



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2025 and 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TerraVest Industries Inc.

Opinion

We have audited the consolidated financial statements of TerraVest Industries Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at September 30, 2025 and 2024
- the consolidated statements of income for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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



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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the existence and accuracy of raw materials and work-in-progress inventories

Description of the matter

We draw attention to Notes 2.11 and 7 to the financial statements. The raw materials and work-in-progress inventories totaled \$172,332 thousand and \$103,110 thousand, respectively. The Entity measures inventories at the lower of cost and net realizable value. The cost of raw materials and work-in-progress inventories includes all costs of purchase, manufacturing costs and other costs incurred to bring the inventories to their present location and condition. Manufacturing costs includes a pro rata share of production overheads based on normal production capacity. The cost of inventories is based on weighted average cost or first-in, first-out ("FIFO") method.

Why the matter is a key audit matter

We identified the assessment of the existence and accuracy of raw materials and work-in-progress inventories as a key audit matter. This matter required an increased audit effort given the magnitude of the raw materials and work-in-progress balances, the number of products involved and the fact that the inventories are held in numerous locations.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following. For a selection of locations, we:

- Observed the Entity's physical counts at or close to the year-end date and we independently counted a sample of raw materials and work-in-progress inventories, which we compared to the quantity (1) counted by the Entity's personnel, and (2) found in the Entity's inventory records.
- Tested a sample of inventory movements by inspecting raw materials purchase invoices and sales shipping documents between the count date and the year-end date.
- Tested a sample of raw materials and work-in-progress inventories items by inspecting raw materials purchase invoices and supporting documentation for manufacturing costs for work-in-progress inventories.



- Assessed the appropriate application of the Entity's costing methodologies by recalculating the inventory cost for the sampled items, according to the weighted average cost or FIFO methods, as applicable.

Evaluation of the acquisition-date fair value of customer relationships and contingent consideration related to the EnTrans business acquisition

Description of the matter

We draw attention to Notes 2.5 and 3 to the financial statements. On March 17, 2025, the Entity acquired all outstanding shares of EnTrans International LLC Inc. ("EnTrans"), for a total purchase price of \$838,360 thousand including contingent consideration of \$58,770 thousand. The Entity estimated the fair value of the customer relationships using valuation techniques based upon discounted cash flows according to currently available information, such as historical and projected revenues, customer attrition rates and certain other relevant assumptions. The Entity estimated the fair value of the contingent consideration based on management's estimate of budgeted annual earnings before interests, income taxes, depreciation and amortization for the 12-month period following the acquisition. The valuation of the customer relationships and contingent consideration involve significant estimation uncertainty, including assumptions relating to projected revenues and projected cash flows. The valuation of the customer relationships also included significant assumptions related to the customer attrition rate and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of the customer relationships and contingent consideration related to the EnTrans business acquisition as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the customer relationships and contingent consideration and the high degree of estimation uncertainty in determining the fair value of the customer relationships and contingent consideration. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the Entity's fair value of the customer relationships and contingent consideration to minor changes in the assumptions noted above.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the reasonableness of the Entity's projected revenues, including customer attrition rates, and projected cash flows by considering historical results and by performing sensitivity analyses over these assumptions to assess the impact on the values determined by the Entity. We took into account changes in conditions and events affecting the customer relationships and contingent consideration arrangement to assess the adjustment, or lack of adjustments, made by the Entity to historical results in arriving at the forecasted amounts.



- We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the Entity's discount rate by comparing against discount rate ranges that were independently developed using industry data and publicly available market data from comparable companies.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



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- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor's 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 auditor's report is Philippe Grubert.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Montréal, Canada

December 10, 2025

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

	Note	As at September 30, 2025 \$	As at September 30, 2024 \$
ASSETS			
Current			
Cash		13,946	28,375
Accounts receivable	6	210,390	126,365
Income taxes receivable		11,824	3,235
Inventories	7	351,637	211,179
Other current assets	8	25,817	19,721
		613,614	388,875
Non-Current			
Finance leases receivable		2,742	-
Property, plant and equipment	9	302,830	197,443
Right-of-use assets	10	223,025	105,213
Intangible assets	11	390,057	58,092
Net defined benefit asset	18	12,861	8,941
Deferred income tax assets	17	11,225	14,320
Investments	12	63,082	17,376
Goodwill	13	461,090	77,567
		2,080,526	867,827
LIABILITIES			
Current			
Accounts payable and accrued liabilities	14	172,487	76,946
Customer deposits		58,184	48,092
Dividends payable	19	3,795	2,925
Income taxes payable		2,551	6,130
Contingent considerations	5	52,724	-
Current portion of long-term debt	15	106,674	15,701
Current portion of lease liabilities	16	15,527	9,414
		411,942	159,208
Non-Current			
Long-term debt	15	647,307	173,157
Lease liabilities	16	221,441	104,586
Contingent considerations	5	-	4,000
Net defined benefit liability	18	4,599	3,359
Deferred income tax liabilities	17	33,081	23,899
		1,318,370	468,209
SHAREHOLDERS' EQUITY			
Share capital	19	563,988	250,644
Share premium		(10,748)	14,838
Share-based payments reserve		1,427	2,144
Accumulated other comprehensive income (loss)		(3,337)	1,318
Retained earnings		170,708	98,707
		722,038	367,651
Non-controlling interests		40,118	31,967
		762,156	399,618
		2,080,526	867,827

See accompanying notes to the consolidated financial statements

On behalf of the Board:

/s/ Charles Pellerin, Director

/s/ Blair Cook, Director

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Income

(In thousands of Canadian dollars, except share and per share amounts)

	Note	Years ended	
		September 30, 2025	September 30, 2024
		\$	\$
SALES	29		
Products		1,140,497	708,366
Services		230,654	203,450
		1,371,151	911,816
Cost of sales		989,866	648,450
Gross profit		381,285	263,366
EXPENSES			
Administration ⁱ⁾		198,111	113,365
Selling		43,503	30,820
Financing costs	22	49,785	25,138
Other (gains) losses	23	(32,052)	(2,689)
		259,347	166,634
EARNINGS BEFORE INCOME TAXES		121,938	96,732
INCOME TAX EXPENSE (RECOVERY)	17		
Current		31,681	28,115
Deferred		(8,106)	(4,627)
		23,575	23,488
NET INCOME		98,363	73,244
Net income attributable to:			
Common shareholders		86,651	63,571
Non-controlling interests		11,712	9,673
		98,363	73,244
Weighted average number of common shares:			
Basic	20	20,281,344	18,630,378
Diluted	20	20,969,439	19,324,764
Net income per share:			
Basic	20	\$4.27	\$3.41
Diluted	20	\$4.13	\$3.29

ⁱ⁾ Includes amortization of intangible assets expense of \$62,567 for the year ended September 30, 2025 (\$27,166 for the year ended September 30, 2024).

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Comprehensive Income

(In thousands of Canadian dollars)

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
NET INCOME	98,363	73,244
Other comprehensive income (loss), net of income tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translating foreign operations	(4,655)	(334)
COMPREHENSIVE INCOME (LOSS)	93,708	72,910
Attributable to:		
Common shareholders	81,996	63,237
Non-controlling interests	11,712	9,673
	93,708	72,910

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

		Years ended	
	Note	September 30, 2025	September 30, 2024
		\$	\$
Share capital			
Common shares:	19		
Balance, beginning of year		250,644	150,092
Issued on bought deal offering, net of transaction costs		310,299	93,039
Issued on business combination, net of transaction costs		2,487	6,916
Issued on exercise of stock options		558	597
Balance, end of year		563,988	250,644
Share premium			
Balance, beginning of year		14,838	18,788
Reduction on exercise of stock options		(10,079)	(1,178)
Excess consideration paid on settlement of stock options		(15,507)	(2,772)
Balance, end of year		(10,748)	14,838
Share-based payments reserve			
Balance, beginning of year		2,144	1,980
Share-based payments expense		230	514
Reduction on exercise and settlement of stock options		(947)	(350)
Balance, end of year		1,427	2,144
Accumulated other comprehensive income (loss)			
Balance, beginning of year		1,318	1,652
Other comprehensive income (loss)		(4,655)	(334)
Balance, end of year		(3,337)	1,318
Retained earnings			
Balance, beginning of year		98,707	44,564
Net income attributable to common shareholders		86,651	63,571
Net remeasurement gain on defined benefit plans, net of income tax		2,731	1,951
Change in non-controlling interest		(2,965)	(88)
Dividends declared during the year	19	(14,416)	(11,291)
Balance, end of year		170,708	98,707
Total shareholders' equity attributable to common shareholders		722,038	367,651
Non-controlling interests			
Balance, beginning of year		31,967	20,667
Change in non-controlling interest		(4,118)	1,041
Change attributable to subsidiary's stock options plan		557	586
Net income attributable to non-controlling interests		11,712	9,673
Balance, end of year		40,118	31,967
Total shareholders' equity		762,156	399,618

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

	Note	Years ended	
		September 30, 2025	September 30, 2024
		\$	\$
OPERATING ACTIVITIES			
Net income		98,363	73,244
Adjustments for:			
Current income tax expense		31,681	28,115
Interest expense		48,194	24,500
Items not affecting cash	24	85,217	64,300
Interest paid		(46,578)	(24,155)
Net income taxes paid		(42,707)	(27,051)
Contributions to post-employment benefits plans	18	(668)	(226)
Settlement of derivative financial instruments		86	107
Change in non-cash operating working capital items	24	(62,518)	17,644
		111,070	156,478
INVESTING ACTIVITIES			
Consideration paid on business combinations, net of cash acquired	4	(857,627)	(149,114)
Purchase of other property, plant and equipment		(59,122)	(44,013)
Proceeds from disposal of other property, plant and equipment		4,665	19,159
Purchase of property, plant and equipment for rental		(7,589)	(11,751)
Proceeds from disposal of property, plant and equipment for rental		7,077	11,825
Purchase of intangible assets		(1,732)	(574)
Investments	24	(36,155)	(2,948)
Proceeds from sale of business		2,992	4,260
Net change in non-controlling interest		(7,243)	(2,220)
		(954,734)	(175,376)
FINANCING ACTIVITIES			
Net change in current revolving credit facilities		-	(14,983)
Net change in long-term revolving operating loans, net of transaction costs		379,018	(13,036)
Issuance of long-term debt		421,200	21,667
Repayment of long-term debt		(225,516)	(39,407)
Repayment of lease liabilities	16	(12,505)	(8,336)
Issuance of common shares, net of transaction costs	19	307,011	91,928
Exercise and settlement of stock options, net of proceeds		(25,975)	(4,564)
Dividends paid		(13,546)	(10,604)
		829,687	22,665
Net (outflows) inflows for the year		(13,977)	3,767
Cash, beginning of year		28,375	24,585
Impact of foreign exchange on cash		(452)	23
CASH, END OF YEAR		13,946	28,375

See accompanying notes to the consolidated financial statements

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2025

(In thousands of Canadian dollars, except share and per share amounts)

1. DESCRIPTION OF THE BUSINESS

TerraVest Industries Inc. ("TerraVest" or the "Company") is incorporated under the laws of Alberta and is listed on the Toronto Stock Exchange (equity symbol: TVK). TerraVest's head office is located at 6205 60th Street in Vegreville, Alberta, Canada.

TerraVest is a diversified industrial company that manufactures and sells goods and services to various end-markets including: agriculture, mining, energy production and distribution, chemical, utilities, transportation and construction, among others. TerraVest is focused on acquiring and operating market leading businesses that will benefit from TerraVest's financial and operational support. These opportunities generally center on manufactured products and services that complement TerraVest's existing operations and provide integration benefits.

TerraVest is comprised of four operating segments as described in Note 2.6.

2. ACCOUNTING POLICIES

TerraVest's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 10, 2025.

At the authorization date of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretations have been published by the International Accounting Standards Board ("IASB"). None of these standards or amendments to existing standards have been adopted early by TerraVest. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

The following material accounting policies have been applied to all periods presented in these consolidated financial statements.

2.1 Basis of presentation

These consolidated financial statements have been prepared using the going concern assumption and the historical cost method except for certain financial instruments for which the accounting treatment is described in Note 2.21.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars; TerraVest's functional currency.

2.3 Basis of consolidation

These consolidated financial statements include the accounts of TerraVest and of its subsidiaries. Accounts of the subsidiaries are included in the consolidated financial statements from the date TerraVest obtains control until the date control ceases. All intercompany balances, revenues and expenses and cash flows are fully eliminated upon consolidation.

Subsidiaries are entities controlled by TerraVest. Control is achieved when TerraVest has power over the entity, is entitled to returns from the entity and has the ability to affect those returns through its power over the entity.

TerraVest attributes net income and comprehensive income of subsidiaries between the owners of TerraVest and the non-controlling interests based on their respective ownership interests.

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2025

(In thousands of Canadian dollars, except share and per share amounts)

The significant subsidiaries of TerraVest included in these consolidated financial statements are as follows:

Name of Subsidiary	Country	% of ownership
Advance Tank Centres Ltd.	Canada	100
Advance Tank Production Ltd.	Canada	100
Argo Sales LP	Canada	100
Diamond Energy Services Limited Partnership	Canada	100
EnviroVault LP	Canada	100
Gestion Jerico Inc.	Canada	100
Granby Composites Inc.	Canada	100
Granby FRP Tanks Inc.	Canada	100
Granby Furnaces Inc.	Canada	100
Granby Industries Limited Partnership	Canada	100
Green Energy Services Inc.	Canada	65.7
MaXfield LP	Canada	100
NWP Industries LP	Canada	100
Pro-Par Inc.	Canada	100
Segretech Inc.	Canada	76.5
T.S.X. Transport Inc.	Canada	100
Tankcon FRP Inc.	Canada	100
TerraVest Industries Limited Partnership	Canada	100
TerraVest Leasing LP	Canada	100
TerraVest Tanks L.P.	Canada	100
Composite & Metal Products USA, Inc.	United States	100
ECR International, Inc.	United States	100
EnTrans International LLC	United States	100
Granby Heating Products, LLC	United States	100
Granby Industries Transport USA, LLC	United States	100
Heil Trailer International LLC	United States	100
Highland Tank, LLC	United States	100
Iowa Steel Fabricators, LLC	United States	100
L.B.T., Inc.	United States	100
Mississippi Tank & Manufacturing Company	United States	100
MTankCo Supply, LLC	United States	100
Polar Tank Trailer LLC	United States	100
Signature Truck Systems, LLC	United States	100
Simplex, Inc.	United States	100
TerraVest Tanks LLC	United States	100
TerraVest Tanks MI LLC	United States	100
TerraVest Leasing USA LLC	United States	100
Corporation Heil Trailer de Mexico S. de R.L. de C.V.	Mexico	100
Ingenieria En Transporte ETI de Mexico S. de R.L. de C.V.	Mexico	100
Heil Asia Limited	Thailand	100

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2025

(In thousands of Canadian dollars, except share and per share amounts)

2.4 Foreign currency

Transactions and balances

Each subsidiary of TerraVest determines its own functional currency. Transactions in foreign currency are initially recorded in the entity's functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the entity's functional currency using the exchange rate in effect on the reporting date, whereas non-monetary assets and liabilities denominated in foreign currency are translated using historical exchange rates. All exchange gains and losses arising from the translation of these items and transactions are recorded in the consolidated statements of income as they arise, in other (gains) losses.

Foreign operations

The assets and liabilities of foreign operations with a functional currency different from that of TerraVest are translated into Canadian dollars using the exchange rate in effect on the reporting date. Revenues and expenses are translated to Canadian dollars using the monthly average exchange rate for the period in which the transaction occurred. The exchange gains or losses arising from the translation of foreign operations are recognized in other comprehensive income and are reclassified in income on disposal or partial disposal of the investment in the related foreign operation.

2.5 Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred in a business combination is the sum of the acquisition-date fair values of the assets transferred by TerraVest which includes the fair value of any asset or liability arising from a contingent consideration arrangement. For each business combination, TerraVest measures the non-controlling interest, if any, at the proportionate share in the acquiree's identifiable net assets. Acquisition costs are expensed as incurred in administration expenses.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value on that date and are classified in accordance with their contractual terms, economic circumstances and pertinent conditions.

Goodwill, initially recognized at cost as an asset, is measured as the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identified assets and liabilities. If the aggregate of the consideration transferred and the amount recognized for non-controlling interests is lower than the fair value of the identified net assets and liabilities, the difference is recognized in the consolidated statement of income as a bargain purchase gain.

2.6 Segment reporting

An operating segment is a component of TerraVest that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Each operating segment's results are regularly reviewed by the Chief Executive Officer and the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. Operating segments can be aggregated into reportable segments when the segments have similar economic characteristics.

TerraVest is comprised of four operating segments as follows: Home Heating and Cooling Products and Containment Equipment ("HVAC and Containment Equipment"), Compressed Gas Storage and Distribution Equipment ("Compressed Gas Equipment"), Energy Processing Equipment ("Processing Equipment") and Service:

- HVAC and Containment Equipment: is a provider of products and services to a variety of industries across Canada and the United States. The HVAC and Containment Equipment segment manufactures and distributes products including commercial and residential refined fuel tanks, furnaces, boilers, air conditioning equipment and controls, fuel supply systems, load banks as well as chemical storage tanks, wastewater treatment systems, grease removal systems and other custom built steel storage products. This segment sells its products through various distribution networks and direct to end users. The end users of the products are fuel distributors, commercial, residential and industrial consumers, municipalities and government agencies.

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2025

(In thousands of Canadian dollars, except share and per share amounts)

- **Compressed Gas Equipment:** is a provider of products and services to a variety of industries across Canada and the United States. The Compressed Gas Equipment segment manufactures engineered products for the storage, distribution and dispensing of compressed gases, crude oil, refined fuel, dry bulk, chemicals and other liquids. Compressed gases include liquid propane gas ("LPG"), natural gas liquids ("NGL's"), liquified natural gas ("LNG"), anhydrous ammonia ("NH3"), carbon dioxide ("CO2") and various other gases. The products include bulk storage vessels, transport trailers, delivery units, dispensers, commercial and residential storage tanks and other custom vessels. This segment also services the various products it manufactures. This segment's products and services are primarily sold to petroleum and gas distributors, fertilizer distributors, farmers, midstream energy companies and transportation companies and are used by industrial, commercial and residential consumers.
- **Processing Equipment:** is a fabricator of equipment for various end-markets including upstream and midstream oil and gas production, renewable natural gas ("biogas") production, water treatment and mining. The Processing Equipment segment manufactures and sells a wide array of equipment such as: wellhead processing equipment and tanks, desanding equipment, biogas production equipment, water treatment equipment and various other custom process equipment. This segment's products and services are primarily sold to oil and gas producers, midstream companies, utilities, municipalities and engineering companies.
- **Service:** provides a wide range of services to the energy sector in Western Canada including water management, environmental solutions, heating, rentals and well servicing. TerraVest's Service segment is well-recognized for its technological innovation and its industry-leading service product offering. This segment services many of the largest energy producers in Canada.

Corporate charges, assets and liabilities are not allocated to segments.

2.7 Revenue recognition

TerraVest recognizes revenues from contracts with customers once control is transferred and in an amount equal to the consideration to which TerraVest expects to be entitled.

Product sales are revenues arising from the HVAC and Containment Equipment, Compressed Gas Equipment and Processing Equipment segments and are recognized when the performance obligation has been fulfilled, whether at a point of time when the manufacturing of the goods is complete, when the goods leave TerraVest's premises, or when the goods are delivered to the customer, according to the terms of the contract. The contracts entered into are short term in nature and revenues are generally recognized when the goods are delivered to the customer by the HVAC and Containment Equipment segment, either recognized when the goods are delivered to the customer or when the manufacturing of the goods is complete by the Compressed Gas Equipment segment and when the manufacturing of the goods is complete by the Processing Equipment segment.

Services revenues are revenues arising from the Service segment and are recognized at a point in time when services are provided.

Where payments have been received, or invoices issued, for revenue not recognized; amounts are recorded as customer deposits on the consolidated statement of financial position and recorded as revenue when the product and/or services have been provided and the requirements for revenue recognition have been met.

2.8 Post-employment benefits

The present value of the defined benefit obligation, the current service cost and, if applicable, the past service cost are actuarially determined using the projected unit credit method based on management's best-estimate assumptions of the mortality table. The discount rate is based on the interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit obligation. On each annual reporting date, independent actuaries extrapolate the data of the most recent full actuarial valuation to measure, for accounting purposes, the present value of the defined benefit obligation.

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The net defined benefit asset or liability recognized in the consolidated statements of financial position corresponds to the fair value of the plan assets less the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to the present value of the economic benefits available in the form of refunds from the plans or in the form of reductions in future contributions to the plans.

2.9 Income taxes

Income taxes are accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the determination of taxable income. A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the underlying income tax attributes giving rise to the asset will be utilized. Deferred income tax assets are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, when they relate to income taxes levied by the same income tax authority and when TerraVest intends to settle its current income tax assets and liabilities on a net basis.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the income taxation rates (and income taxation laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred income tax assets and liabilities reflects the income tax consequences that would follow from the manner in which TerraVest expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2.10 Earnings per share

Basic earnings per share is calculated using the net income attributable to TerraVest's shareholders divided by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is determined using the same method as basic earnings per share, except that the weighted average number of shares outstanding is adjusted for the effects of all dilutive instruments outstanding.

2.11 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs of purchase, manufacturing costs and other costs incurred to bring the inventories to their present location and condition. Manufacturing costs include a pro rata share of production overheads based on normal production capacity. The cost of certain inventories is based on weighted average cost while the cost of other inventories is determined using a first-in, first-out ("FIFO") method. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

2.12 Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at cost less accumulated depreciation and impairment. Cost includes acquisition costs or manufacturing costs and any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Financing costs are added to the cost of the asset when funds are borrowed specifically for the construction of the asset. When components of an item of PP&E have different useful lives, they are accounted for as separate items of PP&E. The costs of the day-to-day maintenance of PP&E are recognized in profit or loss as incurred.

The gain or loss on disposal or retirement of an item of PP&E is determined as the difference between the proceeds from disposal and the carrying amount of the asset and is recognized in the consolidated statement of income as other (gains) losses.

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PP&E are depreciated over the estimated useful life of the specific asset as follows:

Categories	Estimated useful lives
Land and buildings	
Land	-
Buildings	10 to 25 years
Leasehold improvements	Lesser of estimated economic life or lease term
Machinery and equipment	
Production and shop equipment	5 to 10 years
Service rigs	Hours of operation – useful life 2,000 to 48,000 hours
Equipment for rental	5 to 10 years
Others	
Vehicles	5 to 15 years
Office equipment and furnishings	3 to 10 years
Computer hardware	1 to 3 years

Land is not depreciated. An item of PP&E is not depreciated until it can be operated in the manner intended by management. The depreciation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimates being accounted for on a prospective basis.

2.13 Intangible assets

Identifiable intangible assets acquired in a business combination are recognized separately from goodwill if they meet the definition of intangible asset and if their fair value can be measured reliably. The cost of these intangible assets equals their acquisition-date fair value. After initial recognition, intangible assets are recorded at cost less accumulated amortization, if they are amortizable, and less accumulated impairment.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful lives from the date they are available for use as follows:

Categories	Estimated useful lives
Customer-related	
Sales order backlog	6 to 37 months
Customer relationships	7 to 10 years
Technology-based	
Technologies and technical drawings	5 years
Patents	10 to 15 years
Computer software	5 to 10 years
Non-compete agreements	3 to 5 years

The amortization method and estimated useful lives are reassessed annually, with the effect of any changes in estimates being accounted for on a prospective basis.

Intangible assets with indefinite lives are trademarks. They are not amortized but are tested annually for impairment. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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2.14 Investment in associate and investment in joint ventures

Investment in associate and investment in joint ventures are accounted for using the equity method.

2.15 Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment.

2.16 Impairment of non-financial assets

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment is recognized in profit or loss. An impairment loss is reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in previous years.

PP&E, right-of-use assets and intangible assets with finite useful lives

The carrying amounts of TerraVest's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, TerraVest estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

Goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with indefinite lives are allocated to each of TerraVest's CGUs that are expected to benefit from the business combination, irrespective of whether assets or liabilities of the acquiree are assigned to those units. CGUs to which goodwill and intangible assets with indefinite lives have been allocated are tested for impairment annually, or more frequently if events and circumstances indicate that the asset may be impaired.

2.17 Leases

Lessee

At the inception of a contract, TerraVest assesses whether the contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized in the statement of financial position through the recognition of a right-of-use asset and a lease liability, except for leases with a term of 12 months or less and leases for which the underlying asset is of low value, which are recognized in profit or loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of future lease payments using the implicit rate of the lease, if it can be readily determined, or using TerraVest subsidiary's incremental borrowing rate. Future lease payments include fixed payments, variable payments that depend on an index or rate, and payments for extension and termination or purchase options that are reasonably certain to be exercised. When lease payments include amounts relating to non-rental components, they are included in the calculation of the lease liability. The lease liability is then measured at amortized cost using the effective interest rate method.

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The right-of-use asset is measured at cost, which corresponds to the initial measurement of the lease liability. Cost also includes any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date, net of any incentives received. It is then measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated over the lesser of the lease term or the estimated useful life on a straight-line basis.

Variable lease payments not included in the lease liability are recognized in the profit or loss of the period in which the expense occurred.

If a lease is modified or if the lease term is revised, the lease liability is remeasured and a corresponding adjustment is made to the right-of-use asset. If the lease modification represents a decrease in the scope of a lease, the difference between the adjustment to the lease liability and the right-of-use asset, if any, is accounted for as a gain or loss upon lease modification. If the lease modification represents a separate lease component, it is accounted for as a separate lease.

Lessor

Leases for which TerraVest is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease and is included in the consolidated statements of income as products sales. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the property, plant and equipment for rental.

2.18 Provisions

Provisions are recognized when TerraVest has a present obligation, legal or constructive, as a result of a past event, if it is more likely than not that TerraVest will be required to settle the obligation, and if a reliable estimate can be made of the amount of the obligation.

2.19 Share capital

Common shares are classified as equity in share capital. Incremental costs attributable to the issuance of common shares are recognized as a deduction from share capital in equity, net of any income tax effects.

2.20 Share-based payments

Equity-settled share-based payments are measured at fair value at grant date. The value of the compensation for the stock option plan is measured using a Black-Scholes option pricing model. The effect of any change in the number of options that are expected to vest is accounted for in the period in which the estimate is revised. Compensation expense is recognized on a straight-line basis over the vesting period of the stock option, with a corresponding increase in the share-based payments reserve in shareholders' equity. Any consideration paid by plan participants on the exercise of stock options is credited to share capital up to the nominal value of the shares issued with any excess being recorded as share premium.

2.21 Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statements of financial position when, and only when, TerraVest becomes a party to the contractual provisions of the instrument and are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards of ownership are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

Classification

On initial recognition, all financial instruments are measured at fair value. Financial assets are subsequently classified and measured at amortized cost, at fair value through other comprehensive income or at FVTPL. TerraVest classifies its financial assets according to the business model used to manage these financial assets and to the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost or at FVTPL.

TerraVest has made the following classifications:

- Cash, accounts receivable, bank overdrafts, revolving credit facilities, accounts payable and accrued liabilities excluding accrued compensation and sales tax payable, dividend payable and long-term debt are classified as subsequently measured at amortized cost using the effective interest rate method; and
- Derivative financial instruments, investment in equity instruments, investment in a limited partnership and contingent considerations are classified as subsequently measured at FVTPL. Gains and losses arising from periodic remeasurement are recognized in profit or loss in other (gains) losses.

Impairment of financial assets

On initial recognition and at each reporting date, TerraVest estimates expected credit losses for financial assets classified at amortized cost. These expected credit losses are measured using historical credit loss experience and are adjusted to reflect receivable-specific factors, general economic conditions, and an assessment of both the current and projected direction of economic conditions at the reporting date, including the time value of money, if applicable. The net change in expected credit losses on financial assets classified at amortized cost is recognized in profit or loss.

For financial assets carried at amortized cost, the amount of the impairment is the amount equal to lifetime expected credit losses.

If, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derivative financial instruments

TerraVest uses derivative financial instruments to manage its foreign currency exposure, interest rate risk and price risk. Gains and losses arising from periodic remeasurement of derivative financial instruments that are economic hedges but that do not qualify for hedge accounting are recognized in the consolidated statement of income as other (gains) losses.

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2.22 Future Accounting Changes

IFRS 18 presentation and disclosure in financial statements

In April 2024, IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") to replace IAS 1 Presentation of Financial Statements.

IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies, namely:

- Improved comparability in the statement of income by introducing separate income and expense categories and requiring new subtotals; Management-defined performance measures are disclosed in a single note in the financial statements;
- Enhanced transparency of management-defined performance measures by requiring explanations on these measures; and
- More useful grouping of information in the financial statements by providing guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

These changes apply to annual periods beginning on or after January 1, 2027.

TerraVest is currently assessing the estimated impact of this new standard on its consolidated financial statements.

New standards, amendments and interpretations not adopted in the current year that are not expected to have a material impact on TerraVest's consolidated financial statements have not been disclosed.

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3. ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimates about carrying values of assets and liabilities that are not readily apparent from other sources. 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. The actual results of items subject to estimates and assumptions may differ from these estimates and assumptions.

The main judgments, estimates and assumptions are as follows:

3.1 Business combinations

A business combination is a transaction in which an acquirer obtains control of one or more businesses. Determining whether or not a transaction is a business combination requires judgement in determining whether the assets acquired and liabilities assumed constitute a business and consist of inputs, processes and the ability to contribute to the creation of outputs.

Valuations techniques are used when determining fair values of certain assets and liabilities acquired in a business combination and of contingent consideration arrangement. Refer to Note 4 for more information on valuation techniques used in business combinations.

3.2 Income tax expense

Current and deferred income tax expense, assets and liabilities may require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to each jurisdiction where TerraVest operates. Determination of deferred income tax assets and liabilities requires judgment as to the reversal of the underlying temporary differences between accounting values and income tax attributes resulting in the deferred income tax assets or liabilities and estimates as to the appropriate income tax rates to apply to determine the future income tax assets or liabilities.

3.3 Impairment of non-financial assets and goodwill

The identification of CGUs and grouping of assets into the respective CGUs requires judgement and is based on currently available information about utilization experience and expected future business plans. Management has taken into consideration various factors in identifying its CGUs. The Company has identified its CGUs for purposes of testing the recoverability and impairment of non-financial assets to be its four operating segments as they represent the lowest level at which the goodwill and indefinite life intangible assets are monitored for internal management purposes.

In assessing impairment, TerraVest estimates the recoverable amount of each asset or CGU based on expected future cash flows and uses an interest rate to calculate present value. Estimation uncertainty relates to the assumptions about future operating results, growth rate and the determination of a suitable discount rate. Refer to Note 13 for the goodwill impairment test disclosures.

3.4 Right-of-use assets and lease liabilities

Future lease payments used to calculate the value of the right-of-use asset and lease liability include payments for lease extension and termination or purchase options that are reasonably certain to be exercised. Determining the economic benefits of exercising these options requires the use of assumptions and estimates such as the future expected use of the leased asset and future market conditions. Whether or not future lease payments relating to the extension, termination or purchase options are taken into account can have a significant impact on the value of the right-of-use asset and the lease liability.

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4. BUSINESS COMBINATIONS

Determination of fair value

The fair value of assets acquired and liabilities assumed at the acquisition date was determined based on TerraVest's assumptions and estimates.

Accounts receivable

Receivables were recognized at their estimated fair value, which is not substantially different from their gross contractual value and expected receipts.

Inventories

Inventories were recognized at their estimated fair value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Property, plant and equipment

PP&E were recognized at their estimated fair value, based on market comparison and replacement cost techniques. TerraVest appointed a third party to assist in the valuation of the acquired PP&E of Aureus Energy Services Inc. and New Wave Energy Services Ltd.

Right-of-use assets and lease liabilities

For assets under leases, the right-of-use assets were measured at the same amount as the lease liabilities. The lease liabilities were measured at the present value of future lease payments of the acquired business using its incremental borrowing rate as at the acquisition date.

Intangible assets

TerraVest estimated the fair value of intangible assets acquired using different valuation techniques, all primarily based upon discounted cash flows according to currently available information, such as historical and projected revenues, customer attrition rates and certain other relevant assumptions.

Deferred income taxes

Deferred income tax assets and liabilities were estimated at the income tax rates that are expected to apply in the period in which the asset is expected to be realized or the liability settled.

2025 Business combinations

In September 2025, TerraVest's partially owned subsidiary, Green Energy Services Inc. ("GES"), entered into an acquisition agreement to acquire all the Canadian assets and rights of New Wave Energy Services Ltd. ("Wave"). Wave provides integrated water solutions, including in-field water management, water treatment, water storage and long-distance transfer in Canada.

In May 2025, subsidiaries of TerraVest entered into an agreement to purchase all the issued and outstanding shares of Tankcon FRP Inc. as well as certain assets from affiliated entities, Tankcon Leasing Inc. and 9271-7743 Quebec Inc. (altogether referred to as "Tankcon"). Headquartered in Blainville Quebec, Tankcon is a premier North American manufacturer of fiber-reinforced polymer ("FRP") tank trailers and lessor of such trailers.

In April 2025, a subsidiary of TerraVest entered into an agreement to purchase all the issued and outstanding shares of Simplex, Inc. ("Simplex"). Headquartered in Springfield Illinois, Simplex is a leading technology company that designs and manufactures electrical test systems (load banks) and fuel supply systems for the standby power generation industry.

In April 2025, a subsidiary of TerraVest entered into an agreement to purchase all the issued and outstanding shares of L.B.T., Inc. ("LBT"). Headquartered in Omaha Nebraska, LBT is a premier North American manufacturer of tank trailers.

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In March 2025, a subsidiary of TerraVest entered into an agreement to acquire all the issued and outstanding shares of EnTrans Holding, Inc. ("Entrans"). Headquartered in Athens Tennessee, Entrans is a premier North American manufacturer of tank trailers and transportation solutions.

In January 2025, TerraVest's partially owned subsidiary, GES, entered into an acquisition agreement to acquire all the Canadian assets of Aureus Energy Services Inc. ("Aureus"). Aureus provides water management heating activities and hot oiling services to the Western Canadian energy industry. The hot oiling services business was sold during the second quarter of fiscal 2025.

TerraVest also acquired all the issued and outstanding shares of another business which is individually not significant.

The acquisitions were business combinations and have been accounted for using the acquisition method with the results of operations included in earnings from the date of acquisition.

Fair value of the consideration transferred at the acquisition date

	Preliminary						
	Tankcon	Simplex	LBT	Entrans	Aureus & Wave	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Cash consideration	25,659	39,300	20,111	779,590	28,470	4,754	897,884
Common shares issued ⁱ⁾	2,500	-	-	-	-	-	2,500
Amount payable to the vendors	-	1,294	-	-	-	-	1,294
Contingent consideration payable to the vendors ⁱⁱ⁾	-	-	-	58,770	-	-	58,770
	28,159	40,594	20,111	838,360	28,470	4,754	960,448

ⁱ⁾ See note 19.1 for additional details on the transaction.

ⁱⁱ⁾ The share purchase agreement contains an "earn-out payment" clause to the vendors of Entrans of a maximum amount of US\$46,000 related to the future profitability of the acquired business for which an amount of US\$41,000 was recognized. The acquisition date fair value of the contingent consideration payable recognized was measured based on management's estimate of budgeted annual earnings before interests, income taxes, depreciation and amortization ("EBITDA") for the 12-month period following the acquisition.

Acquisition-related costs incurred during the year ended September 30, 2025

	Tankcon	Simplex	LBT	Entrans	Aureus & Wave	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Acquisition-related costs ⁱ⁾	495	175	252	2,255	271	64	3,512

ⁱ⁾ Included in administration expenses.

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Assets acquired and liabilities assumed at the acquisition date

The preliminary fair value of the identifiable assets acquired and liabilities assumed as at the acquisition date is as follows:

	Preliminary ⁱ⁾						
	Tankcon	Simplex	LBT	Entrans	Aureus & Wave	Other	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Cash	1,079	14,951	1,219	22,730	-	258	40,237
Accounts receivable	758	14,446	4,051	58,256	-	509	78,020
Income taxes receivable	-	-	-	3,804	-	87	3,891
Inventories	2,020	16,225	10,435	105,247	350	1,272	135,549
Other current assets	57	362	76	5,392	161	80	6,128
Property, plant and equipment	9,660	3,228	2,341	37,605	35,482	208	88,524
Right-of-use assets	3,024	22,023	22,484	65,706	6,641	2,400	122,278
Intangible assets	10,751	22,653	9,604	356,992	2,824	-	402,824
Deferred income tax assets	-	-	-	-	-	473	473
	27,349	93,888	50,210	655,732	45,458	5,287	877,924
LIABILITIES							
Accounts payable and accrued liabilities	1,164	6,055	5,645	94,247	222	588	107,921
Customer deposits	179	28,746	117	13,518	-	712	43,272
Income taxes payable	239	1,401	705	335	-	-	2,680
Lease liabilities	3,024	22,023	22,484	65,706	6,641	2,400	122,278
Net defined benefit liability	-	-	-	1,290	-	-	1,290
Deferred income tax liabilities	2,681	-	264	18,729	2,329	-	24,003
	7,287	58,225	29,215	193,825	9,192	3,700	301,444
Net identifiable assets acquired	20,062	35,663	20,995	461,907	36,266	1,587	576,480

ⁱ⁾ TerraVest is currently evaluating the fair value of assets acquired and liabilities assumed at the acquisition date. The estimated fair value of assets acquired and liabilities assumed may be subject to change until the business combinations have been finalized.

Goodwill (gain on bargain purchase) arising from the business combinations

	Preliminary						
	Tankcon	Simplex	LBT	Entrans	Aureus & Wave	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Consideration transferred	28,159	40,594	20,111	838,360	28,470	4,754	960,448
Less:							
Fair value of net identifiable assets acquired	20,062	35,663	20,995	461,907	36,266	1,587	576,480
Goodwill (gain on bargain purchase)	8,097	4,931	(884)	376,453	(7,796)	3,167	383,968

The acquisitions of Tankcon, Simplex, LBT and Entrans were undertaken in order to leverage TerraVest's product suite and scale since these businesses manufacture and service complementary products. The preliminary goodwill associated with these acquisitions is partially attributable to the existing workforce and synergies.

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For income tax purposes, the goodwill of Tankcon is non-deductible, the goodwill of Simplex is deductible and the goodwill of Entrans is partially deductible.

The acquisitions of Aureus and Wave were undertaken in order to grow the water management and heating activities that complement TerraVest's existing operations in the Service segment. The gain on bargain purchase was recorded in the consolidated statements of income as other (gains) losses and is mostly a result of PP&E and intangible assets recognized at the acquisition date.

Business combinations contribution to TerraVest results

TerraVest's consolidated statement of income for the year ended September 30, 2025 includes the following results generated from TerraVest business combinations' results since their respective acquisition date:

	Tankcon	Simplex	LBT	Entrans ⁱ⁾	Total
	\$	\$	\$	\$	\$
Sales	9,126	39,740	18,224	304,752	371,842
Net income (loss)	1,726	3,289	467	(820)	4,662

ⁱ⁾ Net loss includes amortization of intangible assets expense of \$44,378.

Aureus and Wave activities and results have been fully integrated in one of TerraVest's existing subsidiary's financial results and activities which are very similar in nature. It is therefore impracticable to determine the specific contribution of Aureus and Wave sales and net income in TerraVest's results since their respective acquisition date.

Supplemental pro forma information

If the businesses had been acquired on October 1, 2024, TerraVest's consolidated sales and net income for the year ended September 30, 2025 would have stood at the approximate following amount:

	Consolidated individually with			
	Simplex	LBT	Entrans	Total ⁱ⁾
	\$	\$	\$	\$
Pro forma consolidated sales	1,421,892	1,396,523	1,651,015	1,727,128
Pro forma consolidated net income	108,803	96,348	106,357	114,782

ⁱ⁾ TerraVest consolidated with Simplex, LBT and Entrans.

TerraVest considers the pro forma figures to be an approximate measurement of the financial performance of the consolidated entities. Due to lack of IFRS-specific data prior to the acquisition of Tankcon, pro-forma revenue and profit or loss of the combined entities cannot be determined reliably for the year ended September 30, 2025.

2024 Business combinations

In April 2024, a subsidiary of TerraVest entered into an agreement to purchase all the issued and outstanding shares of Advance Engineered Products Ltd. ("Advance"). Advance is a leading Canadian manufacturer and service provider in the tank trailer industry in Canada.

In November 2023, a subsidiary of TerraVest entered into an acquisition agreement to acquire all the operating assets of the subsidiaries of Highland Tank Holdings LLC ("Highland"). Highland is a leading manufacturer of fuel and chemical storage tanks, wastewater storage and treatment tanks, LPG vessels and other custom built steel storage products in North America.

In October 2023, TerraVest's partially owned subsidiary, GES, entered into a share purchase agreement to acquire all the issued and outstanding shares of LV Energy Services Ltd. and its sister company (together referred to as "LV Energy"). LV Energy provides water management and other related services in the Western Canadian energy industry. As contemplated in the initial acquisition of LV Energy, the sister company of LV Energy was sold during the second quarter ended March 31, 2024.

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The acquisitions were business combinations and have been accounted for using the acquisition method with the results of operations included in earnings from the date of acquisition.

Fair value of the consideration transferred at the acquisition date

	Final			
	Advance	Highland	LV Energy	Total
	\$	\$	\$	\$
Cash consideration	29,664	99,572	21,969	151,205
Common shares issued	-	6,936	3,000	9,936
Amount receivable from the vendors	(20)	-	-	(20)
Contingent consideration payable to the vendors ⁱ⁾	4,000	-	-	4,000
	33,644	106,508	24,969	165,121

ⁱ⁾ The share purchase agreement contains an “earn-out payment” clause to the vendors of a maximum amount of \$4,000 related to future profitability of the acquired business. The acquisition date fair value of the contingent consideration payable recognized was measured based on management’s estimates of budgeted average annual earnings before interests, income taxes, depreciation and amortization (“EBITDA”) for the 24-month period following the share purchase.

Acquisition-related costs incurred during the year ended September 30, 2024

	Advance	Highland	LV Energy	Total
	\$	\$	\$	\$
Acquisition-related costs ⁱ⁾	588	300	201	1,089

ⁱ⁾ Included in administration expenses.

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Assets acquired and liabilities assumed at the acquisition date

	Final			
	Advance	Highland	LV Energy	Total
	\$	\$	\$	\$
ASSETS				
Cash	447	6	1,638	2,091
Accounts receivable	7,272	12,067	3,143	22,482
Income taxes receivable	242	-	-	242
Inventories	16,547	21,098	371	38,016
Other current assets	641	1,965	28	2,634
Property, plant and equipment	4,178	11,239	15,706	31,123
Right-of-use assets	21,386	38,624	720	60,730
Intangible assets	9,865	41,539	4,548	55,952
Investments	-	37	-	37
	60,578	126,575	26,154	213,307
LIABILITIES				
Accounts payable and accrued liabilities	4,457	7,535	2,211	14,203
Customer deposits	1,048	19,910	-	20,958
Income taxes payable	-	-	684	684
Lease liabilities	21,386	38,624	720	60,730
Long-term debt	-	-	154	154
Deferred income tax liabilities	3,290	-	4,216	7,506
	30,181	66,069	7,985	104,235
Net identifiable assets acquired	30,397	60,506	18,169	109,072

Goodwill arising from the business combinations

	Final			
	Advance	Highland	LV Energy	Total
	\$	\$	\$	\$
Consideration transferred	33,644	106,508	24,969	165,121
Less:				
Fair value of net identifiable assets acquired	30,397	60,506	18,169	109,072
Goodwill	3,247	46,002	6,800	56,049

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Business combinations contribution to TerraVest results

TerraVest's consolidated statement of income for the year ended September 30, 2024 includes the following results generated from TerraVest business combinations' results since their respective acquisition date:

	Advance	Highland	LV Energy	Total
	\$	\$	\$	\$
Sales	35,975	158,439	14,260	208,674
Net income (loss)	940	15,879	-	16,819

LV Energy's activities and results have been fully integrated into one of TerraVest's existing subsidiary's financial results and activities which are very similar in nature. It is therefore impracticable to determine the specific contribution of LV Energy's net income to TerraVest's results since the acquisition date.

5. FINANCIAL INSTRUMENTS

5.1 Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position and financial instruments measured at cost for which fair value is disclosed are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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5.2 Categories of financial instruments and fair values

TerraVest has classified its financial instruments as follows, along with corresponding level of the fair value hierarchy for items measured at fair value or for which fair value is disclosed:

Carrying amount	Level	As at September 30, 2025 \$	As at September 30, 2024 \$
Financial assets			
At amortized cost			
Cash		13,946	28,375
Accounts receivable ⁱ⁾		206,501	125,579
		220,447	153,954
At fair value through profit or loss			
Investment in equity instruments	1	54,984	8,119
Derivative financial instruments ⁱⁱ⁾	2	1,006	255
Investment in a limited partnership	3	6,789	7,742
		62,779	16,116
Financial liabilities			
At amortized cost			
Accounts payable and accrued liabilities ⁱⁱⁱ⁾		127,484	52,971
Dividends payable		3,795	2,925
Long-term debt (current and non-current) ^{iv)}	2	753,981	188,858
		885,260	244,754
At fair value through profit or loss			
Derivative financial instruments ⁱⁱ⁾	2	684	37
Contingent considerations	3	52,724	4,000
		53,408	4,037

ⁱ⁾ Excludes sales tax receivable.

ⁱⁱ⁾ The derivative financial instruments assets are included in other current assets and the derivative financial instruments liabilities are included in accounts payable and accrued liabilities.

ⁱⁱⁱ⁾ Excludes accrued compensation and sales tax payable. The derivative financial instruments liabilities are presented on a separate line in the table.

^{iv)} As at September 30, 2025, the fair value of long-term debt was not significantly different from its carrying value (\$185,627 as at September 30, 2024).

The fair values of short-term financial assets and liabilities approximate their respective carrying amounts at the reporting date due to the short-term maturities of these instruments. The fair value of the long-term debt approximates its carrying amount at the reporting date as they either bear interest at variable rates or have terms and conditions comparable to current market terms and conditions for similar items. The fair value of the contingent considerations has been determined based on management's best estimate of budgeted EBITDA of the acquired businesses. The fair value of the investment in equity instruments has been determined based on the quoted price in active markets. The fair value of the investment in a limited partnership, which is not traded in an active market, is determined using valuation techniques such as comparable recent arms' length analysis.

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TerraVest's derivative financial instruments are forward exchange contracts, commodity swap contracts and interest rate swap agreements which are not traded in active markets. Forward exchange contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contracts while commodity swap contracts have been fair valued using observable commodity prices corresponding to the maturity of the contracts. The interest rate swap agreements have been fair valued using observable interest rates corresponding to the maturity of the agreements. The effects of non-observable inputs are not significant for forward exchange contracts, commodity swap contracts and interest rate swap agreements.

6. ACCOUNTS RECEIVABLE

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Net trade receivables	197,712	122,148
Sales tax receivable	3,889	786
Other receivables	8,789	3,431
	210,390	126,365

Allowance for estimated credit losses included in net trade receivables was \$2,734 as at September 30, 2025 (\$1,254 as at September 30, 2024).

7. INVENTORIES

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Raw materials	172,332	92,210
Work in progress	103,110	63,237
Finished goods	76,195	55,732
	351,637	211,179

Inventories expensed in cost of sales for the year ended September 30, 2025 totaled \$798,781 (\$492,106 for the year ended September 30, 2024), which includes an amount of \$413 of inventory write-downs (\$260 for the year ended September 30, 2024).

8. OTHER CURRENT ASSETS

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Prepaid expenses and deposits	22,613	18,295
Derivative financial instruments	1,006	255
Current portion of finance leases receivable	502	-
Other	1,696	1,171
	25,817	19,721

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Equipment for rental	Others	Capital projects in progress	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance as at September 30, 2023	51,842	168,938	27,956	23,656	2,088	274,480
Acquired in business combinations (Note 4)	2,440	23,669	-	4,997	17	31,123
Additions	2,920	20,047	12,084	4,768	12,425	52,244
Disposals/transfers	(14,324)	(2,612)	(13,014)	(2,881)	(1,399)	(34,230)
Disposals on sale of business	-	(3,693)	-	-	-	(3,693)
Exchange difference	(138)	(245)	-	(69)	(9)	(461)
Balance as at September 30, 2024	42,740	206,104	27,026	30,471	13,122	319,463
Acquired in business combinations (Note 4)	6,653	48,812	9,672	12,953	10,434	88,524
Additions	9,276	29,457	7,589	9,736	14,315	70,373
Disposals/transfers	686	5,680	(6,429)	(4,268)	(9,642)	(13,973)
Disposals on sale of business	-	(3,030)	-	-	-	(3,030)
Exchange difference	1,168	(309)	69	(32)	(294)	602
Balance as at September 30, 2025	60,523	286,714	37,927	48,860	27,935	461,959
Accumulated depreciation						
Balance as at September 30, 2023	9,398	75,477	5,754	10,819	-	101,448
Depreciation for the year	2,545	21,340	2,885	4,977	-	31,747
Disposals	(3,498)	(2,362)	(2,828)	(2,156)	-	(10,844)
Disposals on sale of business	-	(245)	-	-	-	(245)
Exchange difference	(90)	(19)	-	23	-	(86)
Balance as at September 30, 2024	8,355	94,191	5,811	13,663	-	122,020
Depreciation for the year	2,974	27,405	2,678	8,233	-	41,290
Disposals	(21)	(2,947)	(449)	(903)	-	(4,320)
Exchange difference	577	(296)	2	(144)	-	139
Balance as at September 30, 2025	11,885	118,353	8,042	20,849	-	159,129
Net carrying value						
As at September 30, 2024	34,385	111,913	21,215	16,808	13,122	197,443
As at September 30, 2025	48,638	168,361	29,885	28,011	27,935	302,830

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10. RIGHT-OF-USE ASSETS

	Land and buildings	Others	Total
	\$	\$	\$
Cost			
Balance as at September 30, 2023	41,969	5,626	47,595
Acquired in business combinations (Note 4)	58,521	2,209	60,730
Additions	25,351	920	26,271
Disposals	(3,004)	(598)	(3,602)
Exchange difference	(1,031)	(40)	(1,071)
Balance as at September 30, 2024	121,806	8,117	129,923
Acquired in business combinations (Note 4)	118,587	3,691	122,278
Additions	16,014	1,023	17,037
Disposals	(742)	(3,958)	(4,700)
Exchange difference	(838)	36	(802)
Balance as at September 30, 2025	254,827	8,909	263,736
Accumulated depreciation			
Balance as at September 30, 2023	15,952	1,821	17,773
Depreciation for the year	8,175	2,259	10,434
Disposals	(3,004)	(476)	(3,480)
Exchange difference	(17)	-	(17)
Balance as at September 30, 2024	21,106	3,604	24,710
Depreciation for the year	15,594	2,049	17,643
Disposals	(736)	(1,025)	(1,761)
Exchange difference	104	15	119
Balance as at September 30, 2025	36,068	4,643	40,711
Net carrying value			
As at September 30, 2024	100,700	4,513	105,213
As at September 30, 2025	218,759	4,266	223,025

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11. INTANGIBLE ASSETS

	Customer-related	Technology-based	Non-compete agreements	Trademarks	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at September 30, 2023	50,705	4,312	12,132	10,819	77,968
Acquired in business combinations (Note 4)	40,108	6,442	6,243	3,159	55,952
Additions	-	649	-	-	649
Exchange difference	(833)	(112)	(134)	(99)	(1,178)
Balance as at September 30, 2024	89,980	11,291	18,241	13,879	133,391
Acquired in business combinations (Note 4)	199,090	54,007	50,813	98,914	402,824
Additions	-	1,677	-	-	1,677
Disposals	-	(70)	-	-	(70)
Disposals on sale of business	(751)	-	-	-	(751)
Exchange difference	(7,982)	(1,683)	(1,016)	(2,462)	(13,143)
Balance as at September 30, 2025	280,337	65,222	68,038	110,331	523,928
Accumulated amortization					
Balance as at September 30, 2023	37,616	2,139	8,561	-	48,316
Amortization for the year	23,269	1,487	2,410	-	27,166
Exchange difference	(155)	(9)	(19)	-	(183)
Balance as at September 30, 2024	60,730	3,617	10,952	-	75,299
Amortization for the year	47,630	7,315	7,622	-	62,567
Disposals	-	(70)	-	-	(70)
Exchange difference	(3,560)	(499)	134	-	(3,925)
Balance as at September 30, 2025	104,800	10,363	18,708	-	133,871
Net carrying value					
As at September 30, 2024	29,250	7,674	7,289	13,879	58,092
As at September 30, 2025	175,537	54,859	49,330	110,331	390,057

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12. INVESTMENTS

	As at September 30, 2025	As at September 30, 2024
	\$	\$
<i>At equity method</i>		
Investment in associate	1,233	1,181
Investment in joint ventures	76	334
	1,309	1,515
<i>At fair value through profit or loss</i>		
Investment in equity instruments	54,984	8,119
Investment in a limited partnership	6,789	7,742
	61,773	15,861
	63,082	17,376

13. GOODWILL

Goodwill acquired in business combinations and intangible assets with indefinite lives have been allocated to four cash-generating units ("CGUs") for impairment testing as follows:

- HVAC and Containment Equipment CGU
- Compressed Gas Equipment CGU
- Processing Equipment CGU
- Service CGU

13.1 Goodwill reconciliation and allocation table

	HVAC and Containment Equipment	Compressed Gas Equipment	Processing Equipment	Service	Total
	\$	\$	\$	\$	\$
Balance as at September 30, 2023	3,632	14,643	1,941	3,760	23,976
Acquired in business combinations (Note 4)	46,002	3,247	-	6,800	56,049
Disposals on sale of business	-	-	-	(1,204)	(1,204)
Exchange difference	(1,234)	(20)	-	-	(1,254)
Balance as at September 30, 2024	48,400	17,870	1,941	9,356	77,567
Acquired in business combinations (Note 4)	8,098	384,550	-	-	392,648
Exchange difference	1,326	(10,451)	-	-	(9,125)
Balance as at September 30, 2025	57,824	391,969	1,941	9,356	461,090

The carrying amount of indefinite life intangible assets attributable to the HVAC and Containment Equipment and Compressed Gas Equipment CGUs is \$11,377 and \$98,954 respectively as at September 30, 2025 (\$11,076 and \$2,803 respectively as at September 30, 2024).

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13.2 Impairment testing

TerraVest performed an annual impairment test for goodwill and indefinite life intangible assets. The recoverable values of the CGUs were determined based on value-in-use calculations, covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. Expected cash flows considered projected growth over the 5-year forecast period, takes into account factors such as the nature of the industry in which the CGU operates, market growth projections, market maturity and TerraVest's strategic plan as set by management. The recoverable values of the HVAC and Containment Equipment, Compressed Gas Equipment, Processing Equipment and Service CGUs exceeded their carrying amounts. Accordingly, no impairment loss was recognized on goodwill or indefinite life intangible assets for the years ended September 30, 2025 and 2024. For each of the CGUs, no reasonably possible change in the key assumptions used in determining the recoverable amount would results in any impairment of goodwill or indefinite life intangible assets.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Trade accounts payable	86,574	32,871
Accrued liabilities	38,378	19,132
Accrued compensation	41,057	20,715
Sales tax payable	3,262	3,223
Interest payable	2,532	968
Derivative financial instruments liability	684	37
	172,487	76,946

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15. SHORT-TERM REVOLVING CREDIT FACILITIES AND LONG-TERM DEBT

	Note	As at September 30, 2025 \$	As at September 30, 2024 \$
Revolving credit facilities:			
Revolving operating loan, floating rate, maturing in March 2028	15.1	487,784	102,523
Revolving term loans, floating rate, payable in consecutive monthly capital instalments totaling \$500 plus interest, maturing up to September 2030	15.2	14,733	9,383
Revolving credit facilities, repaid in March 2025		-	26,409
Interest bearing financing:			
Loans, floating rate, payable in equal and consecutive monthly capital instalments totaling \$220 plus interest, maturing up to July 2027	15.2	2,744	5,370
Term loans, floating rate, maturing up to March 2028	15.1	246,433	-
Other		190	476
Loan, repaid in March 2025		-	43,250
Non-interest bearing financing:			
Loans, effective interest rates between 2.70% and 3.95%, payable in 60 equal and consecutive monthly instalments totaling \$20, maturing in February 2026		59	294
Loans, effective interest rates between 3.45% and 3.95%, payable in 72 equal and consecutive monthly instalments totaling \$23, maturing in August 2026	15.3	238	553
Loan, payable in 60 equal and consecutive monthly instalments of \$30 starting in December 2027, maturing in November 2032		1,800	600
		753,981	188,858
Current portion of long-term debt		(106,674)	(15,701)
		647,307	173,157

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15.1 Credit facilities

As at September 30, 2025, certain subsidiaries of TerraVest had a credit facility totaling \$1,046,433 with a syndicate of lenders. The credit facility include a revolving operating loan for a maximum borrowing capacity of \$800,000 (\$310,000 as at September 30, 2024) and three term loans totaling \$246,433. The term loans mature as follows: \$100,000 in March 2026, \$100,000 in March 2027 and \$46,433 in March 2028.

The credit facility can be used by TerraVest and its subsidiaries, except for one subsidiary operating in the Service segment, and are committed for a term of 3 years and can be extended at any time, no more than once per year, provided that the maturity date is within 3 years on which the extension becomes effective. The credit facility expires on March 16, 2028.

In May 2025, net proceeds of TerraVest's share issuance were used to repay the credit facility, of which \$153,567 was used to repay a portion of the term loan maturing in 2028, thereby reducing its balance to \$46,433.

The revolving operating loan can be used to finance current operations, purchase PP&E, enter into forward exchange contracts and interest rate swap agreements and finance business acquisitions. The credit facility bear interest at Canadian prime rate or U.S. base rate, depending on the currency of the borrowing, plus 0 to 150 basis points for open ended borrowings and/or bears interest at CORRA or SOFR, plus 150 to 300 basis points, upon the use of term borrowings. The standby fee varies from 30 to 60 basis points. Interest rate margins and standby fees vary based on a prescribed ratio. As at September 30, 2025, the interest rate was 5.20% on Canadian open-ended borrowings and 8.25% on U.S. open ended borrowings and the standby fee was 0.40% (6.45% and 8.50% and 0.30% respectively as at September 30, 2024).

Additional transaction costs of \$4,404 incurred during the year ended September 30, 2025 to amend the credit facility, were recorded as prepaid expenses and are amortized on a straight-line basis over the 36-month term of the credit facility. In addition, in the second quarter of fiscal 2025, the unamortized transaction costs of the Processing Equipment and Service segments revolving credit facilities repaid and a fee of \$2,839 incurred for the early repayment of an outstanding term loan refinanced as part of the amendment of the credit facility were recorded in profit or loss as financing costs.

The credit facility is secured by: a first-ranking security over all the assets, movable/personal, tangible and intangible, corporeal and incorporeal, present and future of certain subsidiaries; a first-ranking collateral charge on the universality of certain subsidiaries real property; and an assignment of insurance policies.

The credit facility contains an obligation to comply with the following quarterly financial covenants:

Financial covenants	Required measurements	As at September 30, 2025
Funded debt to EBITDA ratio	≤ 4.75:1	2.86
Interest coverage ratio	≥ 3.00:1	4.07

15.2 Credit facilities in Service segment

As at September 30, 2025, a subsidiary of TerraVest operating in the Service segment had credit facilities with a Canadian financial institution. The credit facilities include a short-term revolving operating loan for a maximum borrowing capacity of \$10,000 (\$10,000 as at September 30, 2024), a revolving term loan of \$22,000 (\$22,000 as at September 30, 2024) and two term loans recorded as long-term debt. Borrowing capacity for the revolving operating loan is based on the margining of certain accounts receivable.

The revolving operating loan can be used for general corporate purposes and the revolving term loan can be used to finance the purchase or leasing of equipment up to 75% of its cost. The credit facilities bear interest at Canadian prime rate or U.S. base rate, depending on the currency of the borrowing, plus 50 basis points (50 basis points as at September 30, 2024) for open-ended borrowings and/or bears interest at CORRA or SOFR plus 225 basis point (225 basis point as at September 30, 2024) or at the financial institution fixed rate upon the use of term borrowings. As at September 30, 2025, the interest rate was 5.20% on Canadian open-ended borrowings (6.95% as at September 30, 2024).

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The credit facilities contain an obligation to comply with the following quarterly financial covenants:

Financial covenants	Required measurements	As at September 30, 2025
Funded debt to EBITDA ratio	$\leq 2.50:1$	0.34
Fixed charge coverage ratio	$\geq 1.25:1$	2.75

The credit facilities are secured by a first ranking security on all present and future personal property and equipment financed under the revolving term credit facility of the subsidiary; a first ranking collateral floating charge on land on the present and future property of the subsidiary; a guarantee and postponement of claim supported by a general security agreement on the property of the subsidiary; and an assignment of insurance policies.

15.3 Loans

The loans contain an obligation to comply with the following annual financial covenant:

Financial covenant	Required measurement	As at September 30, 2025
Fixed charge coverage ratio	$\geq 1.20:1$	1.41

15.4 Long-term debt maturities

The aggregate maturities of TerraVest's long-term debt for each of the next five years and beyond are as follows:

	Total principal payments
	\$
2026	106,674
2027	104,515
2028	538,179
2029	2,293
2030	1,960
Beyond 2030	360
	753,981

15.5 Covenants

As at September 30, 2025 and throughout the year, TerraVest was in compliance with all of its financial and non-financial covenants.

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16. LEASE LIABILITIES

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Balance, beginning of year	114,000	33,427
Acquired in business combinations (Note 4)	122,278	60,730
Additions	16,994	29,315
Lease payments	(12,505)	(8,336)
Disposals	(2,939)	(73)
Exchange difference	(860)	(1,063)
	236,968	114,000
Current portion of lease liabilities	(15,527)	(9,414)
Balance, end of year	221,441	104,586

Lease payments including interests were \$23,057 for the year ended September 30, 2025 (\$13,237 for the year ended September 30, 2024).

16.1 Lease liabilities maturities

The aggregate maturities of TerraVest's lease liabilities for each of the next five years and beyond are as follows:

	Principal	Interests	Total
	\$	\$	\$
2026	15,527	13,198	28,725
2027	16,096	12,278	28,374
2028	14,872	11,433	26,305
2029	14,801	10,673	25,474
2030	15,452	9,905	25,357
Beyond 2030	160,220	73,412	233,632
	236,968	130,899	367,867

For details on right-of-use assets, refer to Note 10.

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2025

(In thousands of Canadian dollars, except share and per share amounts)

17. INCOME TAXES

17.1 Reconciliation between earnings before income taxes and income tax expense

The following is a reconciliation of income taxes, calculated at the Canadian combined federal and provincial income tax rate, to the income tax expense included in the consolidated statements of income:

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Earnings before income taxes	121,938	96,732
Income tax – statutory rate	24.08%	23.85%
Income taxes at statutory rate	29,363	23,071
Income tax rates in other jurisdictions and rate changes	(448)	(214)
Non-taxable and non-deductible items	(3,984)	1,066
Change in unrecognized deferred tax assets	(1,108)	(28)
Adjustment for prior years	(112)	(142)
Other	(136)	(265)
Income tax expense	23,575	23,488

17.2 Income tax expense

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Current income tax expense		
Current year	31,544	27,915
Adjustment for prior years	137	200
	31,681	28,115
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	(6,274)	(3,983)
Change in income tax rates	(479)	(23)
Change in unrecognized deferred tax assets	(1,108)	(28)
Adjustment for prior years	(249)	(342)
Other	4	(251)
	(8,106)	(4,627)
Income tax expense	23,575	23,488

Deferred income tax expense reflects the net effect of losses carried forward and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Following the acquisition of Entrans, TerraVest is currently assessing the application of the new Pillar Two model rules on global minimum tax that would be effective as of its fiscal year ending September 30, 2025. Based on its interpretation of current laws, TerraVest expects that the maximal annual impact on income taxes will not be material and did not recognize any global minimum tax.

TERRAVEST INDUSTRIES INC.**Notes to the Consolidated Financial Statements****For the year ended September 30, 2025**

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17.3 Significant components of TerraVest's deferred income tax assets and liabilities

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Deferred income tax assets		
Inventories	7,274	1,241
Non-capital and capital losses carried forward	7,649	10,892
Interest limitation carried forward	4,334	-
Goodwill and intangible assets	9,706	9,247
Net defined benefit liability	1,505	1,105
Accounts payable and accrued liabilities	1,870	271
Lease liabilities	57,880	26,565
Other	4,782	1,355
Deferred income tax assets	95,000	50,676
Offset by deferred income tax liabilities	(83,775)	(36,356)
	11,225	14,320
Deferred income tax liabilities		
Inventories	2,706	2,448
Property, plant and equipment	31,014	23,424
Right-of-use assets	54,405	24,368
Goodwill and intangible assets	21,551	6,896
Net defined benefit asset	3,432	2,574
Other	3,748	545
Deferred income tax liabilities	116,856	60,255
Offset by deferred income tax assets	(83,775)	(36,356)
	33,081	23,899

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

For the year ended September 30, 2025

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17.4 Movement in deferred income tax assets and liabilities

	As at September 30, 2025					
	Net assets (liabilities), opening balance	Acquired in business combinations (Note 4)	Sale of business and reclassification	Recognized in shareholders' equity	Recognized in profit or loss	Net assets (liabilities), closing balance
	\$	\$	\$	\$	\$	\$
Non-capital and capital losses carried forward	10,892	1,669	-	-	(4,912)	7,649
Interest limitation carried forward	-	-	-	-	4,334	4,334
Goodwill and intangible assets	2,351	(25,011)	173	-	10,642	(11,845)
Property, plant and equipment	(23,424)	(2,719)	83	-	(4,954)	(31,014)
Right-of-use assets	(24,368)	(30,504)	-	-	467	(54,405)
Net defined benefit asset	(2,574)	-	-	(904)	46	(3,432)
Inventories	(1,207)	1,748	-	-	4,027	4,568
Accounts payable and accrued liabilities	271	62	-	-	1,537	1,870
Lease liabilities	26,565	30,504	-	-	811	57,880
Net defined benefit liability	1,105	335	-	44	21	1,505
Other	810	386	-	3,751	(3,913)	1,034
	(9,579)	(23,530)	256	2,891	8,106	(21,856)

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

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(In thousands of Canadian dollars, except share and per share amounts)

	As at September 30, 2024					
	Net assets (liabilities), opening balance	Acquired in business combinations (Note 4)	Sale of business and reclassification	Recognized in shareholders' equity	Recognized in profit or loss	Net assets (liabilities), closing balance
	\$	\$	\$	\$	\$	\$
Non-capital and capital losses carried forward	13,036	39	-	-	(2,183)	10,892
Interest limitation carried forward	2,411	-	(2,287)	-	(124)	-
Goodwill and intangible assets	1,512	(3,515)	-	-	4,354	2,351
Property, plant and equipment	(20,464)	(4,097)	731	-	406	(23,424)
Right-of-use assets	(7,236)	(14,471)	-	-	(2,661)	(24,368)
Net defined benefit asset	(2,124)	-	-	(569)	119	(2,574)
Inventories	(1,143)	49	-	-	(113)	(1,207)
Accounts payable and accrued liabilities	576	18	-	-	(323)	271
Lease liabilities	8,129	14,471	-	-	3,965	26,565
Net defined benefit liability	1,060	-	-	(49)	94	1,105
Other	(1,349)	-	-	1,066	1,093	810
	(5,592)	(7,506)	(1,556)	448	4,627	(9,579)

17.5 Deferred income tax

As at September 30, 2025, TerraVest had non-capital losses available to be carried forward of \$27,162 (\$44,824 as at September 30, 2024). These losses expire between 2035 and 2045, except for certain losses in the amount of \$2,738 which can be carried forward indefinitely but may only be used to offset up to 80% of taxable income in any one tax period. Deferred income tax assets have been recognized in respect of these non-capital losses available as it is probable that future taxable profit will be available against which TerraVest can utilize these benefits.

TerraVest also has capital losses of \$52,891 (\$52,953 as at September 30, 2024) that are available for carry forward indefinitely. As at September 30, 2025, deferred income tax assets of \$1,206 have been recognized with respect to these capital losses, representing unrealized capital gains against which TerraVest would utilize these benefits.

As at September 30, 2025 and 2024, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

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18. POST-EMPLOYMENT BENEFITS

18.1 Description of the plans

TerraVest's subsidiaries administer two defined benefit pension plans and one unfunded post-retirement health welfare plan to various groups of its employees and retirees. The U.S.-based subsidiary's defined benefit plan funding policy is to make annual contributions that at least meet the minimum funding requirements under the Employee Retirement Income Security Act of 1974 (ERISA), as enforced by the U.S. Department of Labor. The Thailand-based subsidiary's unfunded defined benefit plan is government-mandated and available only to local employees.

18.2 Change in the present value of the defined benefit obligation

	As at September 30, 2025		
	Defined benefit pension plans	Post-retirement plan	Total
	\$	\$	\$
Balance, beginning of year	17,349	3,359	20,708
Acquired in business combinations (Note 4)	1,290	-	1,290
Current service cost	504	49	553
Interest expense	833	154	987
Benefits paid	(1,671)	(226)	(1,897)
Actuarial (gains) losses arising from:			
Effect of changes in demographic assumptions	-	250	250
Effect of changes in financial assumptions	(681)	(85)	(766)
Effect of experience adjustments	(1,131)	(68)	(1,199)
Exchange difference	532	107	639
Balance, end of year	17,025	3,540	20,565

The weighted average duration of the defined benefit obligation is 9.9 years at September 30, 2025.

	As at September 30, 2024		
	Defined benefit pension plan	Post-retirement plan	Total
	\$	\$	\$
Balance, beginning of year	15,803	3,554	19,357
Current service cost	389	46	435
Past service cost	71	-	71
Interest expense	871	196	1,067
Benefits paid	(1,124)	(226)	(1,350)
Actuarial (gains) losses arising from:			
Effect of changes in financial assumptions	1,555	271	1,826
Effect of experience adjustments	(185)	(478)	(663)
Exchange difference	(31)	(4)	(35)
Balance, end of year	17,349	3,359	20,708

The weighted average duration of the defined benefit obligation is 10.3 years as at September 30, 2024.

TERRAVEST INDUSTRIES INC.**Notes to the Consolidated Financial Statements****For the year ended September 30, 2025**

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18.3 Change in the fair value of plan assets

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Balance, beginning of year	26,290	22,661
Interest income	1,255	1,259
Return on plan assets, excluding amounts included in interest income	1,876	3,732
Employer contributions to post-employment benefits plans	668	226
Benefits paid	(1,897)	(1,350)
Administrative expenses	(206)	(189)
Exchange difference	841	(49)
Balance, end of year	28,827	26,290

18.4 Net defined benefit asset (liability)

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Fair value of plan assets	28,827	26,290
Defined benefit obligation	(20,565)	(20,708)
Net defined benefit asset	8,262	5,582
Presented as follows in the consolidated statements of financial position:		
Net defined benefit asset	12,861	8,941
Net defined benefit liability	(4,599)	(3,359)
	8,262	5,582

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

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18.5 Cost of benefits

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Cost of benefits recognized in profit or loss		
Current service cost	553	435
Past service cost	-	71
Net interest expense (income)	(268)	(192)
Administrative expenses	206	189
	491	503
Cost of benefits recognized in retained earnings		
Actuarial (gains) losses	(1,715)	1,163
Return on plan assets, excluding amounts included in net interest	(1,876)	(3,732)
	(3,591)	(2,569)

18.6 Composition of pension plan assets

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Plan assets quoted in active markets		
Cash and cash equivalents	564	427
Debt instruments	2,223	2,066
Investment funds	17,096	14,903
Equity instruments	5,473	5,440
	25,356	22,836
Plan assets not quoted in active markets		
Debt instruments	3,471	3,454
Total plan assets	28,827	26,290

18.7 Expected contributions

During fiscal 2026, TerraVest does not expect to contribute to its defined benefit pension plans.

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

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18.8 Actuarial assumptions

The key actuarial assumptions used for the valuation of the defined benefit obligation are as follows:

	As at September 30, 2025	As at September 30, 2024
Defined benefit obligation		
Discount rate	5.18%	4.76%
Mortality table ⁱ⁾	PRI-2012	PRI-2012

ⁱ⁾ As at September 30, 2025 and 2024, the mortality table used was the PRI-2012 with MP-2021 Projection, Blue Collar.

18.9 Sensitivity analyses

The sensitivity analyses were prepared in accordance with TerraVest's accounting policies. The sensitivity analyses of the defined benefit obligation were calculated based on reasonably possible changes to each key actuarial assumption without considering simultaneous changes to several key actuarial assumptions. A change in one actuarial assumption could trigger a change in another actuarial assumption, which could amplify or mitigate the impact of the change in these assumptions on the present value of the defined benefit obligation. The actual results of items subject to assumptions may differ.

Assumption	Change in assumption	Impact ⁱ⁾ of increase in assumption	Impact ⁱ⁾ of decrease in assumption
		\$	\$
Discount rate	0.25%	(447)	466
Mortality table – life expectancy of plan participants	1 year	699	(712)

ⁱ⁾ Increase (decrease) in the defined benefit obligation.

19. SHARE CAPITAL AND SHARE-BASED PAYMENTS

19.1 Common shares

Changes in the common shares issued and outstanding were as follows:

	As at September 30, 2025		As at September 30, 2024	
	Number	Amount	Number	Amount
Balance, beginning of year	19,501,433	\$ 250,644	17,912,499	\$ 150,092
Issued on bought deal offering, net of transaction costs	2,001,000	310,299	1,300,000	93,039
Issued on business combination, net of transaction costs (Note 4)	17,354	2,487	201,403	6,916
Issued on exercise of stock options	165,908	558	87,531	597
Balance, end of year	21,685,695	563,988	19,501,433	250,644

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Notes to the Consolidated Financial Statements

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In May 2025, TerraVest issued 2,001,000 common shares under a bought deal offering at a price of \$160.30 per common share for gross proceeds of \$320,760. Transaction costs of \$13,736 were incurred to complete the offering and were accounted for, net of income tax, as a reduction of the carrying value of the shares issued. Net proceeds were used to repay long-term debt. In addition, during the year ended September 30, 2025, TerraVest issued 17,354 common shares on a business combination. The transaction was recognized at the acquisition date fair value price of \$144.06 per common share based on the Toronto Stock Exchange trading price. Transaction costs of \$13 were incurred to issue the shares and were accounted for as a reduction of the carrying value of the shares issued.

In August 2025, TerraVest commenced a common shares normal course issuer bid ("NCIB") under which it may repurchase 1,558,516 common shares. The common shares NCIB expires in August 2026. The remaining number of common shares available for repurchase under the current common shares NCIB was 1,558,516 as at September 30, 2025.

19.2 Share-based payment arrangements

TerraVest has a stock option plan for which options are granted to key management personnel to purchase common shares of TerraVest.

In February 2025, TerraVest adopted a deferred share unit plan ("DSU Plan") for non-employee directors. Prior to the commencement of a fiscal year, directors may elect to receive in deferred share units ("DSUs") their annual remuneration earned otherwise payable in cash. The DSUs vest immediately when the remuneration of the board member is earned. The value of these DSUs is based on the Company's share price when DSUs are vested. TerraVest recognizes the cost of the DSU plan as compensation expense.

The DSU plan and the stock option plan are "rolling" plans whereby the amount of common shares that may be reserved for issuance shall be up to 10% of the issued common shares outstanding from time to time. An aggregate of 2,168,569 common shares can be issued under the DSU and stock option plans, of which 1,552,069 were available for grant as at September 30, 2025.

The stock options outstanding and the weighted average exercise prices as at September 30, 2025 were as follows:

Grant Date	Expiry Date	Exercise price	Opening balance	Settled or exercised	Closing balance	Vested and exercisable	Unvested
Jan. 20, 2020	Jan. 20, 2027	\$13.12	100,000	(100,000)	-	-	-
Feb. 18, 2022	Feb. 18, 2032	\$24.49	516,333	(199,833)	316,500	316,500	-
Feb. 18, 2022	Feb. 18, 2032	\$26.99	66,667	(33,334)	33,333	-	33,333
Feb. 18, 2022	Feb. 18, 2032	\$29.49	100,000	(33,333)	66,667	-	66,667
Feb. 18, 2022	Feb. 18, 2032	\$31.99	100,000	-	100,000	-	100,000
Feb. 18, 2022	Feb. 18, 2032	\$34.49	100,000	-	100,000	-	100,000
			983,000	(366,500)	616,500	316,500	300,000
Weighted average exercise price			\$25.79	\$22.07	\$28.00	\$24.49	

During the year ended September 30, 2025, no DSUs and no stock options were granted or forfeited and no DSUs were redeemed. In May 2025, 266,500 stock options were exercised by way of cashless exercise. The related withholding tax obligation was recorded in share premium. The net settlement of these transactions resulted in TerraVest issuing 165,908 common shares. The weighted average share price on the date of exercise was \$169.59 per common shares. In June 2025, 100,000 stock options were settled for a cash consideration of \$15,693. The total value of the cash consideration represented the intrinsic value of the 100,000 stock options at the settlement date and was recorded in share premium. The weighted average share price on the settlement date was \$170.05 per common shares. The weighted average share prices used were based on the average trading price of the common shares on the Toronto Stock Exchange for the five trading days immediately preceding the exercise and settlement date of the stock options.

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

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19.3 Dividends

During the year ended September 30, 2025, TerraVest has declared dividends totaling \$0.70 per common share (\$0.60 per common share during the year ended September 30, 2024). As at September 30, 2025, \$3,795 was included in dividends payable (\$2,925 as at September 30, 2024).

Subsequent to the end of the year, TerraVest declared a cash dividend of \$0.20 per common share payable on January 9, 2026 to shareholders of record on December 31, 2025. This represents a 14% increase over the prior quarterly dividend.

20. EARNINGS PER SHARE

The following table provides a breakdown of the numerator and denominator used in the calculation of earnings per share and diluted earnings per share:

	Years ended	
	September 30, 2025	September 30, 2024
Numerator		
Net income attributable to common shareholders	\$86,651	\$63,571
Denominator		
Common shares, beginning of year	19,501,433	17,912,499
Weighted average shares issued	779,911	717,879
Weighted average shares, end of year - basic	20,281,344	18,630,378
Dilutive effect of options	688,095	694,386
Weighted average shares, end of year - diluted	20,969,439	19,324,764
Net income per share - basic	\$4.27	\$3.41
Net income per share - diluted	\$4.13	\$3.29

TERRAVEST INDUSTRIES INC.

Notes to the Consolidated Financial Statements

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21. OPERATING EXPENSES

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
Cost of sales		
Personnel expenses	265,171	169,212
Depreciation of other property, plant and equipment	36,231	27,219
Depreciation of property, plant and equipment for rental	2,678	2,712
Depreciation of right-of-use assets	13,788	7,485
Administration		
Personnel expenses	83,114	53,751
Depreciation of other property, plant and equipment	2,160	1,665
Depreciation of right-of-use assets	3,806	2,905
Amortization of finite life intangible assets	62,567	27,166
Selling		
Personnel expenses	28,699	20,211
Depreciation of other property, plant and equipment	221	151
Depreciation of right-of-use assets	49	44

TERRAVEST INDUSTRIES INC.**Notes to the Consolidated Financial Statements****For the year ended September 30, 2025**

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22. FINANCING COSTS

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
Interest on revolving credit facilities and long-term debt	37,642	19,599
Interest on lease liabilities	10,552	4,901
Amortization of financing costs	1,591	638
	49,785	25,138

23. OTHER (GAINS) LOSSES

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
(Gain) loss on foreign exchange	(4,968)	453
Change in fair value of derivative financial instruments	326	631
Change in fair value of investment in equity instruments	(10,598)	(615)
Change in fair value of investment in a limited partnership	1,177	1,425
Change in fair value of contingent considerations	(8,300)	-
(Gain) loss on disposal of other property, plant and equipment	(252)	(2,958)
(Gain) loss on disposal of property, plant and equipment for rental	(452)	(1,199)
(Gain) loss on lease modification	(9)	-
(Gain) loss on sale of business	(392)	(444)
Gain on bargain purchase (Note 4)	(8,680)	-
Share of an associate and joint ventures net (income) loss	96	18
	(32,052)	(2,689)

TERRAVEST INDUSTRIES INC.**Notes to the Consolidated Financial Statements****For the year ended September 30, 2025**

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24. SUPPLEMENTAL CASH FLOW INFORMATION

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
Adjustments for items not affecting cash		
Depreciation of other property, plant and equipment	38,612	29,035
Depreciation of property, plant and equipment for rental	2,678	2,712
Depreciation of right-of-use assets	17,643	10,434
Amortization of intangible assets	62,567	27,166
Amortization of financing costs	1,591	638
Post-employment benefits costs	491	503
Share-based compensation expense	947	1,272
Inventory write-downs	413	260
Change in fair value of derivative financial instruments	326	631
Change in fair value of investment in equity instruments	(10,598)	(615)
Change in fair value of investment in a limited partnership	1,177	1,425
Change in fair value of contingent considerations	(8,300)	-
(Gain) loss on disposal of other property, plant and equipment	(252)	(2,958)
(Gain) loss on disposal of property, plant and equipment for rental	(452)	(1,199)
(Gain) loss on lease modification	(9)	-
(Gain) loss on sale of business	(392)	(444)
Gain on bargain purchase (Note 4)	(8,680)	-
Deferred income tax expense (recovery)	(8,106)	(4,627)
Share of an associate and joint ventures net (income) loss	96	18
Unrealized foreign exchange (gain) loss ⁱ⁾	(4,535)	49
	85,217	64,300

ⁱ⁾ Includes \$1,223 of unrealized foreign exchange loss on long-term debt for the year ended September 30, 2025 (\$2,878 of unrealized foreign exchange gain for the year ended September 30, 2024).

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	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	(3,633)	19,422
Inventories	(5,386)	22,989
Other current assets	(791)	(1,122)
Finance leases receivable ⁱ⁾	(3,259)	-
Accounts payable and accrued liabilities	(15,963)	(16,671)
Customer deposits	(33,486)	(6,974)
	(62,518)	17,644
Investments		
Investment in equity instruments	(36,133)	(1,652)
Investment in a limited partnership	-	(1,262)
Investment in joint venture	(22)	(34)
	(36,155)	(2,948)

ⁱ⁾ Includes current and non-current portion of finance leases receivable.

24.1 Additional cash flow information

Deposits on purchase of PP&E of \$369 were recorded in other current assets as at September 30, 2025 (\$4,836 as at September 30, 2024).

Purchase of other PP&E of \$3,477 and of intangible assets of \$15 were unpaid and recorded as accounts payable and accrued liabilities as at September 30, 2025 (\$1,197 and \$75 as at September 30, 2024).

Proceeds from disposal of other PP&E of \$42 was not received and was recorded in accounts receivable as at September 30, 2025 (\$634 as at September 30, 2024).

Proceeds from disposal of PP&E for rental of \$nil was not received and was recorded as accounts receivable as at September 30, 2025 (\$741 as at September 30, 2024).

Proceeds from sale of business of \$1,000 were not received and were recorded as accounts receivable as at September 30, 2025 (\$nil as at September 30, 2024).

Investment and innovation tax credits of \$2,734 were recorded in accounts receivable as at September 30, 2025 (\$143 as at September 30, 2024).

Leases, for which an amount of \$17,037 was recognized in right-of-use assets and \$16,994 in lease liabilities during the year ended September 30, 2025 (\$26,271 in right-of-use assets and \$29,315 in lease liabilities during the year ended September 30, 2024), had no cash impact on investing and financing activities at initial recognition.

TERRAVEST INDUSTRIES INC.

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25. FINANCIAL INSTRUMENTS RISKS

TerraVest is exposed to various risks in relation to financial instruments. The main type of risks are market risk, credit risk and liquidity risk. An analysis of these risks as at September 30, 2025 is provided below.

25.1 Market risk

TerraVest is exposed to market risk, through its use of financial instruments, specifically to foreign currency risk, interest rate risk and commodity price risk.

Foreign currency risk

Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian or U.S. dollar. TerraVest is subject to foreign currency risk for:

- sales and operating expenses denominated in foreign currencies made by Canadian entities and certain U.S. entities; and
- financial instruments denominated in foreign currencies in Canadian entities and certain U.S. entities.

The following table presents a summary of financial instruments denominated in currencies other than the functional currencies of the entities:

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Financial assets and liabilities exposure		
Cash	2,102	1,512
Trade and other receivables	12,322	10,986
Investment in equity instruments	21,033	8,093
Investment in a limited partnership	6,789	7,742
Accounts payable and accrued liabilities	(10,827)	(2,459)
Long-term debt	(13,076)	(30,548)
	18,343	(4,674)

Based on the financial instruments net balance denominated in foreign currencies as at September 30, 2025, a one-cent increase per unit of foreign currency exchange rates would have resulted in a favorable impact of \$140 on net income (unfavorable impact of \$36 as at September 30, 2024). A one-cent decrease per unit of foreign currency exchange rates would have had an impact of a similar magnitude but in opposite directions on net income.

TerraVest does not have a policy to hedge its foreign currency risk and manages its exposure to foreign currency risk by periodically entering into forward exchange contracts. As at September 30, 2025, TerraVest had forward exchange contracts to sell US dollars into Canadian dollars for notional amounts totaling US\$27,600 (US\$27,600 as at September 30, 2024) to sell at various rates and expiring on various dates up to and including August 30, 2028. The fair value of forward exchange contracts was a liability of \$326 as at September 30, 2025 (\$37 as at September 30, 2024) included in accounts payable and accrued liabilities.

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Interest rate risk

TerraVest does not have a policy to hedge its interest rate risk and is exposed to interest rate risk arising from fluctuations in interest rates on revolving credit facilities and long-term debt at variable interest rates. TerraVest had interest rate swap agreements to cover the impact of future fluctuations in interest rates under which TerraVest receives interest on the notional amount at the 1-month CORRA rate in exchange for payment at a fixed rate, plus 150 to 300 basis points based on a prescribed ratio.

As at September 30, 2025 and 2024, the interest rate swaps agreements were as follows:

Maturity	Fixed rate	Notional amount	As at September 30, 2025	As at September 30, 2024
			Fair value ⁱ⁾	Fair value ⁱ⁾
		\$	\$	\$
June 2025	0.87%	25,000	-	536
August 2027	3.13%	10,000	(151)	(116)
August 2029	2.98%	10,000	(207)	(165)
			(358)	255

ⁱ⁾ Included in accounts payable and accrued liabilities as at September 30, 2025 (in other current assets as at September 30, 2024).

For the year ended September 30, 2025, a 1% increase in the interest rate would have had an unfavorable impact of \$3,152 on net income (\$955 for the year ended September 30, 2024), calculated using the average outstanding balances during the year on revolving credit facilities and long-term debt at variable interest rates. A 1% decrease in the interest rate would have had an impact of a similar magnitude but in opposite directions on net income.

Commodity price risk

TerraVest is exposed to commodity price risk arising from certain raw material price fluctuations. TerraVest does not have a policy to hedge its price risk and manages its exposure to raw material price fluctuations by periodically entering into commodity swap contracts.

As at September 30, 2025, TerraVest had commodity swap contracts to purchase nickel and aluminium for notional quantities totaling 1,555,000 lbs (nil as at September 30, 2024). The agreements have varying contractual prices and expiration dates up to and including May 31, 2026. The fair value of commodity swap contracts was in an asset position of \$1,006 as at September 30, 2025, included in other current assets (\$nil as at September 30, 2024).

TerraVest's exposure to fluctuations in commodity prices is indirect, as price variations may influence activity levels among customers of its portfolio businesses, which in turn affects demand for goods and services. This indirect impact cannot be quantified.

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25.2 Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations to TerraVest. TerraVest's credit risk comes mainly from accounts receivable and is mitigated through credit policies that limit transactions according to counterparties' creditworthiness, which is assessed by considering counterparties' financial position, past experience and other factors. In addition, a large majority of TerraVest's clients are well established companies with a history of prompt payment. Accounts receivable amounts are presented on the consolidated statements of financial position net of the allowance for expected credit losses. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The expected loss rates are based on the payment profile for sales based on historical credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with TerraVest on alternative payment arrangement, amongst others, may be considered indicators of no reasonable expectation of recovery. The credit risk on cash is considered negligible since cash is held in reputable financial institutions with high quality external credit ratings. TerraVest's maximum exposure to credit risk is \$224,336 as at September 30, 2025 (\$154,740 as at September 30, 2024).

25.3 Liquidity risk

Liquidity risk refers to the possibility of TerraVest not being able to meet its financial obligations when they come due. TerraVest's objective is to maintain cash and cash availability to meet its liquidity requirements. TerraVest monitors its cash and trade receivable balances as well as cash flows generated from operations to meet its financial obligations. TerraVest also has access to various authorized revolving credit facilities to manage its liquidity needs.

As at September 30, 2025 and 2024, TerraVest's contractual financial liabilities maturities are as follows:

	Carrying value	Contractual cash flows			
		Next 12 months	2 to 5 years	Beyond 5 years	Total ⁱ⁾
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities ⁱⁱ⁾	128,168	128,168	-	-	128,168
Dividends payable	3,795	3,795	-	-	3,795
Contingent considerations	52,724	52,724	-	-	52,724
Long-term debt ⁱⁱⁱ⁾	753,981	106,689	646,951	360	754,000
Interest payments	-	39,243	48,827	-	88,070
As at September 30, 2025	938,668	330,619	695,778	360	1,026,757
As at September 30, 2024	248,791	82,633	192,168	270	275,071

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

ⁱⁱ⁾ Exclude accrued compensation and sales tax payable.

ⁱⁱⁱ⁾ Include current and non-current portion of long-term debt.

26. CAPITAL MANAGEMENT

The capital structure of TerraVest consists of its revolving credit facilities, long-term debt and shareholders' equity attributable to common shareholders as presented in the consolidated statements of financial position. TerraVest's objective in managing its capital resources is to ensure that there are adequate capital resources to support the operations of its various business segments and permit opportunistic acquisitions in order to maximize the return to shareholders. Management continually assesses TerraVest's capital needs to meet its objectives. There were no significant changes in TerraVest's capital management approach from the prior year.

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The following table outlines TerraVest's capital structure:

	As at September 30, 2025	As at September 30, 2024
	\$	\$
Available on short-term revolving operating loan, net of amount drawn	10,000	10,000
Utilized on long-term revolving operating loans	491,358	118,365
Available on long-term revolving operating loans, net of amount utilized	308,642	213,832
Long-term debt (current and non-current)	266,197	70,493
Available on revolving term loans, net of amount drawn	7,267	22,050
Shareholders' equity attributable to common shareholders	722,038	367,651
	1,805,502	802,391

Other than the financial covenants and restrictive non-financial covenants contained in the loan agreements described in Note 15, TerraVest is not subject to any externally imposed capital restrictions.

The Board of Directors does not establish quantitative return on capital criteria for management. TerraVest intends to maintain a flexible capital structure that is consistent with its stated objectives and adjust it in the light of changes in economic conditions and the risk characteristics of the underlying instruments. In order to maintain or adjust its capital structure, TerraVest may, from time to time, acquire shares for cancellation in connection with a substantial issuer bid ("SIB") or an NCIB, issue new shares, raise capital through various debt instruments or refinance current debt through instruments with different characteristics.

27. CONTINGENCIES

In the ordinary course of business, TerraVest is exposed to various proceedings and claims. TerraVest assesses the validity of these proceedings and claims. Provisions are made whenever a payment seems probable and a reliable estimate can be made of the amount.

A number of these claims are related to a subsidiary of TerraVest who has been named as one of the defendants in numerous lawsuits alleging personal injury arising from asbestos-containing materials allegedly contained in certain boilers manufactured by the subsidiary or its predecessors, many of which are covered by insurance. The subsidiary is vigorously defending these lawsuits and as one of the numerous defendants initially named, the amount of damages sought and the proportionate share of liability, if any, is not estimable in this regard. Although management believes that the costs and liabilities associated with these lawsuits will not have a material adverse effect on its operations or financial position, there can be no assurance to this effect.

Management believes that any settlement arising from these claims will not have a significant effect on TerraVest's current consolidated financial position or on net income. No provision has been recognized in these consolidated financial statements.

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28. RELATED PARTY TRANSACTIONS

28.1 Identification

As at September 30, 2025 and 2024, TerraVest common shares were held by multiple shareholders, none of whom controlled TerraVest. As at September 30, 2025 and 2024, a member of TerraVest's Board of Directors was considered as having significant influence over TerraVest.

A joint venture is an entity that TerraVest has joint control over. An associate is an entity that TerraVest has significant influence over, by holding 20% or greater of the voting rights of the entity. Key management personnel includes members of the Board of Directors, the President and Chief Executive Officer, the Chief Investment Officer and the Chief Financial Officer. Other related parties include close family members of key management personnel and entities controlled by key management personnel.

28.2 Transactions and account balances

Year ended September 30, 2025			
	Joint ventures	Associate	Other related parties
	\$	\$	\$
Transactions			
Sales ⁱ⁾	15	867	-
Purchases ⁱ⁾	432	827	-
Professional fees expense ⁱ⁾	-	-	441
Account balances			
Accounts receivable	-	622	-
Other current assets	-	44	-
Accounts payable and accrued liabilities	-	207	-

ⁱ⁾ The related party transactions during the year ended September 30, 2025 were carried out under market terms and conditions and as part of ordinary course of business.

Year ended September 30, 2024			
	Joint ventures	Associate	Other related parties
	\$	\$	\$
Transactions			
Sales ⁱ⁾	110	945	-
Purchases ⁱ⁾	41	204	-
Professional fees expense ⁱ⁾	-	-	244
Account balances			
Accounts receivable	17	16	-
Other current assets	90	44	-
Accounts payable and accrued liabilities	7	-	-

ⁱ⁾ The related party transactions during the year ended September 30, 2024 were carried out under market terms and conditions and as part of ordinary course of business.

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28.3 Additional information on other related parties' transactions

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
Professional fees expense		
Pellerin Strategies Conseils Inc. ⁱ⁾	441	244

ⁱ⁾ Controlled by the Executive Chairman of TerraVest's Board of Directors.

28.4 Compensation of key management personnel

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
Compensation expense including Directors' fee	3,596	1,702
Share-based compensation expense	230	514
	3,826	2,216

29. SEGMENTED INFORMATION

29.1 Reportable segments

TerraVest determines its reportable segments based on the structure of its operations, which as at September 30, 2025 is divided into four operating business units: HVAC and Containment Equipment, Compressed Gas Equipment, Processing Equipment and Service. Corporate is not a segment, it is disclosed for reconciliation purposes and includes primarily long-term debt and interest expense, derivative financial instruments except for commodity swap contracts, income tax assets, liabilities and expenses, intersegment eliminations and other corporate related items or expenses, which are not reviewed by segment by the Chief Executive Officer and the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. Consequently, for each of the operating segments below, net income (loss) excludes items previously listed and is the measure used by the Chief Executive Officer and the Board of Directors to review performance and allocate capital.

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The following tables also provide information on disaggregated revenue as part of its segmented information disclosure.

	Year ended September 30, 2025					
	HVAC and Containment Equipment	Compressed Gas Equipment	Processing Equipment	Service	Corporate	Total
	\$	\$	\$	\$	\$	\$
Sales – external	417,690	627,771	93,829	230,654	1,207	1,371,151
Sales – intersegment	1,602	1,901	3,469	-	(6,972)	-
Depreciation and amortization	22,434	70,713	3,961	24,330	62	121,500
Financing costs	3,381	5,745	748	678	39,233	49,785
Income tax expense	-	-	-	-	23,575	23,575
Net income (loss)	71,949	22,202	11,345	38,813	(45,946)	98,363
Goodwill	57,824	391,969	1,941	9,356	-	461,090
Intangible assets	51,375	332,125	1,002	4,999	556	390,057
Segment assets	394,462	1,324,629	82,929	189,578	88,928	2,080,526
Segment liabilities	148,050	259,319	38,228	28,407	844,366	1,318,370
Purchase of PP&E	10,963	31,947	358	23,459	(16)	66,711
Proceeds from disposal of PP&E	(279)	(7,211)	(440)	(3,812)	-	(11,742)

	Year ended September 30, 2024					
	HVAC and Containment Equipment	Compressed Gas Equipment	Processing Equipment	Service	Corporate	Total
	\$	\$	\$	\$	\$	\$
Sales – external	328,614	269,320	109,487	203,450	945	911,816
Sales – intersegment	970	236	616	-	(1,822)	-
Depreciation and amortization	29,399	16,473	4,852	18,572	51	69,347
Financing costs	2,433	1,534	421	515	20,235	25,138
Income tax expense	-	-	-	-	23,488	23,488
Net income (loss)	51,813	26,546	6,757	40,467	(52,339)	73,244
Goodwill	48,399	17,871	1,941	9,356	-	77,567
Intangible assets	37,992	14,426	1,545	3,952	177	58,092
Segment assets	293,497	292,248	87,873	158,657	35,552	867,827
Segment liabilities	93,570	82,543	42,336	26,340	223,420	468,209
Purchase of PP&E	7,439	29,056	1,054	18,642	(427)	55,764
Proceeds from disposal of PP&E	(8,851)	(19,198)	(508)	(2,461)	34	(30,984)

For the years ended September 30, 2025 and 2024, no customer accounted for more than 10% of consolidated sales.

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29.2 Geographical information

TerraVest generates revenue mainly from two segmental regions. The concentration of TerraVest's revenue is derived from Canadian and U.S. sales.

	Years ended	
	September 30, 2025	September 30, 2024
	\$	\$
SALES		
Canada	523,865	470,936
United States	828,031	436,355
Other	19,255	4,525
	1,371,151	911,816

Certain non-current assets and goodwill by geographic segment:

	As at September 30, 2025		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	207,187	95,643	302,830
Right-of-use assets	71,473	151,552	223,025
Intangible assets	24,218	365,839	390,057
Goodwill	27,905	433,185	461,090
	330,783	1,046,219	1,377,002

	As at September 30, 2024		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	152,673	44,770	197,443
Right-of-use assets	61,555	43,658	105,213
Intangible assets	15,530	42,562	58,092
Goodwill	19,808	57,759	77,567
	249,566	188,749	438,315