Add back non-cash items		
Depreciation and amortization	5,173,007	5,146,541
Unrealized foreign exchange loss (gain)	32,324	(29,695)
Deferred tax recovery	(515,804)	(1,504,311)
Loss on disposal of assets	186	3,814
Share-based payments	553,336	456,050
Other gains	(14,664)	-
Impairment loss	-	1,484,952
Changes in non-cash working capital items:		
Accounts receivable	924,996	(1,247,286)
Inventories	1,553,674	(1,336,791)
Prepaid expenditures	(101,592)	(115,048)
Deposits	(64,895)	(1,835,887)
Accounts payable and accrued liabilities	(416,370)	60,721
Customer deposits	105,317	120,619
Corporate income taxes receivable	535,678	1,488,510
Corporate income taxes payable	(37,642)	-
Cash provided by operations	7,352,186	2,480,061
Investing activities		
Acquisition of buildings and equipment	(6,502,190)	(4,332,120)
Proceeds from disposition of equipment	3,500	15,000
Advances for equipment	(3,349,629)	-
Truss-Worthy acquisition net of cash acquired (Note 5)	(1,564,109)	-
Penn-Truss acquisition net of cash acquired (Note 6)	(2,283,932)	-
Cash used in investing activities	(13,696,360)	(4,317,120)
Financing activities		
Repayment of principal lease obligations (Note 15)	(1,287,502)	(1,073,899)
Issuance of capital lease obligation	234,999	111,242
Repayment of long-term debt (Note 16)	(3,081,260)	(12,751,978)
Shares issued for cash (Note 17b)	-	14,562,855
Shares issue costs (Note 17b)	-	(831,953)
Shares repurchased for cancellation (Note 17b)	(257,305)	(21,774)
Proceeds from stock option exercise (Note 17b)	-	223,225
Cash (used in) provided by financing activities	(4,391,068)	217,718
Decrease in cash	(10,735,242)	(1,619,341)
Cash - beginning of year	13,128,028	14,747,369
Cash - end of year	2,392,786	13,128,028
Cash paid during the year for:		
Interest	1,588,385	2,082,458
Income taxes	76,367	(145,051)

Supplemental cash flow information – Note 23

1. Nature of operations, basis of presentation and consolidation

Nature of operation

Atlas Engineered Products Ltd. (the "Company" or "Atlas") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on January 18, 1999. Atlas Engineered Products Ltd. is a leading manufacturer of trusses, wall panels, and supplier of engineered wood products. Atlas operates manufacturing and distribution facilities in British Columbia, Manitoba, Ontario, New Brunswick and Saskatchewan to meet the needs of residential and commercial builders.

The Company's registered office is located at 2005 Boxwood Road, Nanaimo, British Columbia V9S 5X9.

Basis of presentation

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), effective for the Company's reporting for the year ended December 31, 2025.

These consolidated financial statements have been prepared under the historical cost basis and are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

The accounts of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

These consolidated financial statements were approved for issue by the Board of Directors on April 29, 2026.

Basis of consolidation

The Company's consolidated financial statements consolidate those of the parent company and all its subsidiaries as of the date that control was obtained over those subsidiaries. The Company has ten subsidiaries, all located in Canada, Clinton Building Components Ltd. ("Clinton"), Satellite Building Components Ltd. ("Satellite"), Atlas Building Systems Ltd. ("ABS"), Pacer Building Components Ltd. ("Pacer"), South Central Building Systems Ltd. ("SC"), Novum Building Components Ltd. ("Novum"), Hi-Tec Industries Ltd. ("Hi-Tec"), Léon Chouinard et Fils Co. Ltd./Ltée. ("LCF"), Truss-Worthy Construction Systems Inc. ("Truss-Worthy") and Penn-Truss Mfg. Inc. ("Penn-Truss"). The Company owns 100% of the issued and outstanding shares of all of these subsidiaries.

All transactions and balances between the Companies are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Amounts reported in the unaudited condensed interim consolidated financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2. Material Accounting Policies

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquired assets and liabilities assumed are measured at their acquisition date fair values. Acquisition costs are expensed as incurred.

Under the guidance of IFRS 10 Consolidated Financial Statements, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is measured in accordance with IFRS 9 Financial Instruments, as appropriate, with the corresponding gain or loss being recognized in profit and loss.

Cash

Cash in the statement of financial position comprises cash on deposit with financial institutions, cash on hand and petty cash.

Inventories

The Company values inventory at the lower of cost and NRV. The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgement regarding reliability of evidence available and are reviewed on a quarterly basis.

The cost of inventories is determined on a first in, first out basis, and includes all costs of purchase, costs of conversion and other costs in bringing the inventories to their present location and condition. The costs of purchase

2. Material Accounting Policies (continued)

Inventories (continued)

include the purchase price, import duties and non-recoverable taxes, transport, handling, and other costs directly attributable to the acquisition of finished goods, materials, or services. The costs of conversion include direct materials and labour costs and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

Write-down of inventory is recognized within cost of sales in the period the write-down occurs. Reversal of any write-down of inventory, arising from an increase in NRV, is recorded within cost of sales to the extent that the related inventory has not been sold.

Buildings and equipment

Buildings and equipment are stated at historical cost net of accumulated depreciation and impairment losses.

The cost of an item of buildings and equipment includes the purchase price or construction cost and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Where an item of buildings and equipment comprises major components with different useful lives, the components are accounted for as separate items of buildings and equipment.

Costs incurred for major overhaul of existing buildings and equipment are capitalized and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are expensed.

The carrying amounts of buildings and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation starts on the date when commissioning is complete and the asset is ready for its intended use. The major categories of buildings and equipment are depreciated on a declining-balance basis at the following annual rates:

Office furniture and equipment	20%
Vehicles	30%
Production equipment	20%
Computer equipment	30%
Computer software	100%
Signage	20%
Parking lot and improvements	8%
Building	4%
Buildings and vehicles under lease	Over the term of the lease

2. Material Accounting Policies (continued)

Impairment of non-financial assets

The Company performs impairment tests on non-financial assets when events or circumstances occur which indicate the carrying amount of the assets may not be recoverable. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

Goodwill and intangible assets

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill impairment is assessed by comparing the recoverable amount of the CGU to the underlying carrying amount of the CGU's net assets, including goodwill. When the carrying amount of the CGU exceeds its recoverable amount, the recoverable amount of the CGU is compared with its carrying amount to measure the amount of impairment loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The recoverable amounts were based on the value-in-use method using discounted cash flow models. Significant assumptions used by management in the discounted cash flow models included revenue growth rates, gross margins and discount rates.

Other intangible assets, comprising brand, customer relationships and non-compete agreements, are stated at cost less accumulated amortization. The brand and the customer relationships are amortized on a straight-line basis over 10 years. Non-compete agreements are amortized on a straight-line basis over 5 years.

2. Material Accounting Policies (continued)

Revenue

Revenue is generated mainly from the sale of trusses, wall panels, and engineered wood products.

To determine whether to recognize revenue, the Company follows the following five-step process:

1. Identify the contract with a customer (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations. At this stage a quote turns to an order. Final design gets completed a few days before production where the customer is contacted to finalize these plans;
2. the performance obligation is easily identifiable regarding the goods or services to be transferred. The customer specifically orders trusses, wall panels, or engineered wood products based on a design and quote. They are required to have approved plans through the city which indicate product requirements;
3. the Company can determine the transaction price for the goods or services to be transferred. This is usually obtained from a quote, confirmed purchase order, or final sales order prepared in our truss design and quoting software;
4. the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract); and
5. the revenue is recognized when the performance obligation has been satisfied. All deliveries are Free On Board (FOB) and delivered within the same day. Revenue is recognized on day of delivery.

Revenue is recognized at a point in time when the Company satisfies the performance obligation by transferring the promised goods and services to the customer and the customer has taken control of the asset. There is no deferred revenue to be disclosed during the year.

A customer obtains control of an asset at a point in time when:

- the Company has transferred physical possession of the asset;
- a customer has accepted the asset;
- a customer has legal title to the asset; and
- a customer has the significant risks and rewards related to the ownership of the asset.

Revenue is measured at the amount of the transaction price that is allocated to that performance obligation. The transaction price (which excludes estimates of constrained variable consideration) that is allocated to each performance obligation is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as customer deposits in the consolidated statement of financial position.

No element of financing is deemed present as the sales are made with credit terms standard for the market. Historically, the Company’s annual returns for products sold have been negligible as the product is customized to each customer and returns are not authorized. No value has been assigned for returns given the negligible value. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Where possible, the Company will apply the practical expedient not to disclose the transaction price for unsatisfied performance if the performance obligation is part of a contract that has an original expected duration of one year or less. The Company does not expect to have any contracts where the period between the transfer of the promised goods and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

2. Material Accounting Policies (continued)

Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

Income tax

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive loss or directly in equity, in which case it is recognized in other comprehensive loss or in equity, respectively. Taxes and withholding taxes are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to taxable income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Material Accounting Policies (continued)

Earnings per share

Earnings per share is calculated by dividing the net income for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity only when such conversion would have a dilutive effect on income. The Company uses the treasury stock method of calculating fully diluted loss per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted.

The criteria used to determine if there is objective evidence of an impairment loss include significant financial difficulty of the other party, default or delinquency in payments, or it has become probable that the customer will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Shared-based payments

Common shares issued for non-monetary consideration are recorded at the fair value of the goods or services received. The Company has a stock option plan and warrants, whereby stock options and warrants are granted in accordance with the policies of regulatory authorities. The Company records a compensation cost attributable to all share purchase options and warrants granted at fair value at the grant date using the Black-Scholes valuation model and the fair value of all share purchase options and warrants are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options and warrants, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

When the value of goods or services received in exchange for share-based payments cannot be reliably estimated, the value is measured by reference to the trading price of the Company's shares on the TSX Venture Exchange.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

2. Material Accounting Policies (continued)

Financial instruments

a) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows of a financial asset.

b) Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost; or,
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives).

If the Company was to optionally designate a financial liability in other comprehensive income ("OCI") then the Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash and accounts receivable, which are classified and subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities, customer deposits, long-term debt and lease liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is recognized in profit and loss.

2. Material Accounting Policies (continued)

Financial instruments (continued)

b) Classification and measurement (continued)

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions using the best information available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.

Level 2 - Valuations based on quoted inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement

c) Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

3. Accounting Standards Issued Not Yet Effective

a) IFRS 7 and IFRS 9 Amendments - Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 related to clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments are effective for reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of these amendments on the consolidated financial statements.

b) IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18"), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces new requirements to improve comparability in the reporting of financial performance to give investors a better basis for analyzing and comparing entities. The standard impacts the presentation of the financial statements and notes, in particular the income statement and will require management-defined performance measures to be explained and included in a separate note within the financial statements. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact of IFRS 18 on the consolidated financial statements.

4. Judgements and estimates

In preparing these consolidated financial statements, management is required to apply judgment and make estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions are based on management's experience, knowledge of current conditions, and expectations of future events. Estimates are reviewed on an ongoing basis, and any revisions are recognized prospectively. Actual outcomes may differ from those estimates.

The most significant judgments and estimates applied by management in the course of adopting the Company's accounting policies, and which have a material impact on the amounts recognized in the consolidated financial statements, include the following:

Judgements

- **Lease terms:**
  Judgment is applied in determining the lease term for the Company's leasing arrangements, including whether it is reasonably certain, at lease commencement or prior to lease expiry, that renewal or termination options will be exercised. Management considers all relevant facts and circumstances that create an economic incentive to exercise, or not exercise, such options when determining the lease term.

- **Impairment testing:**
  Management exercises judgment in identifying and grouping assets into appropriate cash-generating units for the purposes of impairment testing. This determination requires an assessment of how assets generate independent cash inflows and how management monitors operations.

- **Determination of operating segments:**
  Judgement is applied in determining the Company's operating segments. Determination of what constitutes an operating segment is subject to management judgement and impacts the presentation of

4. Judgements and estimates (continued)

information included in the financial statements. In determining an operating segment management considers reporting regularly reviewed by the Company's Chief Operating Decision Maker, being the Company's Chief Executive Officer ("CEO"). Based on this assessment, the Company has determined that it has one operating segment.

Estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The most significant areas where estimates are applied include the following:

- **Expected Credit Losses on Accounts Receivable:**
  The Company recognizes loss allowances for expected credit losses on financial assets, other than financial assets measured at fair value through profit and loss. The company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting for all possible default events over the assets' contractual lifetime. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

- **Inventories:**
  Inventories are assessed at the lower of cost and net realizable value. Determining net realizable value involves estimates relating to product condition, potential damage, inventory shrinkage resulting from lost or stolen items, expected future sales volumes, anticipated selling prices, and prevailing market conditions. Management reviews inventory balances on a regular basis and records inventory write-downs when carrying values exceed estimated net realizable value.

- **Goodwill and indefinite-life intangible assets:**
  The assessment of goodwill and indefinite-life intangible assets for impairment requires the use of significant estimates and assumptions. These include projections of future cash flows, long-term growth assumptions, and the selection of appropriate discount rates. The Company performs impairment testing at least annually, or more frequently if indicators of impairment exist, using discounted cash flow models.

- **Incremental borrowing rate:**
  Judgment is required in determining the incremental borrowing rate used to measure lease liabilities and corresponding right-of-use assets. The incremental borrowing rate represents the rate of interest the Company would incur to borrow funds, over a comparable term and with similar security, to acquire an asset of similar value in a comparable economic environment.

- **Business combination:**
  Management applies significant judgment in determining the fair value of identifiable assets acquired in business combinations. The valuation of acquired intangible assets involves discounted cash flow models and requires assumptions regarding future revenue growth, gross margins, customer retention, profitability, and discount rates. Changes in these assumptions could affect the amounts recognized for intangible assets and goodwill at the acquisition date.

- **Other estimates:**
  Other areas requiring judgment include estimates of the useful lives and depreciation and amortization methods for property, plant and equipment and finite-lived intangible assets; the measurement and recognition of deferred revenue, provisions, and assumptions used in purchase price allocations for

4. Judgements and estimates (continued)

business combinations; and the determination of certain fair values, including those associated with assets and liabilities acquired through business combinations, share-based payment arrangements, and financial instruments.

5. Acquisition of Truss-Worthy

On May 30, 2025, the Company completed its acquisition of Truss-Worthy Construction Systems Inc. ("Truss-Worthy") whereby the Company acquired all the issued and outstanding shares of Truss-Worthy for $1,575,000 in cash. A closing working capital adjustment of $83,244 was finalized and paid in cash subsequent to closing. In a separate transaction, the Company also purchased the land and buildings for $850,000 in cash from the pre-existing landlord.

Truss-Worthy is located in Colborne, ON. Truss-Worthy is a manufacturer of roof trusses and a supplier of engineered wood products. The acquisition has given the Company greater access to the Southern Ontario market, east of Toronto. Truss-Worthy is in the same town as the 42-acres of land acquired in December 2024 by the Company. This location will bring the Company a customer base and presence to the area prior to the potential development of this additional property.

The intangible assets acquired relate to customer relationships and a non-compete agreement, which were recorded at $46,000 and $175,000 at the date of acquisition, respectively. Management applied significant judgment in estimating the fair values of those intangible assets. To estimate the fair values of the intangible assets, management used the "Multi-period Excess earnings method" to value customer relationships, and the "With and Without method" to value the non-compete agreement, using discounted cash flow models. Management developed significant assumptions related to revenue growth rates, gross margin, EBITDA forecasts, customer retention rates, and discount rates when determining the fair value of those intangible assets, as applicable.

In accordance with IFRS 3, the Truss-Worthy acquisition has been accounted for as a business combination. The purchase price allocation as at December 31, 2025 has been estimated as follows:

Category	$
Cash	1,575,000
Excess Working Capital	83,244
Total consideration	**1,658,244**
Cash	94,135
Accounts receivable	249,886
Income taxes receivable	33,671
Inventories	163,980
Prepaid expenditures	9,061
Equipment	818,775
Intangibles	221,000
Goodwill	383,497
Accounts payable and accrued liabilities	(77,375)
Deferred income tax liability	(238,386)
	1,658,244

5. Acquisition of Truss-Worthy (continued)

If the acquisition had occurred on January 1, 2025 then the revenues would have been $1,614,643. The following table shows the results of the operations of Truss-Worthy since the acquisition date.

	Truss-Worthy May 30 – Dec 31, 2025
	$
Sales per consolidated financial statements	1,176,610
Income before tax	216,904
Income tax expense	(22,938)
Income for the period	193,966

6. Acquisition of Penn-Truss

On July 24, 2025, the Company completed its acquisition of Penn-Truss MFG Inc. ("Penn-Truss") whereby the Company acquired all the issued and outstanding shares of Penn-Truss for $3.8 million. $760,000 of the purchase price will be due nine months post-closing and $760,000 in cash or shares of AEP at the discretion of AEP and based on the performance of Penn-Truss for fiscal 2025. The performance component will be determined based on adjusted EBITDA to be finalized within five business days of filing the Company's fiscal 2025 audited financial results. The remaining purchase price was paid for in cash at closing. Working capital deficiency for $70,526 was calculated and finalized subsequent to closing.

Penn-Truss is located in Saltcoats, SK. Penn-Truss is a manufacturer of roof and floor trusses and a supplier of engineered wood products. The acquisition has given the Company access to the Saskatchewan market as Penn-Truss is the first location in this province. Penn-Truss is close enough to the Company's SC location to provide some synergies between these two locations when it comes to management, employees, skills, training, equipment, and strategic sales options.

In accordance with IFRS 3, the Penn-Truss acquisition has been accounted for as a business combination. The purchase price allocation as at December 31, 2025 has been estimated as follows:

Category	$
Cash	2,280,000
Deferred purchase price	760,000
Earned out	760,000
Working Capital deficiency	(70,526)
Total consideration	**3,729,474**
Cash	(3,932)
Accounts receivable and prepaid expenses	1,882,280
Inventories	897,357
Building and equipment	3,879,956
Accounts payable and accrued liabilities	(1,203,791)
Customer deposits	(4,600)
Lease liability	(928,505)
Corporate tax payable	(37,642)
Deferred income tax liability	(736,985)
Other income	(14,664)
	3,729,474

6. Acquisition of Penn-Truss (continued)

If the acquisition had occurred on January 1, 2025 then the revenues would have been $12,691,830. The following table shows the results of the operations of Penn-Truss since the acquisition date.

	Penn-Truss July 24 – Dec 31, 2025
	$
Sales per consolidated financial statements	6,011,702
Income before tax	884,831
Income tax expense	(189,011)
Income for the period	695,820

7. Accounts receivable

Trade and other receivables were as follows:

	December 31, 2025	December 31, 2024
	$	$
Trade accounts receivable	8,500,521	7,504,814
Other receivables	656,708	490,073
Loss allowance	(6,353)	(8,760)
	9,150,876	7,986,127

Trade and other receivables are non-interest bearing and are carried at amortized cost, and impaired using the simplified approach which records impairment at the lifetime expected credit losses. During the year ended December 31, 2025, the estimated credit loss amounted to $6,353 (December 31, 2024 - $8,760).

8. Inventories

	December 31, 2025	December 31, 2024
	$	$
Raw materials	6,682,096	7,234,987
Work in progress	165,318	216,543
Finished goods	691,458	532,799
Other	113,105	159,983
	7,651,977	8,144,312

During the year ended December 31, 2025, $26,774,179 (December 31, 2024, $22,419,213) in raw materials was expensed through cost of sales. It was determined that there was no requirement to write down any raw materials, work in progress, or finished goods inventory during the year ended December 31, 2025.

9. Buildings and equipment

	Land and Buildings	Office Furniture and Equipment	Vehicles	Production Equipment	Computer Equipment and Software	Signage and Land Improvement	Total
	$	$	$	$	$	$	$
Cost							
Balance, December 31, 2023	14,281,181	395,513	5,555,685	9,091,583	448,417	229,421	30,001,800
Additions	3,669,378	35,694	520,744	77,915	28,389	-	4,332,120
Additions through business combination	-	-	-	-	-	-	-
Disposals	-	-	(57,135)	-	-	-	(57,135)
Balance, December 31, 2024	17,950,559	431,207	6,019,294	9,169,498	476,806	229,421	34,276,785
Additions	5,771,120	8,735	438,733	811,200	13,296	-	7,043,084
Additions through business combination	776,331	50,860	1,245,000	2,594,790	31,750	-	4,698,731
Disposals	(1,522,018)	-	(35,000)	(400)	-	-	(1,557,418)
Balance, December 31, 2025	22,975,992	490,802	7,668,027	12,575,088	521,852	229,421	44,461,182
Accumulated depreciation							
Balance, December 31, 2023	1,656,230	196,488	2,476,990	4,298,589	334,050	152,009	9,114,356
Additions	1,404,641	43,598	1,000,371	963,432	36,605	6,732	3,455,379
Disposals	-	-	(38,322)	-	-	-	(38,322)
Balance, December 31, 2024	3,060,871	240,086	3,439,039	5,262,021	370,655	158,741	12,531,413
Additions	1,482,076	43,581	1,028,374	1,106,462	38,375	6,084	3,704,952
Disposals	(1,522,018)	-	(31,389)	(325)	-	-	(1,553,732)
Balance, December 31, 2025	3,020,929	283,667	4,436,024	6,368,158	409,030	164,825	14,682,633
Carrying amount at December 31, 2024	14,889,688	191,121	2,580,255	3,907,477	106,151	70,680	21,745,372
Carrying amount at December 31, 2025	19,955,063	207,135	3,232,003	6,206,930	112,822	64,596	29,778,549

Depreciation for tangible assets during the year ended December 31, 2025 was $3,704,952 (December 31, 2024 - $3,455,379). During the year ended December 31, 2025, $2,339,107 (December 31, 2024 - $2,127,720) of the depreciation was included in cost of sales. During the year ended December 31, 2025, $4,299,359 (December 31, 2024 - $656,491) was included in land and building additions which is considered construction work-in-progress related to a new manufacturing facility under construction.

9. Buildings and equipment (continued)

The above buildings and equipment schedule includes right-of-use assets. The following summarizes those right-of-use assets and their depreciation for the years ended December 31, 2025 and 2024.

	Building	Vehicles	Total
	$	$	$
Balance, December 31, 2023	4,498,931	-	4,498,931
Additions	9,132	104,680	113,812
Disposals, net	-	-	-
Depreciation charge for the year	(1,177,252)	(15,701)	(1,192,953)
Balance, December 31, 2024	3,330,811	88,979	3,419,790
Additions	1,524,851	436,499	1,961,350
Derecognitions, net	(207,628)	-	(207,628)
Disposals, net	-	-	-
Depreciation charge for the year	(1,249,484)	(88,602)	(1,338,086)
Balance, December 31, 2025	3,398,550	436,876	3,835,426

10. Advances for property, plant and equipment

During the year ended December 31, 2025, the Company recorded deposits of $3,349,629 related to advance payments made to third-party suppliers for the purchase of manufacturing robotics and automation equipment.

The deposits are non-interest bearing and are expected to be applied against the purchase price of the equipment upon delivery and commissioning. The related assets will be capitalized to property, plant and equipment once the equipment is available for use.

Delivery is expected to occur in 2026. Based on the status of the project and contractual arrangements, management has determined that no impairment of the deposit is required at the reporting date.

11. Intangible assets

	Customer Relationships	Brand	Non-Compete Agreements	Total
	$	$	$	$
Cost				
Balance, December 31, 2023	7,386,000	2,581,000	2,720,000	12,687,000
Additions	-	-	-	-
Impairment	-	-	(477,000)	(477,000)
Balance, December 31, 2024	7,386,000	2,581,000	2,243,000	12,210,000
Additions	46,000	-	175,000	221,000
Disposals	-	-	-	-
Balance, December 31, 2025	7,432,000	2,581,000	2,418,000	12,431,000
Accumulated amortization				
Balance, December 31, 2023	2,263,915	612,523	757,569	3,634,007
Additions	827,733	307,305	556,124	1,691,162
Impairment	-	-	(477,000)	(477,000)
Balance, December 31, 2024	3,091,648	919,828	836,693	4,848,169
Additions	741,168	258,000	468,888	1,468,056
Disposals	-	-	-	-
Balance, December 31, 2025	3,832,816	1,177,828	1,305,581	6,316,225
Carrying amount at December 31, 2024	4,294,352	1,661,172	1,406,307	7,361,831
Carrying amount at December 31, 2025	3,599,184	1,403,172	1,112,419	6,114,775

Amortization for intangible assets during the year ended December 31, 2025 was $1,468,056 (December 31, 2024 - $1,691,162).

As at December 31, 2025, the Company completed a quarterly assessment of the intangible assets and determined there were no impairment indicators present. As such, an impairment test was not performed.

12. Goodwill

The following summarizes the Company's goodwill as at December 31, 2025 and 2024.

	Clinton	Satellite	Pacer	SC	Hi-Tec	LCF	TW	Total
	$	$	$	$	$	$	$	$
Cost								
Balance, December 31, 2023	474,428	136,446	2,284,327	883,275	2,956,023	11,470,107	-	18,204,606
Additions	-	-	-	-	-	1,547,730	-	1,547,730
Balance, December 31, 2024	474,428	136,446	2,284,327	883,275	2,956,023	13,017,837	-	19,752,336
Additions	-	-	-	-	-	-	383,497	383,497
Balance, December 31, 2025	474,428	136,446	2,284,327	883,275	2,956,023	13,017,837	383,497	20,135,833

12. Goodwill (continued)

Following the finalization of the allocation of the cost of the business combination for Truss-Worthy, the goodwill was adjusted to reflect the final determination of Deferred Income Tax Liabilities (DITL) totaling $383,497 in accordance with IFRS 3 and IAS 12.

The value-in-use impairment tests performed were based on the Company's internal forecasts and represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty. In arriving at its estimated future cash flows, the Company considered past experience, economic trends and industry trends. The key assumptions used in the impairment tests include a projected revenue growth rate of between 2%-4% each of the first five years and an applied perpetual long-term growth rate of 2%-4% thereafter, with gross margins ranging from 23% to 38%. A discount rate of between 18.8%-20.9% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures.

The most sensitive inputs to the value-in-use models are the revenue growth rates and gross margins. A reasonable change in the revenue growth rates and gross margins did not result in an impairment for any of the CGUs. There was no material impact of the sensitivity analyses on the recoverable amounts of the Company's other CGUs. No impairments were recognized as a result of the 2025 impairment assessments.

13. Income taxes

The tax expense differs from the theoretical amount that would arise using the tax rate applicable to profits of the Company for the year ended December 31, 2025 and 2024 as follows:

	December 31, 2025	December 31, 2024
	$	$
Loss for the year before income tax	(277,973)	(96,156)
Average statutory rate	27.00%	27.00%
Expected tax recovery	(75,053)	(25,962)
Difference in tax rates	28,162	12,916
Items not deductible for tax purposes	159,848	128,756
Change in estimate	(15,423)	262
Income tax expense	97,534	115,972

The breakdown of the income tax expense during the year is as follows:

	December 31, 2025	December 31, 2024
	$	$
Current income tax expense	613,196	1,339,386
Deferred tax expense (recovery)	(515,804)	(1,223,414)
Total income tax expense	97,392	115,972

13. Income taxes (continued)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2025	December 31, 2024
	$	$
Deferred tax assets		
Lease obligations	1,034,802	917,744
Capital loss carry forwards	87,419	87,419
Non-capital loss carry forwards	631,097	553,100
Building and Equipment	(114,775)	196,061
Intangibles	16,829	12,105
Share issue costs	180,117	224,717
	1,835,489	1,991,146
Offset against deferred tax liabilities	(1,009,927)	(824,951)
Unrecognized deferred tax assets	(87,419)	(87,419)
Deferred tax assets	738,143	1,078,776
Deferred tax liabilities		
Buildings and equipment	(3,404,515)	(2,762,408)
Intangibles	(1,715,920)	(2,054,117)
Offset against deferred tax assets	1,009,927	824,951
Deferred tax liabilities	(4,110,508)	(3,991,574)
Net deferred tax liabilities	(3,372,365)	(2,912,798)

The Company has non-capital losses of approximately $2,661,357 at December 31, 2025, which are available to be carried forward and can be used to offset future taxable income. These non-capital losses expire as follows:

Expiry Date	Amount
	$
December 31, 2038	40,662
December 31, 2039	287,325
December 31, 2040	304,819
December 31, 2041	536,199
December 31, 2042	335,165
December 31, 2043	162,357
December 31, 2044	652,643
December 31, 2045	342,186
	2,661,356

14. Accounts payable and accrued liabilities

	December 31, 2025	December 31, 2024
	$	$
Trade accounts payable	2,153,254	1,686,808
Sales taxes payable	115,531	172,713
Salaries and vacation payable	1,121,559	740,009
Deferred purchase price for Penn-Truss acquisition	1,449,474	-
Other accounts payable	6,836	50,953
Accrued liabilities	440,046	321,946
	5,286,700	2,972,429

Included in accounts payable and accrued liabilities as at December 31, 2025 is $1,449,474 related to the Penn-Truss acquisition. A deferred purchase price of $760,000 payable in cash nine months post-closing reduced by Working Capital deficiency of $70,526 and a contingent earn-out of $760,000 payable in cash or shares at the discretion of the Company.

15. Lease obligations

Certain buildings and equipment of the Company's are held as right-of-use assets under lease obligations. The terms and the outstanding balances of the lease obligations as at December 31, 2025 and December 31, 2024 are as follows:

	December 31, 2025	December 31, 2024
	$	$
Building under right-of-use asset lease repayable in monthly instalments of $10,068 inclusive of implied interest of 6.37% per annum, residual value of $nil, maturing in June 2030.	493,883	-
Vehicle under right-of-use asset lease repayable in monthly instalments of 5,573 with interest of 6.50% per annum, no residual value, maturing in June 2029.	208,847	-
Building under right-of-use asset lease repayable in monthly instalments of $15,000 inclusive of implied interest of 6.37% per annum, residual value of $nil, maturing in July 2030.	713,824	-
Vehicle under right-of-use asset lease repayable in monthly instalments of 2,269 with interest of 6.27% per annum, residual value of $1, maturing in November 2029.	94,338	-
Vehicle under right-of-use asset lease repayable in monthly instalments of 1,247 with interest of 6.82% per annum, residual value of $13,785, maturing in February 2026.	16,102	-
Vehicle under right-of-use asset lease repayable in monthly instalments of 1,842 with interest of 1.74% per annum, residual value of $1, maturing in September 2026.	16,459	-
Building under right-of-use asset lease repayable in monthly instalments of $69,720 inclusive of implied interest of 6.7% per annum, residual value of $nil, maturing October 2028.	2,302,451	2,975,774
Building under right-of-use asset lease repayable in monthly instalments of $6,646 inclusive of implied interest of 3.95% per annum, residual value of $nil, maturing in June 2027.	116,041	189,744
Vehicle under right-of-use asset lease repayable in monthly instalments Of $2,377 with interest of 7.66% per annum, residual value of $32,543, maturing in June 2027.	69,317	91,594
Building under right-of-use asset lease repayable in monthly instalments of $26,000 inclusive of implied interest of 5.95% per annum, residual value of $nil, Maturing in December 2025.	-	302,457
Building under right-of-use asset lease repayable in monthly instalments of $9,337 inclusive of implied interest of 6.7% per annum, residual value of $nil, maturing in June 2025.	-	54,797
Total lease obligation	4,031,262	3,614,366
Current portion	(1,187,146)	(1,126,557)
Non-current portion	2,844,116	2,487,809

15. Lease obligations (continued)

The following is a schedule of the total lease payments made during the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
	$	$
Principal payment	1,287,502	1,073,899
Interest expense	231,035	254,274
Total lease payments	1,518,537	1,328,173

During the year ended December 31, 2025, a vehicle was acquired under a right-of-use asset lease for $234,999 (December 31, 2024 – a vehicle was acquired under a right-of-use asset lease for $104,681).

The following is a schedule of the Company's future minimum lease payments related to the building, equipment, and vehicles under lease obligations:

	December 31, 2025
	$
2026	1,403,796
2027	1,378,202
2028	1,163,516
2029	367,892
2030	166,517
Total minimum lease payments	4,479,923
Less: imputed interest	(448,661)
Total present value of minimum lease payments	4,031,262

During the year ended December 31, 2025, the Company did not enter into any low value leases (December 31, 2024 – the Company did not enter into any low value leases).

On November 3, 2025, the Company entered into a new five-year lease agreement commencing January 1, 2026, replacing the existing lease that expires on December 31, 2025. Base rent is $26,000 per month in the first year, increasing annually, with additional rent subject to annual adjustment. Upon commencement, the Company will recognize a right-of-use asset and corresponding lease liability in accordance with IFRS 16.

16. Long-term debt

The long-term debt consists of the following:

	December 31, 2025	December 31, 2024
	$	$
TD term loan[1]	14,333,333	17,233,333
TD mortgage[2]	1,833,813	1,931,313
TD mortgage[3]	1,689,160	1,772,920
	17,856,306	20,937,566
Less current portion of term debt	(3,081,260)	(3,081,260)
Total long-term portion of term debt	14,775,046	17,856,306

1. A term loan with a major Canadian bank bearing interest at a fixed rate (6.37% as at December 31, 2025) repayable at $241,667 per month with maturity August 2033. The term of the loan is 120 months. The loan is secured by a general security interest granted by the Company and an assignment of share pledge agreement.
2. A mortgage with a major Canadian bank bearing interest at a fixed rate (6.37% as at December 31, 2025) repayable at $8,125 per month with maturity February 2047. The loan is amortized over 300 months. The loan is secured by a general security interest granted by the Company and an assignment of share pledge agreement.
3. A mortgage with a major Canadian bank bearing interest at a fixed rate (6.37% as at December 31, 2025) repayable at $6,980 per month with maturity August 2048. The loan is amortized over 300 months. The loan is secured by a general security interest granted by the Company and an assignment of share pledge agreement.

The Company applies judgement in the classification of long-term and short-term debt portions. The Company assumes that the prime interest rate will remain consistent or not change materially over the next twelve months. All loans are either no interest loans or have fluctuating payments that would change as the interest rate changes and the principal portion of those payments would remain constant.

On August 23, 2023, the Company entered into an amended and restated credit facility agreement with TD Canada Trust. The agreement has four facilities. The first facility is a committed, revolving credit facility of $7,500,000 and the second facility is a committed non-revolving reducing term credit facility which was used to finance the LCF acquisition and refinance previous facilities with TD. The third facility is a committed non-revolving reducing term credit facility used to mortgage the land and buildings of the LCF acquisition and the fourth facility is a committed, non-revolving reducing term credit facility which was used to mortgage the land and buildings of the Hi-Tec acquisition. On June 30, 2025, the Company entered into a first amendment agreement with TD Canada Trust in relation to the previous amended and restated credit facility agreement. This first amendment included changes to the total leverage ratio resulting in an increase to this ratio from 2.75 to 3.25 for periods ending June 30, 2025 and September 30, 2025. On December 23, 2025, the Company entered into a second amendment agreement with TD Canada Trust which included changes to the total leverage ratio resulting in a continuation of the increase to this ratio from 2.75 to 3.25 for the year ending December 31, 2025.

The credit facility with TD Canada Trust contains two financial covenants. A total leverage ratio of less than or equal to 3.25 to 1 which is tested quarterly on a twelve-month rolling basis. The second financial covenant is a fixed charge coverage ratio of greater than or equal to 1.15 to 1 to be tested quarterly on a twelve-month rolling basis. As at December 31, 2025, the Company was in compliance with their covenants.

17. Share capital

a) Authorized

Unlimited common shares without par value.

b) Share capital transactions

On November 27, 2024 the Company commenced a Normal Course Issuer Bid (NCIB) which will be in effective until the earlier of November 27, 2025 and the date on which the Company has purchased the maximum permitted number of shares or such earlier times as the Company deems is appropriate. Pursuant to the NCIB, the Company may purchase up to 5,943,813 of its outstanding common shares representing approximately 10% of the public float of shares outstanding at market prices.

During the year ended December 31, 2025, the Company purchased for cancellation 285,200 of shares pursuant to its NCIB for a total of $257,305. The Company's share capital was reduced by the average carrying value of shares repurchased for cancellation.

c) Options

The Company adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors. Standard vesting provisions are in thirds every six months from the date of grant. The options are priced using the trading price at the end of the close on the date of the grant and they are exercisable within five years from the date of grant.

The Company's share options outstanding as at December 31, 2025 and December 31, 2024 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2023	2,816,666	0.57
Granted	1,393,000	1.30
Exercised	(601,666)	0.37
Forfeited	-	-
Balance as at December 31, 2024	3,608,000	0.89
Granted	-	-
Exercised	-	-
Forfeited	(4,000)	1.30
Balance as at December 31, 2025	3,604,000	0.88

The total share-based payments recorded during the year ended December 31, 2025 was $553,336 (December 31, 2024 - $456,050).

17. Share capital (continued)

c) Options (continued)

The following table summarizes information about the share options outstanding as at December 31, 2025:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years) of options outstanding	Weighted exercise price of options exercisable	Number of options exercisable	Expiry date
$0.49	100,000	0.01	$0.49	100,000	January 4, 2026
$0.29	300,000	0.30	$0.29	300,000	April 21, 2026
$0.60	397,500	1.01	$0.60	397,500	January 4, 2027
$0.64	200,000	1.30	$0.64	200,000	April 21, 2027
$0.60	100,000	1.89	$0.60	100,000	November 22, 2027
$0.73	717,500	1.97	$0.73	717,500	December 20, 2027
$0.74	400,000	2.01	$0.74	400,000	January 4, 2028
$1.30	1,389,000	3.64	$1.30	987,653	August 21, 2029
$0.89	3,604,000	2.28	$0.83	3,202,653	

The Black-Scholes Pricing Model was used to estimate the fair value of the share options using the following assumptions on the grant date of the options:

Issue date	Expected option life (years)	Risk free interest rate	Dividend yield	Expected volatility	Expected forfeiture rate	Weighted average fair value
January 4, 2021	5.00	0.39%	Nil	127%	24.39%	$0.42
April 21, 2021	5.00	0.94%	Nil	118%	24.26%	$0.24
January 4, 2022	5.00	1.39%	Nil	94%	22.85%	$0.43
April 21, 2022	5.00	2.78%	Nil	67%	22.08%	$0.37
November 22, 2022	5.00	3.23%	Nil	66%	20.58%	$0.35
December 20, 2022	5.00	3.05%	Nil	66%	20.42%	$0.42
January 4, 2023	5.00	3.25%	Nil	66%	20.03%	$0.43
August 21, 2024	5.00	2.90%	Nil	61%	16.19%	$0.70

The expected volatility is based on the historic volatility and adjusted for any expected material changes to future volatility due to publicly available information. Historical volatility is based on the daily volatility from the five years prior to the grant date due to the remaining life of the options at the grant date.

18. Operating Segments

The Chief Operating Decision Maker ("CODM") is the CEO, which reviews financial information to evaluate performance and allocate resources. Management has determined that the Company operates as a single operating segment in accordance with IFRS 8 Operating Segments.

Revenue is monitored monthly by geographic location (Eastern and Western Canada) and by revenue stream for operational and sales-volume purposes. While individual locations are assessed based on revenue generated, expenses are not tracked or managed by revenue stream or geography, as costs are incurred collectively to support the Company's operations as a whole.

Performance is assessed based on consolidated revenue growth and overall gross margin. The CODM does not regularly review discrete measures of profit or loss, assets, or returns by revenue stream or geographic region. Accordingly, the Company presents its results as one operating segment.

The following information represents entity-wide disclosures required under IFRS 8 and does not represent separate operating segments. The Company has three distinct revenue streams: trusses, engineered wood products and walls. The Company's revenues by these revenue streams for the year ended December 31, 2025 and 2024 is as follows:

Year ended December 31, 2025

	Trusses	Engineered wood products	Walls	Total
	$	$	$	$
Western Canada	17,662,570	7,763,853	299,087	25,725,510
Eastern Canada	26,247,041	4,151,686	6,517,183	36,915,910
	43,909,611	11,915,539	6,816,270	62,641,420

Year ended December 31, 2024

	Trusses	Engineered wood products	Walls	Total
	$	$	$	$
Western Canada	12,490,080	8,743,681	461,132	21,694,893
Eastern Canada	23,768,821	4,791,001	5,574,008	34,133,830
	36,258,901	13,534,682	6,035,140	55,828,723

19. Cost of sales

Cost of sales for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	$	$
Materials	26,926,418	22,681,935
Labour	16,034,816	13,308,458
Maintenance and overhead	5,183,084	4,164,125
Depreciation and amortization	2,339,108	2,127,720
Total cost of sales	50,483,426	42,282,238

20. Other Income

Other Income for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	$	$
Other Revenue	47,493	46,593
Interest Revenue	169,270	499,053
Convenience fees	11,057	-
Sales Tax Commissions	6,686	7,847
Total other revenue	234,506	553,493

21. Impairment Loss

During the year ended December 31, 2024, the Company recognized an impairment loss of $1,484,952 on a deposit paid to a vendor who has subsequently gone out of business. The deposit was deemed uncertain as to the recoverability due to the vendor's lack of communication and closing of the business. The Company, along with other customers, have commenced legal proceedings to begin a bankruptcy case to recover amounts owed, but the amount recoverable is unable to be determined as of December 31, 2025.

22. Related Party Transactions

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. Key management personnel includes directors and executive officers of the Company. Other than the amounts disclosed below, there was no other compensation paid or payable to key management personnel for the reported periods.

Atlas is the parent company and owns 100% of the following subsidiaries: Clinton, Satellite, ABS, Pacer, SC, Novum, Hi-Tec, LCF, Truss-Worthy and Penn-Truss.

The Company incurred the following charges as part of the Company's consolidated statement of income and comprehensive income during the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
	$	$
Salaries and benefits	747,857	1,463,886
Administrative and office	138,000	154,800
Finance charge on lease obligations[1]	9,543	26,392
Share-based payments	300,807	269,809
Total related party transactions	1,196,207	1,914,887

Due to related parties

Amounts due to related parties are detailed as follows:

	December 31, 2025	December 31, 2024
	$	$
Due to related parties		
Accounts payable and accrued liabilities	(10,497)	(25,255)
Lease obligation (Note 15)[1]	-	(302,457)
Total due to related parties	(10,497)	(327,712)

1. A Director of the Company has a 50% ownership in a company that owns the land and building and leases the premises to our Atlas location.

These amounts were incurred in the normal course of operations and are recorded at exchange amounts as part of our consolidated statement of financial position. Accounts receivable and accounts payable and accrued liabilities are unsecured, non-interest bearing, and have no set terms of repayment.

23. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on the current cash flows are excluded from the cash flow statements. During the years ended December 31, 2025 and 2024, the Company had the following non-cash investing and financing activities:

Year ended December 31, 2025

During the year ended December 31, 2025, a Building lease was renewed under a right-of-use asset for $540,894.

Year ended December 31, 2024

During the year ended December 31, 2024, the Company had to adjust LCF goodwill to reflect final determination of deferred income tax liabilities (DITL) in the amount of $1,547,730.

24. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Long-term debt	Lease obligations	Total
	$	$	$
Balance December 31, 2024	20,937,566	3,614,366	24,551,932
Repayments	(3,081,260)	(1,287,502)	(4,368,762)
Issuance	-	1,163,504	1,163,504
Non-cash – lease obligation	-	540,894	540,894
Non-cash – lease adjustment	-	-	-
Balance December 31, 2025	17,856,306	4,031,262	21,887,568

	Long-term debt	Lease obligations	Total
	$	$	$
Balance December 31, 2023	33,689,544	4,577,023	38,266,567
Repayments	(12,751,978)	(1,073,899)	(13,825,877)
Issuance	-	111,242	111,242
Non-cash – lease obligation	-	-	-
Non-cash – lease adjustment	-	-	-
Balance December 31, 2024	20,937,566	3,614,366	24,551,932

25. Financial instruments

Classification of financial instruments

The Company's financial instruments consist of cash, trade accounts receivable, accounts payable and accrued liabilities, customer deposits, and long-term debt. The Company classified and measured its cash and accounts receivable as subsequently measured at amortized cost. Accounts payable and accrued liabilities, customer deposits, and long-term debt notes are classified and measured at amortized cost.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors who actively focus on securing the Company's cash flows by minimizing the exposure to volatile financial instrument risks.

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy and accounting classification:

			As at December 31, 2025		As at December 31, 2024	
	Classification	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
			$	$	$	$
Financial assets						
Cash	Amortized cost	1	2,392,786	2,392,786	13,128,028	13,128,028
Accounts receivable	Amortized cost	2	9,150,876	9,150,876		
					7,986,127	7,986,127
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	2	5,286,700	5,286,700	2,972,429	2,972,429
Customer deposits	Amortized cost	2	695,296	695,296	585,379	585,379
Long-term debt	Amortized cost	2	17,856,306	17,856,306	20,937,566	20,937,566

There were no transfers between the levels of the fair value of hierarchy for the years ended December 31, 2025 and December 31, 2024.

Market risk

a) Foreign exchange risk

The Company is exposed to foreign exchange risk. The Company has revenues, US non-inventory expenditures and bank accounts in US currency. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. The risk is measured through a forecast of highly probable USD transactions.

The Company minimizes the risk of the volatility of the US currency cost by keeping USD funds received from sales in USD bank accounts. These USD funds are then used for expenditures that arise in the same currency. Only at the end of the year does the Company assess the risk of transferring the excess funds to a CDN bank account. If the risk is too high, then the funds will remain in the USD account until the risk is reduced.

Profit or loss is sensitive to the fluctuations of the USD to CDN foreign exchange rates on the US revenues. If the USD foreign exchange rate were to increase by 10% with a full year of USD sales transactions based on previous sales to the US, this is estimated by management to increase sales by $263,107 annually.

25. Financial instruments (continued)

Market risk (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimize interest rate risk exposures on term financing. All leases and exchangeable notes have fixed rates. As at December 31, 2025, the Company is exposed to changes in market interest rates through the bank borrowings at a floating base rate. This risk is low because changes in the prime rate are not substantial and increases would not impact the consolidated financial statements significantly. If the rates were to increase 10% this would result in an increase in interest of approximately $87,019 annually.

Credit risk

Credit risk is the risk that a counterparty fails to meet its contractual obligation to the Company. The Company is exposed to the risk for various financial instruments through receivables from customers and placing deposits and the potential for cash fraud. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized as at December 31, 2025 and December 31, 2024 summarized below:

	December 31, 2025	December 31, 2024
	$	$
Classes of financial assets – carrying amounts		
Cash	2,392,786	13,128,028
Trade accounts receivable, net of loss allowance	8,494,168	7,496,054
	10,886,954	20,624,082

The Company closely monitors cash by applying a sweep account function to the subsidiary accounts and a daily bank reconciliation. The Company also requires each division to detail weekly any collection attempts of receivables over 61 days and prepares an aging account receivable report weekly to monitor any progress.

The Company also continuously monitors defaults of customers, identified individually, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and credit checks are obtained and used. The Company's policy is to deal only with creditworthy customers.

The Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The receivables and their aging as at December 31, 2025 and December 31, 2024 is summarized below:

	December 31, 2025	December 31, 2024
	$	$
Trade accounts receivable, net of loss allowance		
Current	4,371,991	2,986,674
Past due 1 to 30 days	1,772,515	2,408,667
Past due 31 to 60 days	944,116	854,791
Past due over 60 days	1,405,546	1,245,922
	8,494,168	7,496,054

25. Financial instruments (continued)

Credit risk (continued)

The loss allowance as at December 31, 2025 and December 31, 2024 was determined as follows for trade accounts receivable:

As at December 31, 2025

	Current	Past due 1 to 30 days	Past due 31 to 60 days	Past due over 60 days	Total
Expected loss rate	0.00%	0.00%	0.25%	0.28%	0.07%
Trade accounts receivable	4,371,991	1,772,515	946,482	1,409,533	8,500,521
Loss allowance	-	-	2,366	3,987	6,353

As at December 31, 2024

	Current	Past due 1 to 30 days	Past due 31 to 60 days	Past due over 60 days	Total
Expected loss rate	0.00%	0.00%	0.25%	0.53%	0.12%
Trade accounts receivable	2,986,674	2,408,667	856,933	1,252,540	7,504,814
Loss allowance	-	-	2,142	6,618	8,760

The expected loss rates are based on historical credit losses and adjusted to reflect current and forward-looking information of the customers' ability to settle the receivables. This is affected and adjusted constantly based on acquisitions that bring in new customers and new information from economic conditions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company may be exposed to liquidity risks if it is unable to collect its trade and other receivables balances in a timely manner, which could in turn impact the Company's long-term ability in meeting commitments under its current facilities.

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and debt servicing ratios. The Company also forecasts and manages cash inflows and outflows on a daily, weekly and monthly basis.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables exceeds the current cash outflow requirements as our current ratio is currently 2.00:1. Cash flows from trade accounts receivable are all contractually due within thirty days.

As at December 31, 2025, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Current Within 6 months	Current 6 to 12 months	Non-current 1 to 5 years	Non-current Later than 5 years
	$	$	$	$
Lease obligations	710,006	693,790	3,076,127	-
Accounts payable and accrued liabilities	5,286,700	-	-	-
Income taxes payable	-	-	-	-
Long-term debt	2,087,255	2,041,229	14,729,704	3,487,566
Total	8,083,961	2,735,019	17,805,831	3,487,566

25. Financial instruments (continued)

Liquidity risk (continued)

As at December 31, 2024, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Current Within 6 months	Current 6 to 12 months	Non-current 1 to 5 years	Non-current Later than 5 years
	$	$	$	$
Lease obligations	684,291	632,709	2,716,900	-
Accounts payable and accrued liabilities	2,972,429	-	-	-
Income taxes payable	-	-	-	-
Long-term debt	2,185,113	2,139,636	18,515,695	3,830,209
Total	5,841,833	2,772,345	21,232,595	3,830,209

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

26. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of long-term debt, lease obligations, cash and equity.

The amounts managed as capital by the Company are summarized as follows:

	December 31, 2025	December 31, 2024
	$	$
Long-term debt	17,856,306	20,937,566
Lease obligations	4,031,262	3,614,366
Less: Cash	(2,392,786)	(13,128,028)
Net debt	19,494,782	11,423,904
Total equity	48,526,527	48,605,861
	68,021,309	60,029,765

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. From time to time, the Company purchases its own shares in the open market under a defined NCIB. All repurchased common shares are cancelled.

Management reviews its capital management policies on an ongoing basis.

27. Subsequent Events

Government Grant Agreement

On February 2, 2026, the Company entered into a non-repayable contribution agreement with the Government of Canada under the Investments in the Forest Industry Transformation (IFIT) Program in support of the Company's Robotics Manufacturing Plant project. The agreement provides funding of up to $4,000,000 toward eligible expenditures incurred from the agreement date to March 31, 2026.