

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2025 and December 31, 2024

Canadian dollars in '000s  
(unaudited)

Balance,	March 31, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash	\$ 12,949	\$ 12,792
Trade receivables	109,093	105,872
Other receivable (note 11)	15,512	15,526
Current taxes receivable	2,285	2,417
Prepaid expenses	6,136	6,678
Inventories	45,076	51,498
Total current assets	191,051	194,783
Property, plant and equipment (note 3)	145,885	129,243
Intangible assets (note 4)	74,675	77,352
Right-of-use assets (note 5)	17,285	15,359
Goodwill (note 4)	43,405	43,444
Deferred tax asset (note 9)	12,700	12,700
Total non-current assets	293,950	278,098
Total assets	\$ 485,001	\$ 472,881
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Trade and other payables (note 11)	\$ 116,352	\$ 106,242
Loans and borrowings, current (note 6)	685	21,435
Lease liabilities, current (note 5)	4,034	4,124
Total current liabilities	121,071	131,801
Loans and borrowings, long-term (note 6)	62,515	42,092
Exchangeable promissory notes	27,200	26,962
Lease liabilities, long-term (note 5)	17,805	16,037
Deferred tax liability (note 9)	13,126	14,409
Total non-current liabilities	120,646	99,500
Total liabilities	241,717	231,301
Shareholders' equity:		
Share capital (note 7)	189,598	195,516
Treasury shares	(469)	(469)
Exchangeable promissory notes	1,242	1,242
Contributed surplus	17,950	17,408
Accumulated other comprehensive income	19,072	19,151
Surplus	15,891	8,732
Total shareholders' equity	243,284	241,580
Total liabilities and shareholders' equity	\$ 485,001	\$ 472,881

Contractual obligations and contingencies (note 11)

See accompanying notes to the unaudited condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended March 31, 2025 and 2024

Canadian dollars in '000s except per share amounts  
(unaudited)

	Three months ended March 31,	
	2025	2024
Revenues (note 10)	\$ 135,357	\$ 164,956
Cost of sales:		
Direct costs	(97,873)	(117,008)
Depreciation and amortization	(7,348)	(11,635)
Share-based compensation	(131)	(223)
Total cost of sales	(105,352)	(128,866)
Gross margin	30,005	36,090
Selling, general and administrative expenses:		
Direct costs	(16,433)	(16,026)
Depreciation and amortization	(2,826)	(2,347)
Share-based compensation	(541)	(930)
Total selling, general and administrative expenses	(19,800)	(19,303)
Research and development costs	(1,364)	(1,203)
Write-off of property, plant and equipment (note 3)	(179)	(1,635)
Gain on disposal of property, plant and equipment (note 3)	157	—
Income from operating activities	8,819	13,949
Finance costs - loans and borrowings and exchangeable promissory notes	(2,235)	(2,465)
Finance costs - lease liabilities	(281)	(205)
Foreign exchange (loss) gain	(250)	1,970
Income before income taxes	6,053	13,249
Income tax recovery (expense):		
Current	(74)	(1,453)
Deferred (note 9)	1,269	(212)
Income tax recovery (expense)	1,195	(1,665)
Net income	7,248	11,584
Other comprehensive (loss) income		
Foreign currency translation differences on foreign operations	(79)	1,455
<b>Total comprehensive income</b>	<b>\$ 7,169</b>	<b>\$ 13,039</b>
Net income per share - basic (restated - note 8)	\$ 0.21	\$ 0.34
Net income per share - diluted (restated - note 8)	\$ 0.19	\$ 0.30

See accompanying notes to the unaudited condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Three months ended March 31, 2025 and 2024

Canadian dollars in '000s  
(unaudited)

	Share capital	Treasury Shares	Exchangeable promissory ("EP") Notes	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
Balance, December 31, 2023	\$ 197,380	\$ (709)	\$ 1,242	\$ 17,002	\$ 13,088	\$ (48,535)	\$ 179,468
Comprehensive income	—	—	—	—	1,455	11,584	13,039
Repurchased pursuant to normal course issuer bid	(2,019)	—	—	—	—	(58)	(2,077)
Issued pursuant to stock option exercises	358	—	—	(135)	—	—	223
Share-based compensation	—	—	—	1,153	—	—	1,153
Balance, March 31, 2024	\$ 195,719	\$ (709)	\$ 1,242	\$ 18,020	\$ 14,543	\$ (37,009)	\$ 191,806

	Share capital	Treasury shares	EP Notes	Contributed surplus	Accumulated other comprehensive income	Surplus	Total shareholders' equity
Balance, December 31, 2024	\$ 195,516	\$ (469)	\$ 1,242	\$ 17,408	\$ 19,151	\$ 8,732	\$ 241,580
Comprehensive (loss) income	—	—	—	—	(79)	7,248	7,169
Repurchased pursuant to normal course issuer bid (note 7)	(4,219)	—	—	—	—	(303)	(4,522)
Accrued purchases under the normal course issuer bid (note 7)	(2,030)	—	—	—	—	214	(1,816)
Issued pursuant to stock options exercised (note 7)	331	—	—	(130)	—	—	201
Share-based compensation	—	—	—	672	—	—	672
Balance, March 31, 2025	\$ 189,598	\$ (469)	\$ 1,242	\$ 17,950	\$ 19,072	\$ 15,891	\$ 243,284

See accompanying notes to the unaudited condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended March 31, 2025 and 2024

Canadian dollars in '000s  
(unaudited)

	Three months ended March 31,	
	2025	2024
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income	\$ 7,248	\$ 11,584
Non-cash adjustments:		
Income tax (recovery) expense	(1,195)	1,665
Depreciation and amortization	10,174	13,982
Share-based compensation	672	1,153
Write-off of property, plant and equipment (note 3)	179	1,635
Gain on disposal of property, plant and equipment (note 3)	(157)	—
Write-down of inventory included in cost of sales	—	7
Finance costs - loans and borrowings and exchangeable promissory notes	2,235	2,465
Finance costs - lease liabilities	281	205
Income tax refund (payment)	55	(160)
Unrealized foreign exchange loss (gain)	284	(2,309)
	19,776	30,227
Changes in non-cash operating working capital	(1,091)	(14,481)
Cash flow - operating activities	18,685	15,746
<b>Investing activities:</b>		
Property, plant and equipment additions (note 3)	(23,549)	(15,919)
Intangible asset additions (note 4)	(188)	(4,967)
Proceeds on disposal of property, plant and equipment	208	—
Changes in non-cash investing working capital	12,720	2,758
Cash flow - investing activities	(10,809)	(18,128)
<b>Financing activities:</b>		
Advances of loans and borrowings, net of upfront financing fees (note 6)	(335)	10,000
Repayments on loans and borrowings (note 6)	(28)	(6,709)
Payments on lease liabilities, net of finance costs (note 5)	(1,037)	(899)
Interest paid	(2,199)	(2,373)
Common shares repurchased pursuant to normal course issuer bid	(6,338)	(2,077)
Proceeds on common share and warrant issuances, net of issuance costs	201	223
Changes in non-cash financing working capital	1,816	—
Cash flow - financing activities	(7,920)	(1,835)
Effect of exchange rate on changes in cash	201	451
Change in cash	157	(3,766)
Cash, beginning of period	12,792	10,731
Cash, end of period	\$ 12,949	\$ 6,965

See accompanying notes to the unaudited condensed consolidated financial statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

ACT Energy Technologies Ltd. (“LTD”), is a company domiciled in Canada, and along with its below noted subsidiaries, together, are referred to as the “Company” or “ACT”. The Company is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) under the symbol “ACX”.

The unaudited condensed consolidated financial statements of the Company as at and for the three months ended March 31, 2025 and 2024, are comprised of the following 100% owned subsidiaries:

- 2438155 Alberta Ltd.;
- LEXA Drilling Technologies Inc.;
- CET Holdco Inc. (“Holdco”);
- CET Flight Holdco, Inc. (“Flight”);
- Cathedral Energy Services Inc. (“INC”);
- Rime Downhole Technologies, LLC (“Rime”);
- Altitude Energy Holdco, LLC (“AEH”); and
- Altitude Energy Partners, LLC (“Altitude”).

The Company is primarily involved and engaged in the business of providing directional drilling services and related downhole technologies to oil and natural gas companies in Western Canada and the United States (“U.S.”). The Company operates under three brands, Altitude Energy Partners, Discovery Downhole Services and Rime Downhole Technologies.

LTD has a functional currency of Canadian dollars (“CAD”) while Holdco, Flight, INC, Rime, AEH and Altitude are incorporated in the U.S. and have a functional currency of United States dollars (“USD”).

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). Accordingly, certain information and note disclosures normally included in the annual financial statements, prepared in accordance with IFRS Accounting Standards, have been omitted or condensed.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024. Certain figures in the comparative period have been reclassified for comparability with the current period presentation.

The Company completed a share consolidation of its outstanding common shares on the basis of one post-consolidation common share for every seven pre-consolidation common shares, effective July 3, 2024. As a result, all common shares and per-share amounts disclosed herein reflect the post-share consolidation shares unless otherwise specified.

These unaudited condensed consolidated financial statements were prepared using accounting policies and methods of their application consistent with those used in the preparation of the Company's consolidated audited annual financial statements for the year ended December 31, 2024.

The unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on May 8, 2025.

These unaudited condensed consolidated financial statements for the three months ended March 31, 2025, are presented in CAD (tabular amounts in thousands), except for per share amounts, which is the Company's presentation and functional currency.

### Use of estimates and judgements

The preparation of the unaudited condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant judgements made by management in applying the Company's accounting policies and the information used in assessing uncertainty have not changed significantly since December 31, 2024.

Significant estimates and judgements used in the preparation of these unaudited condensed consolidated financial statements remained unchanged from those disclosed in the Company's consolidated audited annual financial statements for the year ended December 31, 2024.

The impacts of geopolitical and macroeconomic events, including tariffs imposed between Canada and the United States and regional conflicts, particularly in oil-producing areas, may materially affect energy markets, interest rates, inflation rates, and supply chains, leading to increased volatility and uncertainty. Management has incorporated known facts and circumstances into the preparation of its estimates to the extent reasonably possible; however, actual results may differ from these estimates, and such differences could be material.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Current and Future Accounting Pronouncements

Effective January 1, 2025, IAS 21 - The Effects of Changes in Foreign Exchange Rates, has been amended to provide clarification on when and how to estimate a spot rate. There was no material impact on the Company's financial statements for the adoption of this amended standard.

There are certain accounting pronouncements issued but not yet effective in the year, including those effective in January 2026 (IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments) and those effective in January 2027 (IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures). The Company is currently in the process of assessing the impact of these standards on the financial statements.

## 3. PROPERTY, PLANT AND EQUIPMENT

<b>Cost</b>	Directional drilling equipment	Shop and automotive equipment	Other	Total
Balance, December 31, 2024	\$ 232,194	\$ 11,205	\$ 10,180	\$ 253,579
Additions	22,840	56	653	23,549
Disposals and write-offs	(1,012)	(339)	(29)	(1,380)
Effects of movements in exchange rates	(95)	(7)	(6)	(108)
Balance, March 31, 2025	\$ 253,927	\$ 10,915	\$ 10,798	\$ 275,640

<b>Accumulated depreciation</b>	Directional drilling equipment	Shop and automotive equipment	Other	Total
Balance, December 31, 2024	\$ 116,266	\$ 5,818	\$ 2,252	\$ 124,336
Depreciation	5,822	325	443	6,590
Disposals and write-offs	(858)	(274)	(17)	(1,149)
Effects of movements in exchange rates	(24)	1	1	(22)
Balance, March 31, 2025	\$ 121,206	\$ 5,870	\$ 2,679	\$ 129,755

<b>Net book values</b>	Directional drilling equipment	Shop and automotive equipment	Other	Total
Balance, December 31, 2024	\$ 115,928	\$ 5,387	\$ 7,928	\$ 129,243
Balance, March 31, 2025	\$ 132,721	\$ 5,045	\$ 8,119	\$ 145,885

During the three months ended March 31, 2025, the Company recognized a write-off of property, plant and equipment of \$0.2 million (2024 - \$1.6 million), related to equipment lost-in-hole and damaged beyond repair, and a gain on disposal of property, plant and equipment of \$0.2 million (2024 - nil).

As at March 31, 2025, property, plant and equipment included \$15.8 million (December 31, 2024 - \$12.3 million) of directional drilling equipment not yet being depreciated as they are currently being manufactured and tested. Depreciation of the assets will commence upon the assets being fully operational.

## 4. INTANGIBLE ASSETS AND GOODWILL

### Intangible assets

<b>Cost</b>	Customer Relationships	Brand Name	Non- Compete Agreements	RSS Licenses	Developed Technology	Total
Balance, December 31, 2024	\$ 31,397	\$ 7,798	\$ 1,034	\$ 23,172	\$ 38,759	\$ 102,160
Additions	—	—	—	—	188	188
Effects of movements in exchange rates	(28)	(7)	(1)	(21)	(30)	(87)
Balance, March 31, 2025	\$ 31,369	\$ 7,791	\$ 1,033	\$ 23,151	\$ 38,917	\$ 102,261

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

<b>Accumulated amortization</b>	Customer Relationships	Brand Name	Non-Compete Agreements	RSS Licenses	Developed Technology	Total
Balance, December 31, 2024	\$ 11,860	\$ 1,317	\$ 464	\$ 3,862	\$ 7,305	\$ 24,808
Amortization	1,333	139	51	722	547	2,792
Effects of movements in exchange rates	(9)	(1)	—	(2)	(2)	(14)
Balance, March 31, 2025	\$ 13,184	\$ 1,455	\$ 515	\$ 4,582	\$ 7,850	\$ 27,586

<b>Net book values</b>	Customer Relationships	Brand Name	Non-Compete Agreements	RSS Licenses	Developed Technology	Total
Balance, December 31, 2024	\$ 19,537	\$ 6,481	\$ 570	\$ 19,310	\$ 31,454	\$ 77,352
Balance, March 31, 2025	\$ 18,185	\$ 6,336	\$ 518	\$ 18,569	\$ 31,067	\$ 74,675
Remaining amortization in years	3.4	11.4	2.6	6.4	12.3	6.5

## Goodwill

The Company has goodwill related to acquisitions. The goodwill carrying value fluctuates due to the effects of movements in exchange rates. The goodwill carrying value was \$43.4 million as at March 31, 2025 and December 31, 2024.

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Right-of-use assets

Balance, December 31, 2024	\$ 15,359
Additions	2,731
Amortization	(792)
Effects of movements in exchange rates	(13)
Balance, March 31, 2025	\$ 17,285

### Lease liabilities

Balance, December 31, 2024	\$ 20,161
Additions	2,731
Interest	281
Payments	(1,318)
Effects of movements in exchange rates	(16)
Balance, March 31, 2025	\$ 21,839
Less: current portion	(4,034)
Lease liabilities, long-term	\$ 17,805

The Company holds leases related to certain operations and office facilities. The leases have various expiry dates ranging from November 2025 to June 2035.

During the three months ended March 31, 2025, the Company amended its existing lease agreement for an office facility located in the Woodlands, Texas. The amendment included updated lease payments and extended the lease term from November 2029 to June 2035.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. LOANS AND BORROWINGS

	March 31, 2025	December 31, 2024
Balance,		
Syndicated Revolving Facility, net of unamortized upfront financing fees	\$ 62,515	\$ —
Syndicated Operating Facility	—	5,000
CAD Syndicated Term Facility, net of unamortized upfront financing fees	—	36,785
USD Syndicated Term Facility, net of unamortized upfront financing fees	—	21,029
HASCAP loan	685	713
Total loans and borrowings	\$ 63,200	\$ 63,527
Less: HASCAP loan, current	(685)	(713)
Less: CAD Syndicated Term Facility, current	—	(14,714)
Less: USD Syndicated Term Facility, current	—	(6,008)
Loans and borrowings, current	\$ (685)	\$ (21,435)
Loans and borrowings, long-term	\$ 62,515	\$ 42,092

### Syndicated Credit Facility and Revolving Operating Facilities

On March 21, 2025, the Company entered into a Fifth Amended and Restated Credit Agreement with its existing syndicate of lenders co-lead by ATB Financial and Royal Bank of Canada (“Amended Credit Agreement”). The Amended Credit Agreement provided for the following:

- i. A revolving facility with an approximate principal amount of \$124.3 million comprised of: i) \$100.0 million Syndicated Revolving Facility (“CAD Syndicated Revolving Facility”) and ii) \$10.0 million revolving facility provided by ATB Financial (“ATB Revolving Facility”), and iii) USD \$10.0 million (approximately CAD \$14.3 million equivalent) provided by HSBC Bank USA, N.A. (“HSBC Revolving Facility”). The revolving facility replaced the Company’s existing facilities (CAD Syndicated Term Facility of \$59.0 million, USD Syndicated Term Facility of USD \$21.0 million, Syndicated Operating Facility of \$35.0 million, Revolving Operating Facility of \$15.0 million and USD Revolving Operating Facility of \$10.0 million). As such, the contractual repayments of the CAD Syndicated Term Facility and USD Syndicated Term Facility are no longer required;
- ii. A lower amended interest rate updated to the financial institution’s prime rate plus 1.0% to 1.75% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.0% to 2.75% (previously prime rate plus 1.5% to 2.25% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.5% to 3.25%);
- iii. The maturity date extended from July 11, 2026 to March 21, 2028;
- iv. Replaced the financial covenant of Consolidated Fixed Charge Coverage ratio (previously required to be no less than 1.25:1) with a Consolidated Interest Coverage Ratio, which is required to be no less than 3.0:1. The Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio remained unchanged and shall not exceed 2.5:1; and
- v. The syndicate of lenders remained unchanged with the exception of Royal Bank of Canada joining ATB Financial as the syndicate co-lead.

As at March 31, 2025, \$61.3 million of the \$124.3 million Revolving Facility remained undrawn.

At March 31, 2025, the Company was in compliance with all covenants, including its financial covenants, which were as follows:

- Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio shall not exceed 2.5:1; and
- Consolidated Interest Coverage ratio shall not be less than 3.0:1.

## 7. SHARE CAPITAL

An unlimited number of common shares and preferred shares (issuable in series) are authorized. The Company has not issued any preferred shares. The following is a summary of the issued and outstanding common shares:

	Number (000s) (Restated)	Amount
Balance, December 31, 2024	34,425	\$ 195,516
Repurchased pursuant to normal course issuer bid	(743)	(4,219)
Accrued purchases under the normal course issuer bid	—	(2,030)
Issued pursuant to stock option exercises	48	201
Contributed surplus on stock option exercises	—	130
Balance, March 31, 2025	33,730	\$ 189,598

### Normal course issuer bid

During the three months ended March 31, 2025, 742,699 (2024 - 353,100) common shares were purchased under the normal

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

course issuer bid ("NCIB") for a total purchase amount of \$4.5 million (2024 - \$2.1 million) at an average price of \$6.09 (2024 - \$5.88) per common share. A portion of the purchase amount reduced share capital by \$4.2 million (2024 - \$2.0 million) and the residual purchase amount of \$0.3 million (2024 - \$0.1 million) was recorded to the surplus.

In connection with the NCIB, the Company established an automatic securities purchase plan ("the Plan"). Accordingly, the Company may repurchase its common shares under the Plan on any trading day during the NCIB, including during regulatory restrictions or self-imposed trading blackout periods. The Plan commenced on July 29, 2024 and will terminate on July 28, 2025. As at March 31, 2025, the Company recognized \$3.9 million as an accrued liability for the maximum common shares to be purchased under the Plan.

Subsequent to March 31, 2025, the Company purchased 212,900 common shares for a total purchase amount of \$1.0 million, at an average purchase price of \$4.84 per common share.

### Stock options

A summary of the Company's stock options during the three months ended March 31, 2025 is as follows:

	Number (000's) (Restated)	Weighted average exercise price (Restated)
Balance, December 31, 2024	2,910	\$ 5.71
Exercised	(48)	\$ 4.20
Expired or forfeited	(47)	\$ 5.39
Balance, March 31, 2025	2,815	\$ 5.74
Exercisable, March 31, 2025	1,649	\$ 5.43

The range of exercise prices for the stock options outstanding as at March 31, 2025 is as follows:

Exercise price range (Restated)	Outstanding			Exercisable		
	Number of units (000's) (Restated)	Weighted average remaining life (Years)	Weighted average exercise price (Restated)	Number of units (000's) (Restated)	Weighted average remaining life (Years)	Weighted average exercise price (Restated)
\$4.20 to \$6.09	1,773	0.80	\$ 5.35	1,519	0.70	\$ 5.26
\$6.24 to \$8.26	1,042	2.18	\$ 6.40	130	0.91	\$ 7.40
Total	2,815	1.31	\$ 5.74	1,649	0.72	\$ 5.43

## 8. NET INCOME PER SHARE

Three months ended March 31,	2025	2024
Net income	\$ 7,248	\$ 11,584
<i>(Restated) (000's)</i>		
Outstanding common shares, beginning of the period	34,425	34,522
Effect of purchased common shares	(285)	(188)
Effect of common shares issued	20	49
Weighted average common shares (basic)	34,160	34,383
Effect of outstanding stock options and warrants	196	601
Effect of outstanding EP Notes	3,511	3,511
Weighted average common shares (diluted)	37,867	38,495
Net income per share - basic (restated - note 7)	\$ 0.21	\$ 0.34
Net income per share - diluted (restated - note 7)	\$ 0.19	\$ 0.30

During the three months ended March 31, 2025, 2,104,905 stock options (2024 – 321,429 stock options) were excluded from the diluted weighted average number of common shares calculation as their effect was anti-dilutive.

## 9. DEFERRED TAXES

During the three months ended March 31, 2025, the Company utilized previously unrecognized Canadian tax pools reducing the Canadian segment tax expense to nil. The remaining amount of unrecognized Canadian and U.S. tax pools as at March 31, 2025 are estimated to be \$5.5 million and \$9.6 million, respectively. In determining the amount of current and deferred income tax expense, including recognition of previously unrecognized tax pools, the Company relies on estimates and assumptions which involve judgements about future events. Management's assessment is that the Canadian tax pools will likely be utilized within the

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

next twelve to eighteen months. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

### 10. OPERATING SEGMENTS

The Company has two operating segments based on its geographic operating locations of Canada and U.S. and a non-operating segment, for joint corporate costs ("Corporate services"). The Company determines its reportable segments based on internal information regularly reviewed by management to allocate resources and assess performance. The Corporate services segment is comprised of costs which are managed on a group basis and are not allocated to the operating segments. The Corporate services segment primarily consists of selling, general and administrative expenses, foreign exchange gain (loss) and acquisition and reorganization costs.

	Three months ended March 31, 2025				Three months ended March 31, 2024			
	U.S.	Canada	Corporate services	Total	U.S.	Canada	Corporate services	Total
Revenues	\$ 81,616	\$ 53,741	\$ —	\$ 135,357	\$ 106,562	\$ 58,394	\$ —	\$ 164,956
Depreciation and amortization - cost of sales	\$ (2,425)	\$ (4,923)	\$ —	\$ (7,348)	\$ (2,908)	\$ (8,727)	\$ —	\$ (11,635)
Cost of sales <sup>(1)</sup>	\$ (67,066)	\$ (38,286)	\$ —	\$ (105,352)	\$ (83,625)	\$ (45,241)	\$ —	\$ (128,866)
Depreciation and amortization - selling, general and administrative expenses	\$ (2,707)	\$ (119)	\$ —	\$ (2,826)	\$ (2,224)	\$ (123)	\$ —	\$ (2,347)
Selling, general and administrative expenses <sup>(1)</sup>	\$ (9,449)	\$ (6,855)	\$ (3,496)	\$ (19,800)	\$ (11,573)	\$ (3,682)	\$ (4,048)	\$ (19,303)
Finance costs - loans and borrowings and EP notes	\$ (561)	\$ (1,674)	\$ —	\$ (2,235)	\$ (564)	\$ (1,901)	\$ —	\$ (2,465)
Income (loss) before income taxes	\$ (596)	\$ 13,271	\$ (6,622)	\$ 6,053	\$ 8,317	\$ 9,641	\$ (4,709)	\$ 13,249

<sup>(1)</sup> Inclusive of direct costs, depreciation and amortization, and share-based compensation.

	As at March 31, 2025				As at December 31, 2024			
	U.S.	Canada	Corporate services	Total	U.S.	Canada	Corporate services	Total
Total liabilities	\$ 143,313	\$ 98,404	\$ —	\$ 241,717	\$ 135,037	\$ 96,264	\$ —	\$ 231,301
Total assets	\$ 372,149	\$ 112,852	\$ —	\$ 485,001	\$ 353,367	\$ 119,514	\$ —	\$ 472,881
Property, plant and equipment	\$ 108,480	\$ 36,796	\$ 609	\$ 145,885	\$ 83,376	\$ 45,227	\$ 640	\$ 129,243

There are no material differences in the basis of accounting or the measurement of income, assets and liabilities between the Company and reported segment information. Revenues and expenses are attributed to geographical areas based on the location in which the services are rendered. The segment presentation of assets is based on legal owner of the assets which bears the related depreciation and amortization expenses.

### 11. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

As at March 31, 2025, the Company's commitment to capital is approximately \$7.2 million (December 31, 2024 - \$11.9 million), which is expected to be incurred over the next six months.

The Company holds six letters of credit totaling \$1.8 million (December 31, 2024 - \$1.8 million) related to rent payments, corporate credit cards and a utilities deposit.

#### Provision

In relation to a pre-closing sales tax issue related to the July 14, 2022 acquisition of Altitude, as a result of a preliminary assessment, the Company has recognized a provision of \$15.5 million in Trade and other payables. Pursuant to the Equity Purchase Agreement related to the Altitude acquisition, the sellers provided the Company with an indemnity related to pre-closing tax issues, including the sales tax issue noted. Accordingly, the Company has recognized an offsetting indemnity receivable of \$15.5 million in Other receivable. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of this provision.

The Company is also involved in various other legal claims and tax audits associated with the normal course of operations. The Company believes that any liabilities that may arise pertaining to such matters would not have a material impact on its financial position.

# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## **Tariffs**

In 2025, the U.S. government implemented additional tariffs on goods imported from Canada, Mexico and China. On March 6, 2025, it was announced that the implementation of tariffs on USMCA-compliant goods between the U.S. and Canada would be delayed for thirty days. At this time, the Company is unable to determine the duration and impact of tariffs affecting the movement of goods across North American borders and is actively evaluating the potential business impacts of these tariffs.