

BUILDDIRECT.COM TECHNOLOGIES INC.
Consolidated
Financial Statements

For the year ended December 31, 2025 and 2024

(Expressed in United States dollars)

Independent auditor's report

To the shareholders of BuildDirect.com Technologies Inc.

Opinion

We have audited the consolidated financial statements of BuildDirect.com Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2025, and December 31, 2024 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the going concern assumption

Refer to Note 2 of the consolidated financial statements.

The Group has historically experienced losses and has an accumulated deficit. In the current year, the Group has continued its strategy of increasing margins and improving cash flows. As a result, management has concluded that the Group will continue as a going concern. This conclusion required significant management judgement in respect of the expected financial results of the Group for the next 12 months.

Given the significant risk requiring significant auditor judgement to determine that the Group's mitigating actions are sufficient, we have identified that the assessment of the Group's ability to continue as a going concern as a key audit matter.

Our audit procedures included:

- We evaluated management's models supporting the going concern assessment, and assessed whether the key assumptions in the model were supportable with reference to audited financial information;
- We inquired with the board and management on the future strategy of the business and the reasonableness of the assumptions in the model;
- We utilized the most recent post year-end financial information to determine whether there were any indications that management's going concern model was inappropriate;
- We compared the most recent post year-end cash position to forecast to confirm the Group had sufficient liquidity in line with expectations; and
- We assessed the adequacy of the disclosures in the financial statements against the requirements of IFRS Accounting Standards and the consistency to the forecasts and explanations from management.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law

or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Doane Grant Thornton LLP

Mississauga, Canada
April 8, 2026

Chartered Professional Accountants
Licensed Public Accountants

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statements of Financial Position
(Expressed in United States dollars)

	As at December 31, 2025	As at December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,195,460	\$ 2,347,491
Short-term investments	-	445,415
Trade and other receivables (note 4)	3,401,996	3,694,821
Inventories (note 5)	9,564,586	9,619,963
Prepaid materials, expenses, and deposits	1,328,467	802,978
Total current assets	22,490,509	16,910,668
Non-current assets:		
Property and equipment (note 6)	716,904	607,699
Right-of-use assets (note 7)	8,247,773	2,562,647
Non-current deposits	408,931	434,040
Loans receivable (note 8)	533,706	-
Intangible assets (note 9)	241,446	1,882,891
Goodwill (note 9)	2,530,622	2,530,622
Deferred tax asset (note 10)	3,051,961	2,824,396
Total non-current assets	15,731,343	10,842,295
Total Assets	\$ 38,221,852	\$ 27,752,963
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 6,566,232	\$ 8,500,775
Income taxes payable (note 10)	467,580	707,584
Deferred revenue (note 12)	1,352,113	1,385,993
Debt – current (note 13)	3,898,625	2,449,384
Current portion of lease (note 14)	1,374,834	1,154,315
Total current liabilities	13,659,384	14,198,051
Non-current liabilities:		
Debt – non-current (note 13)	9,941,165	8,640,727
Lease liability (note 14)	7,466,729	1,695,228
Warrants liability (note 15)	593,917	63,968
Deferred share units liability (note 16)	421,963	-
Total non-current liabilities	18,423,774	10,399,923
Shareholders' equity:		
Share capital (note 17)	128,360,133	123,136,971
Share based payment reserve	11,610,434	11,515,195
Deficit	(133,831,873)	(131,497,177)
Total Shareholders' equity	6,138,694	3,154,989
Total Liabilities and Equity	\$38,221,852	\$ 27,752,963

Commitments and contingencies (note 21)
See accompanying notes to Consolidated Financial Statements.

Approved on behalf of the Board:

Milan Roy

Director

Tim Howley

Director

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in United States dollars)

For the years ended December 31	2025	2024
Revenue (note 18)	\$ 66,192,061	\$ 65,464,840
Cost of goods sold (note 5)	39,465,556	40,122,847
Gross profit	26,726,505	25,341,993
Operating expenses:		
Fulfillment costs	3,615,489	3,952,323
Selling and marketing	5,768,957	5,638,856
Administration	14,813,157	13,846,057
Depreciation and amortization	3,224,876	2,861,768
Total operating expenses	27,422,480	26,299,004
Loss from operations	(695,975)	(957,011)
Other income (expense):		
Interest income	19,506	48,330
Interest expense	(1,917,538)	(1,372,684)
Rental income	-	148,929
Fair value adjustment of warrants (note 15)	(529,949)	11,256
Government grant (note 24)	1,170,137	-
Restructuring costs (note 23)	(206,253)	-
Finance fee	-	(20,000)
Foreign exchange gain (loss)	(247,763)	140,297
Gain (loss) on disposal of equipment (note 6)	11,471	(17,083)
Total other expense	(1,700,389)	(1,060,955)
Loss before income taxes	(2,396,364)	(2,017,966)
Income taxes (note 10)		
Current expense	165,897	514,660
Deferred recovery	(227,565)	(1,285,097)
Total income taxes	(61,668)	(770,437)
Total loss and comprehensive income loss for the year	(2,334,696)	(1,247,530)
Loss per share:		
Basic and diluted loss per share (note 25)	(0.05)	(0.03)

See accompanying notes to Consolidated Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statement of Changes in Equity
(Expressed in United States dollars)

For the years ended December 31, 2025 and 2024

	Common Shares		Share based payment reserve	Deficit	Total
	Number	Amount			
Balance – December 31, 2023	41,941,535	\$ 123,109,599	\$ 11,323,580	\$ (130,249,647)	\$ 4,183,532
Exercise of deferred share units (note 16)	7,843	3,720	-	-	3,720
Exercise of stock options (note 17)	83,328	23,652	-	-	23,652
Loss and comprehensive loss for the year	-	-	-	(1,247,530)	(1,247,530)
Share-based payment expense (note 17)	-	-	191,615	-	191,615
Balance – December 31, 2024	42,032,706	\$ 123,136,971	\$ 11,515,195	\$ (131,497,177)	\$ 3,154,989
Balance – December 31, 2024	42,032,706	123,136,971	11,515,195	(131,497,177)	\$ 3,154,989
Exercise of stock options (note 17)	179,418	96,202	(40,397)	-	55,805
Issuance of share capital, net (note 17)	6,087,173	5,126,960	-	-	5,126,960
Loss and comprehensive loss for the year	-	-	-	(2,334,696)	(2,334,696)
Share-based payment expense (note 17)	-	-	135,636	-	135,636
Balance – December 31, 2025	48,299,297	\$ 128,360,133	\$ 11,610,434	\$ (133,831,873)	\$ 6,138,694

See accompanying notes to Consolidated Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statement of Cash Flows
(Expressed in United States dollars)

For the years ended December 31

2025

2024

Cash provided by (used in):

Operating activities:

Loss for the year	\$ (2,334,696)	\$ (1,247,530)
Add (deduct) items not affecting cash:		
Depreciation	3,224,876	2,861,768
Deferred income tax (note 10)	(227,565)	(1,285,097)
Stock-based compensation expense	135,636	191,615
(Gain) loss on disposal of equipment	(11,471)	14,766
Interest on capital leases	483,554	123,406
Other interest and finance cost	1,110,559	962,115
Interest earned on lease receivables	-	(5,051)
Amortization of deferred financing costs (note 13)	47,466	-
Change in fair value of warrants (note 15)	529,949	(11,256)
Change in fair value of deferred share units (note 16)	421,963	-
Unrealized foreign exchange	97,210	(129,830)
Change in non-cash working capital (note 20)	(709,677)	703,348
Income taxes paid	(405,887)	(17,415)
Total operating activities	2,361,917	2,160,969

Investing activities:

Purchase of property and equipment (note 6)	(171,825)	(150,416)
Proceeds on disposal of equipment (note 6)	25,500	-
Acquisition of assets (note 3)	(610,934)	-
Payments on capital lease receivables	-	191,709
Total investing activities	(757,259)	41,293

Financing activities:

Proceeds from exercise of options (note 17)	55,805	27,372
Proceeds from issuance of share capital (note 17)	5,193,044	-
Share issue costs (note 17)	(66,084)	-
Deferred financing costs (note 13)	(140,474)	(26,968)
Interest paid	(273,079)	(375,629)
Principal lease payments (note 14)	(1,632,093)	(1,433,178)
Promissory note repayment (note 13)	(1,245,000)	(1,245,000)
Deferred consideration repayment (note 13)	-	(675,000)
Loan receivable - advance (note 8)	(561,100)	-
Loan receivable - repayment (note 8)	59,397	-
Loans payable - advance (note 13)	2,917,774	2,993,552
Loans payable - repayment (note 13)	(64,880)	(1,721,813)
Total financing activities	4,243,310	(2,456,664)
Increase (decrease) in cash and cash equivalents	5,847,969	(254,402)
Cash and cash equivalents, beginning	2,347,491	2,601,893
Cash and cash equivalents, end	\$ 8,195,460	\$ 2,347,491

See accompanying notes to Consolidated Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

1. Nature of Operations:

BuildDirect.com Technologies Inc. ("BuildDirect" or the "Company") has been publicly traded since August 13, 2021, its predecessor company was incorporated on October 20, 1999, and operated as a private company. BuildDirect's businesses include an online e-commerce platform for quality wood, vinyl, laminate and other flooring products; and physical Pro-Centers located Canada and the United States serving the North American flooring market. The head office of the Company is located in Vancouver, British Columbia.

2. Material Accounting Policies:

(a) Basis of presentation:

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and using the accounting policies described herein.

These consolidated financial statements were approved by the Board of Directors on April 8, 2026.

(b) Functional and presentation currency

The Company's reporting currency is the United States Dollar.

(c) Basis of consolidation

These Consolidated financial statements include the accounts of the Company and the following significant subsidiaries:

Entity:	Jurisdiction:	2025	2024
BuildDirect Operations Ltd.	Canada	100%	100%
BuildDirect Technology Holdings Inc	United States	100%	100%
Charter Distributing Company	United States	100%	100%
Superb Floor Covering	United States	100%	100%
BuildDirect Operations (U.S) Inc	United States	100%	-

The subsidiaries are all entities over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. All inter-company balances and transactions have been eliminated on consolidation.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(d) Going concern

The consolidated financial statements of the Group have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due.

(e) Segmented Information:

The Company's Chief Operating Decision-Maker (CODM) consists of the Executive Leadership Team ("ELT"). The CODM is responsible for assessing the operational decisions, as well as the overall performance of the Company. The Company determines its segments based on the nature and geography of its operations. Management has determined that the Company operates as two operating segments, E-Commerce and Pro-Centers.

(f) Business combinations:

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The Company measures goodwill in business acquisitions as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed all measured as of the acquisition date.

Transaction costs, other than those associated with the issuance of debt or equity securities, are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Deferred consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are measured at fair value at time of acquisition and subsequently measured at fair value through profit and loss.

(g) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid, with original maturities of less than three months at the date of acquisition.

(h) Inventory:

Inventory consists primarily of flooring materials purchased for resale and is stated at the lower of cost or net realizable value. Costs are assigned on a first-in, first-out basis using the standard costing method. Inventory consists of owned inventory received and owned inventory in transit as title has passed to the Company. The costs of any consigned inventory are excluded and recognized at time of sale.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(i) Property and equipment:

Property and equipment, which are not acquired as part of a business combination, are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment acquired as part of the business combination are recorded initially at the fair value on the acquisition date.

Depreciation is provided using the straight-line method at the following annual rates:

Asset	Rate
Computer equipment	5 years
Office furniture and fixtures	5 years
Office equipment	5 years
Right of use assets	5 years
Leasehold improvements	Over life of lease

(j) Leases:

The Company has a portfolio of both leases and subleases, including office space, warehouse space, and equipment. These leases have fixed terms of 2 to 8 years and may also include options to extend. Included in the measurement of the lease liabilities are all extension options that management is reasonably certain to exercise.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease, the Company recognizes a right-of-use ("ROU") asset and a lease liability for leases excluding leases for a period of 12-months or less, and leases in which the underlying asset is of a low value. The Company records these short-term and low value leases as an expense on a straight-line basis over the lease term.

The lease liabilities are initially measured as the present value of the minimum lease payments less lease incentives received at the commencement date and discounted using either the rate implicit in the lease or the Company's incremental borrowing rates, if the implicit rate cannot be readily determined. The incremental borrowing rate was determined as the rate that the individual lessee would pay to borrow a similar asset with similar terms and conditions. The lease payments subsequently increase the lease liabilities by the interest and decrease the liability by the principal payments made.

When the Company acts as a lessor, it determines at lease inception whether the lease is classified as either a finance or operating lease. The lease is a finance lease when the terms of the lease transfers substantially all of the risks and rewards of ownership of the underlying asset to the lessee, otherwise the lease is an operating lease.

Under finance leases, the Company uses the interest rate implicit in the lease to measure the net investment in the lease or the discount rate used for the head lease (adjusted for initial direct costs associated with the sublease) if the implicit rate cannot be readily determined. The finance income is recognized over the lease term reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(j) Leases (continued):

ROU assets are initially measured at the amount of the corresponding lease liabilities plus initial direct costs and any lease incentives received. The Company considers the dismantling and removal costs only if they relate directly to the leased asset. The ROU asset is subsequently depreciated over the underlying lease term under the straight-line method.

Interest expense on the lease liabilities are included on the consolidated statement of cash flow from operating activities, whereas the cash from the principal payments are presented as a separate line item within the cash flow from financing activities.

(k) Impairment of long-lived assets:

Long-lived assets, including property and equipment and intangible assets subject to amortization, are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are grouped together to form a cash generating unit ("CGU") which is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. An impairment loss is recognized when the carrying value exceeds its recoverable amount and is recognized in the consolidated statement of operations. Impairment losses recognized in respect of CGUs or CGU group are allocated, first to reduce the carrying amount of any goodwill allocated to the CGU or CGU group, and then to reduce the net carrying amount of the other assets in the CGU or CGU group on a pro rata basis. The recoverable amount is the greater of its value in use and its fair value less costs to sell. The value in use is the estimated future cash flows that is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU. Impairment losses related to long-lived assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no previous impairment loss had been recognized.

(l) Goodwill:

Goodwill is the excess of purchase price over fair value of Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial measurement, goodwill is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating unit or group of cash generating units expected to receive benefits from the business combinations. Goodwill is tested for impairment on an annual basis and is tested for impairment where events or changes in circumstances indicate the carrying value of cash generating unit exceeds its recoverable amount. Impairment losses for goodwill are not reversed.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(m) Revenue recognition:

(i) General recognition:

Revenue is recognized in accordance with the five-step model under *IFRS 15 – Revenue from Contracts with Customers* when the goods or services promised are transferred to the customer. The model separates the following steps: identification of a contract with customers, identification of individual performance obligations, determination of transaction price, allocation of the transaction price to the individual performance obligations and the determination in timing of revenue recognition. Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers based on information or payment received from relevant counterparties. The Company recognizes revenue related to products and services at the point when the title to the products passes to the customer, which is upon shipment of the order, the customer takes control, and assumes risk of loss, and the collection of consideration is probable. The Company recognizes revenue related to installation services over the time that the service is provided.

Product sales represent revenue from the sale of products and shipping fees charged to customers. Service sales represent revenue from the logistic services provided by the Company to suppliers, commission earned by providing product services to sellers, and revenue from installation services provided by the Company to the customer. Freight revenue is the amount collected for the freight shipping and handling of products, either ones sold on the Company's website, or for third parties requiring the logistics services.

Deferred revenue (contract liabilities) represents funds collected in advance for inventory sales which have not been received by the Company's customers.

(ii) Principal versus agent consideration:

The Company records revenue on either a gross or net basis based on management's assessment of whether the Company is acting as the principal or agent in the transaction. This determination is based on the identification of the specified goods or services to be provided to the customer and assessing whether the Company controls the good or service before the good or service is transferred to the customer. If the goods or services are identified and the Company controls the good or service before the good or service is transferred to the customer, the Company is considered the principal in the transaction and records revenue on a gross basis, otherwise the Company is considered the agent and records revenue on a net basis. The Company has concluded that it is acting as a principal for all the revenue streams.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(m) Revenue recognition (continued)

(iii) Return policy:

The Company provides customers a return policy and recognizes the expected return of goods on a gross basis in the consolidated statement of operations and reduces revenue by the expected amount of returns.

A provision is made at year end for expected returns and recorded against product sales.

(iv) Customer loyalty program:

The Company's retail division operates a customer loyalty incentive program. Professional customers obtain the following loyalty points which they can redeem to receive discounts on future purchases, depending on their spend level:

\$5,000 - \$14,999	1% on order total
\$15,000 - \$49,999	2% on order total
\$50,000 and above	3% on order total

Loyalty points are considered to be a separate performance obligation as they provide customers with a material right they would not have received otherwise. Unused points expire if not used within one year. The Company allocates the transaction price between the material right and other performance obligations identified in a contract on a relative stand-alone selling price basis. The amount allocated to the material right is initially recorded as a contract liability and is later recognised in revenue when the points are redeemed by the customer.

The Company's experience is that a portion of the loyalty points will expire without being used ('breakage'). The Company recognises revenue from expected breakage in proportion to the points redeemed and trues-up this estimate when points expire. The Company has assessed it is highly improbable a significant reversal of revenue will arise if actual experience differs from expectations and therefore no further revenue constraint is needed.

(n) Fulfillment costs:

Fulfillment costs represent costs paid to third parties to manage and operate the Company's distribution network and costs relating to the fulfillment of product orders. Fulfillment costs include costs attributable to buying, receiving, inspecting, and storing products, as well as picking, packaging, and preparing customer orders for shipment and freight-out costs.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(o) Deferred income taxes:

The Company uses the asset and liability method under *IAS 12 Income Taxes* to recognize deferred taxes for the income tax consequences attributable for differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences) and for losses carried forward. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed. Deferred tax assets are recognized to the extent that future taxable income will be available against which the deductible temporary differences, unused tax credits and tax losses can be utilized. Deferred tax assets and liabilities are only offset if there is a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(p) Share-based compensation:

Equity instruments awarded to employees are measured and recognized based on the fair value of the equity instruments using the Black-Scholes option model. The compensation cost is recognized as the fair value of the options as at the date granted and is recorded over the period in which the related employee services are rendered, as an expense and an increase to share based payment reserve. Awards for past service are recognized as an expense in the period when granted. When a stock option is exercised, the cash received is credited to share capital, with the share-based payment reserve accumulated being reclassified to equity.

Share-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable.

(q) Loss per share

Basic earnings per share (LPS) is calculated by dividing the loss for the year of the Company, by the weighted average number of common and preference shares outstanding during the year.

Diluted LPS is calculated using the treasury stock method by adjusting the average number of common shares outstanding for any dilutive instruments held by the Company.

(r) Functional and presentational currency:

The consolidated financial statements are presented in US Dollars, which is also the functional currency of the parent company and its subsidiaries.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(s) Foreign currency translation:

Transactions in foreign currencies are translated to the respective functional currencies of the entity at exchange rates in effect at the transaction dates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate on the reporting date. Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates that were in effect at the transaction dates.

Foreign currency gains and losses arising on period-end revaluations are recognized in the consolidated statements of loss and comprehensive loss, except for differences arising on translation of a financial liability designated as a hedge of a net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive loss.

(t) Financial instruments:

The Company's financial instruments include:

Financial instrument	Initial measurement	Subsequent measurement
Cash and cash equivalents	Fair value	Amortized cost
Accounts receivable	Fair value	Amortized cost
Accounts payable and accruals	Fair value	Amortized cost
Warrants liability	Fair value	Fair value through P&L

(i) Recognition and measurement:

Financial instruments are recorded at fair value on initial recognition. Non-derivative financial assets include cash and cash equivalents, short-term investments, and trade and other receivables which are subsequently measured at amortized cost. Non-derivative financial liabilities include accounts payable and accrued liabilities, loans payable, promissory note, are subsequently measured at amortized cost. Deferred consideration payable and warrants are measured at fair value through profit and loss. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value through profit or loss.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

The Company derecognizes a financial instrument when its contractual obligations are cancelled or expired. The Company has not derecognized any financial instruments.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(t) Financial instruments (continued):

(i) Recognition and measurement (continued):

The Company recognizes a loss allowance under the expected credit loss ("ECL") method for all financial assets, other than those that are measured at fair value through profit or loss. The loss allowance is equal to an amount equal to 12-month expected credit losses. For trade receivables, the Company uses the simplified approach and measures the loss allowance at an amount equal to the lifetime expected credit losses. The ECL model requires the Company to apply considerable estimates and judgments in applying a range of both historic and forward-looking information that includes various possible outlooks, time value of money, and applying current and forecasted economic conditions.

The loss allowance reduces the carrying value of the asset and the amount of the loss is recognized in the consolidated statement of operations within administration expenses. Receivables and the allowance recognized are written-off when a receivable is deemed uncollectible.

(u) Government grants:

Government assistance is recognized when there is reasonable assurance that the Company will comply with the conditions attached to the assistance and that the funds will be received. Where no future performance conditions exist, such assistance is recognized in profit or loss when receivable and is measured at the fair value of the consideration received or receivable.

(v) Critical accounting estimates, assumptions and judgements:

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management's estimates, assumptions and judgements are based on historical experience and other reasonable factors, including the expectation of future events.

Estimates that could affect the carrying amount of the assets and liabilities in the next financial year, in a material way are outlined below:

(i) Estimating the useful lives of non-financial assets:

Management is required to estimate the useful life of both property and equipment, as well as intangible assets, and analyze them based on factors including, but not limited to, the expected use of the asset. A change in the useful life of either property, plant and equipment or an intangible asset can result in an increase or decrease in the annual depreciation or amortization of the asset.

(ii) Fair value of identifiable assets and acquired liabilities in business combinations:

The measurement of the fair value of the identifiable assets acquired, and liabilities assumed on the date of acquisition in a business combination is subject to management estimation and judgement. The assumptions and estimates with respect to determining the fair value of the acquired intangible assets and property and equipment generally require the most judgment. Changes in any of these assumptions or estimates used in determining the fair values of these acquired assets could impact the amounts recorded at the date of the business combination.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(v) Critical accounting estimates, assumptions and judgements (continued)

(iii) Fair value of derivative financial instruments and warrants:

The estimated fair value of derivative financial instruments and warrants is determined based on an appropriate valuation model. Fair values are calculated using assumptions including, timing of future cash flows, discount rates, market price of the Company's shares and future events that may be out of the Company's control.

(iv) Share-based compensation:

Share-based compensation provided to employees of the Company requires management to estimate and make assumptions about the most appropriate inputs into the Black-Scholes model, including expected term, risk-free rate, volatility and forfeiture rate. The expected term is determined based on management's estimate of the period between grant date and exercise date. Volatility is determined using a comparable peer group until such time as sufficient trading history is available for the Company's own shares.

(v) Leases:

Judgement is required by management when the Company is required to classify its subleases, between operating and finance, the certainty around extensions and terminations included in lease contracts, as well as the discount rate applied to the lease portfolio.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(vi) Going concern

The Company recognized a loss of \$2,334,696 during the year ended December 31, 2025, (2024 - \$1,247,530) and has positive operating cash flows of \$2,361,917 (2024 - \$2,160,969). As at December 31, 2025, the Company has current assets in excess of current liabilities of \$8,831,125 and a current cash balance of \$8,195,460. The Company believes that it will be able to meet its financial obligations as and when they fall due and as such, has prepared the consolidated financial statements on the going concern basis.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(vi) Going concern (continued)

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company continued its operational efficiency programs during the year, focusing on profitable sales and lowering operating costs. In addition, the Company secured an operating line of credit with a Tier 1 Canadian Bank, which provides significant liquidity and working capital flexibility. In management's judgment, this alleviates any material uncertainties about the Company's ability to continue as a going concern.

(vii) Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment, and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

(viii) Impairment of non-financial assets and goodwill

In assessing impairment of non-financial assets and goodwill management estimates the recoverable amount of cash generating units based on expected cash flows and uses an interest rate to discount. Estimation uncertainty relates to assumptions about future operating results and determination of a suitable discount rate.

(ix) Deferred tax asset

Recognition of deferred tax assets depends on management's assessment of the probability future taxable income will be available against the deductible temporary differences and tax loss carry-forwards can be utilized. Judgement is required around the impact of uncertainties in tax jurisdictions as well as the impact of any legal or economic limits.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(w) New standards and interpretations:

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 and applies for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively. The new standard will change how the Company presents and discloses its financial statements and accompanying notes by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures and adding new principles for aggregation and disaggregation of information. The Company is currently evaluating the standard and developing an implementation plan.

3. Asset acquisition:

On March 26, 2025, BuildDirect Operations (U.S.) Inc. acquired inventory and equipment from Yorkshore Sales and Marketing Inc. ("Yorkshore") and Anchor Floor and Supply Company, LLC ("Anchor") located in Longwood, Florida. Cash consideration paid for the acquired assets was \$593,396. Management assessed the criteria in IFRS 3 Business Combinations ("IFRS 3") and determined that IFRS 3 would not apply to this transaction which has been recorded as an asset acquisition. The consideration was allocated to the identifiable assets acquired as follows:

Asset Class:	Amount:
Inventory	\$ 526,547
Equipment	66,849
Total consideration	\$ 593,396

Equipment consisted of office and warehouse equipment and vehicles; no liabilities were assumed. The fair value of the assets was estimated by management based on the consideration paid. The inventory is being sold in the ordinary course of business. Legal and other professional fees of \$17,538 related to the transaction, have been capitalized to equipment. BuildDirect Operations (U.S.) Inc. entered separate employment contracts with key employees, compensation paid in advance of \$50,000 is included in prepaid expenses as of December 31, 2025. The location was rebranded as BuildDirect (Orlando Pro Center), and financial results are reported under the Pro Center segment (note 19).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

4. Trade and other receivables:

	December 31, 2025	December 31, 2024
Trade receivables	\$ 3,384,307	\$ 3,651,869
Other receivables	17,689	42,952
	<u>\$ 3,401,996</u>	<u>\$ 3,694,821</u>

	2025	2024
Current	\$ 1,044,991	\$ 1,425,972
1-30 days	1,174,130	1,186,937
31-60 days	622,240	535,993
61-90 days	325,370	209,843
Over 90 days	217,577	293,124
Total	<u>\$ 3,384,307</u>	<u>\$ 3,651,869</u>

5. Inventories:

	December 31, 2025	December 31, 2024
Building materials	\$ 8,757,932	\$ 7,896,994
Building materials in transit	806,654	1,722,969
Total	<u>\$ 9,564,586</u>	<u>\$ 9,619,963</u>

The change in inventory includes an increase of \$860,939 in received inventory and a decrease of \$916,315 of in-transit inventory. Flooring products and supplies of \$526,547 acquired on March 26, 2025 acquisition (note 3) have been integrated into the Company's product lines.

Prepaid freight, duty and other costs related to in-transit inventory is \$267,665 and is included in prepaid & deposits current at December 31, 2025 (2024 - \$320,244). Accounts payable and accrued liabilities include \$276,902 related to in-transit inventory (2024 - \$1,285,687).

The cost of inventories recognized as cost of goods sold during the year ended December 31, 2025 was \$39,465,556 (2024 - \$40,122,847).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

6. Property and equipment:

	Computer Equipment	Furniture and fixtures	Equipment	Leasehold improvements	Total
Cost:					
Balance at January 1, 2024	\$ 144,088	\$ 12,727	\$ 226,378	\$ 632,141	\$ 1,015,334
Additions	-	12,469	119,137	18,810	150,416
Disposals	-	-	(26,148)	-	(26,148)
Balance at December 31, 2024	144,088	25,196	319,367	650,951	1,139,602
Additions	3,609	101,485	12,204	54,526	171,824
Acquired in acquisition (note 3)	-	-	84,387	-	84,387
Disposals	-	-	(25,500)	-	(25,500)
Balance as at December 31, 2025	\$ 147,697	\$ 126,681	\$ 390,458	\$ 705,477	\$ 1,370,312
Accumulated amortization:					
Balance at January 1, 2024	\$ 91,734	\$ 12,727	\$ 140,522	\$ 207,120	\$ 452,103
Depreciation	20,187	4,130	46,357	20,507	91,181
Disposals	-	-	(11,381)	-	(11,381)
Balance at December 31, 2024	111,921	16,857	175,498	227,627	531,903
Depreciation	18,402	4,617	71,875	38,083	132,976
Disposals	-	-	(11,471)	-	(11,471)
Balance as at December 31, 2025	\$ 130,323	\$ 21,474	\$ 235,902	\$ 265,710	\$ 653,408
Carrying amounts:					
Balance as at December 31, 2024	\$ 32,167	\$ 8,339	\$ 143,869	\$ 423,324	\$ 607,699
Balance as at December 31, 2025	\$ 17,374	\$ 105,208	\$ 154,556	\$ 439,766	\$ 716,904

Management regularly assesses property and equipment for impairment indicators and has determined that no impairment is required for the year ended December 31, 2025 (2024 - nil).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

7. Right-of-use assets:

	Premises	Equipment	Total
Cost:			
Balance as January 1, 2024	\$ 5,816,435	\$ 489,075	\$ 6,305,510
Additions	1,529,542	-	1,529,542
Balance as January 1, 2025	7,345,977	489,075	7,835,052
Additions	2,965,359	175,354	3,140,713
Modifications	3,999,846	-	3,999,846
Balance as at December 31, 2025	\$ 14,311,181	\$ 664,429	\$ 14,975,610
Accumulated amortization:			
Balance as January 1, 2024	\$ 3,953,931	\$ 190,879	\$ 4,144,810
Amortization	1,057,040	70,555	1,127,595
Balance as January 1, 2025	5,010,971	261,434	5,272,405
Amortization	1,358,622	96,810	1,455,432
Balance as at December 31, 2025	\$ 6,369,594	\$ 358,243	\$ 6,727,837
Carrying amounts:			
Balance as at December 31, 2024	\$ 2,335,006	\$ 227,641	\$ 2,562,647
Balance as at December 31, 2025	\$ 7,941,587	\$ 306,186	\$ 8,247,773

In February and May 2025, BuildDirect Operations (US) Inc. entered into two leases for delivery vehicles to be used in its California and Michigan locations. The lease terms are 3.5 years and seven years respectively. Management determined the combined Right-of-Use ("ROU") assets and lease obligations to be \$175,354 based on the implicit rates in each lease (4.41% and 9.58%).

On March 26, 2025, the Company entered into a short-term operating lease for its new location in Orlando, Florida. On July 15, 2025, a new 5-year lease was finalized. Management determined the ROU asset and lease obligation to be \$1,218,518 at the inception of the lease based on a 12% discount rate.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

7. Right-of-use assets (continued):

BuildDirect Operations Ltd. entered into the following two leases:

On July 1, 2025, a 5-year lease for a warehouse premises in Richmond, British Columbia. Management determined the ROU asset and lease obligation to be \$1,289,205 at the inception of the lease based on a 12% discount rate.

On July 17, 2025, Charter Distributing Company exercised the first five-year renewal option under the existing premises lease agreement. As the renewal option had not previously been included in the determination of the lease term, the lease liability was remeasured on the modification date of July 17, 2025. A corresponding adjustment of \$ 3,999,846 was recorded to the ROU asset.

On December 15, 2025, a 6-year lease for a head office premises in Vancouver, British Columbia. Management determined the ROU asset and lease obligation to be \$457,635 at the inception of the lease based on a 12% discount rate.

Management regularly assesses ROU assets for impairment indicators and has determined that no impairment is required for the year ended December 31, 2025 (2024 - nil).

8. Loan receivable:

	December 31, 2025	December 31, 2024
Loans principal	\$ 561,100	\$ -
Capitalized interest	26,185	-
Repayments	(59,397)	-
Foreign exchange	5,818	-
	\$ 533,706	\$ -

On May 9, 2025, in conjunction with the 2025 secured loan from Lyra Growth Partners Inc. (note 13), BuildDirect Operations Ltd. advanced an aggregate of C\$775,000 to senior management (the "Management Loans") to facilitate the purchase of previously issued common shares of the Company. The common shares purchased have been pledged as security for the loans. Interest accrues at the greater of i) 8% and ii), the prescribed rate administered by the Canada Revenue Agency. The interest rate is adjusted on March 31, June 30, September 30, and December 31 of each year. Interest is calculated daily and compounded annually, not in advance, and becomes payable commencing on May 10, 2026 (one hundred and thirty days after year-end) and continuing on that date thereafter, until the loan is paid in full. The loan matures on May 9, 2030 or earlier, in the event of default.

On July 31, 2025, one member of senior management repaid C\$78,000 of the outstanding loan balance upon departure from the Company. The remaining principal is C\$697,000.

On December 31, 2025, interest income of C\$36,206 was capitalized and added to the loan receivable principal pursuant to the terms of the agreement.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

9. Intangible assets and Goodwill:

		Intangible Assets		
	Goodwill	Customer List	Brand	Total Intangible Assets
Cost:				
Balance at December 31, 2024 and 2025	\$ 2,530,622	\$ 11,725,800	\$ 2,360,000	\$ 14,436,185
Accumulated amortization and impairment:				
Opening balance as at January 1, 2024	-	\$ 9,333,669	\$ 1,227,797	\$ 10,910,302
Amortization	-	1,169,443	472,000	1,642,992
Balance as at December 31, 2024	-	10,503,112	1,699,797	12,553,294
Amortization	-	1,169,445	472,000	1,641,445
Balance as at December 31, 2025	-	\$ 11,672,557	\$ 2,171,797	\$ 14,194,739
Carrying amounts as at:				
December 31, 2024	\$ 2,530,622	\$ 1,222,688	\$ 660,203	\$ 1,882,891
December 31, 2025	\$ 2,530,622	\$ 53,243	\$ 188,203	\$ 241,446

Impairment

The Company has three groups of Cash Generating Units (“CGUs”), BuildDirect, FloorSource and Superb. All goodwill and intangible assets are assessed and tested at the CGU level to which they have been allocated.

The Company assesses for impairment indicators at each interim period end and performed an annual test of impairment for goodwill on December 31, 2025. The Company did not identify any indicators of impairment for any intangible asset or goodwill for the year ended December 31, 2025.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

10. Income taxes:

(a) Income tax expense (recovery):

	2025	2024
Current tax expense (recovery)		
Current period	\$ 414,422	\$ 514,660
Adjustment for prior period	(248,525)	-
	\$ 165,897	\$ 514,660
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	\$ (798,575)	\$ (906,425)
Change in unrecognized temporary differences	571,009	(246,718)
Adjustment for prior period	-	(131,954)
Income tax expense (recovery)	\$ (61,668)	\$ (770,437)

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

	2025	2024
Loss before income tax	\$ (2,396,364)	\$ (2,017,967)
Statutory income tax rate	27%	27%
Expected income tax expense (recovery)	\$ (647,018)	\$ (544,851)
Increase (decrease) in income taxes resulting from:		
Non-taxable items	250,492	157,447
Change in unrecognized temporary differences	571,629	(246,718)
Adjustments related to prior periods	(259,020)	(131,954)
Tax rate differences and tax rate changes	4,881	(4,361)
Other	17,369	-
Income tax expense (recovery)	\$ (61,668)	\$ (770,437)

(b) Recognized deferred tax assets and liabilities:

Deferred tax assets are attributable to the following:

	2025	2024
Deferred tax assets:		
Accruals	\$ 28,057	\$ -
Deferred consideration payable	435,195	435,195
Lease liabilities	2,062,202	685,182
Intangibles	2,466,519	2,349,254
Losses carried forward	-	41,688
Inventory	138,225	127,510
Deferred tax assets	\$ 5,130,598	\$ 3,638,829

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

10. Income taxes (continued):

(b) Recognized deferred tax assets and liabilities (continued):

Deferred tax liabilities are attributable to the following:

	2025	2024
Deferred tax liabilities:		
Right of use assets	\$ (1,903,374)	\$ (661,571)
Property and equipment	(147,665)	(125,264)
Promissory note	(27,598)	(27,598)
Deferred tax liabilities	\$ (2,078,637)	\$ (814,433)
Net deferred tax asset	\$ 3,051,961	\$ 2,824,396

(c) Unrecognized deferred tax assets and liabilities:

	2025	2024
Tax losses	\$ 213,698,533	\$ 209,377,640
Deductible temporary differences	14,353,755	13,483,396
	\$ 228,052,288	\$ 222,861,036

At December 31, 2025, the Company has non-capital losses carried forward for tax purposes, which are available to reduce taxable income in Canada of future years of approximately \$213,337,135 (2024 – \$209,117,678). The losses will expire between 2030 – 2045.

As of December 31, 2025, the Company does not have any unrecognized tax benefits related to uncertain tax positions.

In 2024, Canada enacted the Pillar Two global minimum tax model rules (the “Pillar Two” rules) of the OECD’s Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”), effective for reporting periods commencing on or after January 1, 2024. These rules apply to multinational groups with consolidated revenues of at least €750 million in two of the last four years and require a top-up tax to be paid in jurisdictions where the effective tax rate of the Company is less than 15%. The Company has assessed the Pillar Two rules and determined the Company is not within the scope of the Pillar Two rules as consolidated revenues have not exceeded the threshold in any of the prior four years. The Company will continue to monitor new developments from the legislative impacts, as well as any tax legislative changes in jurisdictions where the Company operates.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

11. Accounts payable and accrued liabilities:

	December 31, 2025	December 31, 2024
Trade accounts payable and accruals	\$ 5,954,769	\$ 8,154,874
Accrued wages and payroll taxes	306,627	195,965
Other payables	304,836	149,936
	\$ 6,566,232	\$ 8,500,775

12. Deferred Revenue:

Deferred revenue represents cash received from customers in advance of delivery.

	December 31, 2025	December 31, 2024
Beginning balance	\$ 1,385,993	\$ 1,559,755
Additions to deferred revenue	1,352,113	1,385,993
Revenue recognized	(1,385,993)	(1,559,755)
Ending balance	\$ 1,352,113	\$ 1,385,993

13. Debt:

	December 31, 2025	December 31, 2024
Total debt	\$ 13,839,790	\$ 11,090,111
Current	(3,898,625)	(2,449,384)
Non-current	\$ 9,941,165	\$ 8,640,727

	Lyra Secured Debt	Insider Lenders Secured Debt	Promissory Note	Credit Facility	Vehicle Financing	Total
December 31, 2024	-	\$ 8,330,335	\$ 1,494,907	\$ 1,232,402	\$ 32,467	\$ 11,090,111
Advances, net of repayments	501,703	-	(1,245,000)	2,356,674	(5,483)	1,607,894
Non-cash interest	26,185	1,056,491	54,069	-	-	1,136,744
Amortization of financing costs	-	-	-	47,466	-	47,466
Capitalized fees	-	-	-	(140,474)	-	(140,474)
Foreign exchange	5,818	-	-	92,318	(87)	98,049
December 31, 2025	\$533,706	\$9,386,826	\$303,976	\$3,588,386	\$26,897	\$13,839,790
Current	-	-	303,976	3,588,386	6,263	3,898,625
Non-current	533,706	9,386,826	-	-	20,633	9,941,165
Total	\$533,706	\$9,386,826	\$303,976	\$3,588,386	\$26,897	\$13,839,790

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

13. Debt (continued):

	Secured Note	Insider Lenders Secured Debt	Promissory Note	Credit Facility	Vehicle Financing	Total
December 31, 2023	\$1,720,096	\$ 5,777,509	\$ 2,630,617	\$ -	\$ -	\$ 10,128,222
Advances, net of repayments	(1,637,739)	1,700,000	(1,245,000)	1,259,370	32,440	109,071
Non-cash interest		818,826	109,290	-	-	928,116
Capitalized fees	-	34,000	-	(26,968)	-	7,032
Foreign exchange	(82,357)	-	-	-	27	(82,330)
December 31, 2024	\$ -	\$ 8,330,335	\$ 1,494,907	\$ 1,232,402	\$ 32,467	\$ 11,090,111
Current	-	-	1,211,575	1,232,402	5,407	2,449,384
Non-current	-	8,330,335	283,332	-	27,060	8,640,727
Total	\$ -	\$ 8,330,335	\$ 1,494,907	\$ 1,232,402	\$ 32,467	\$ 11,090,111

(a) Lyra secured debt:

On May 9, 2025, Lyra Growth Partners Inc. ("Lyra") loaned BuildDirect Operations Ltd. an aggregate principal amount of C\$775,000 under a non-revolving term loan (the "Term Loan").

The loan was divided into tranches and funded the loans to senior management which are an offset to loan receivable (note 8) for the purpose of purchasing issued and outstanding shares of BuildDirect.com Technologies Inc. Interest accrues at the greater of i) 8% and ii), the prescribed rate administered by the Canada Revenue Agency. The interest rate is adjusted on March 31, June 30, September 30, and December 31 of each year. Interest is calculated daily and compounded annually, not in advance, and becomes payable commencing on May 10, 2026 (one hundred and thirty days after year-end) and continuing on that date thereafter, until the loan is paid in full. The loan matures on May 9, 2030 or earlier, in the event of default.

On July 31, 2025, the Company repaid C\$78,000 of the outstanding loan balance to the lender. The remaining principal balance is C\$697,000.

On December 31, 2025, interest expense of C\$36,206 was capitalized and added to the secured loan principal pursuant to the terms of the agreement.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

13. Debt (continued):

(b) Secured debt:

On February 15, 2022, and on June 29, 2022, BuildDirect Operations Ltd. negotiated new loans in an aggregate amount of \$3,000,000 and \$1,500,000 respectively via the issuance of secured notes (the "2022 Notes") to Pelecanus Investments Ltd. ("Pelecanus"), Lyra Growth Partners Inc., ("Lyra") and Beedie Capital Lending. ("Beedie") all related parties, and together (the "Insider Lenders").

Further advances of \$1,000,000 on June 5, 2024 and \$700,000 on October 8, 2024 were made under this facility from the Insider Lenders. This secured debt bears interest at an annual rate of 12%, compounded monthly but does not require on-going cash principal and interest payments because full repayment is due upon final repayment of the loan. Commitment fees of 2% on these loans were capitalized to the loan principal. On June 27, 2025, the maturity date was extended by two years to April 1, 2028.

This debt is secured by all property, assets, and rights of the Company, excluding the property assets and rights of FloorSource. These notes from the Insider Lenders are subordinated to the new Credit Facility). The Company has met all covenants associated with the 2022 Notes as at December 31, 2025.

(c) Promissory note:

The promissory note was originally issued on December 31, 2020, in the amount of \$6,193,725 bearing 5% interest, compounded annually and paid quarterly. The note formed part consideration on the acquisition of FloorSource and is secured by all present and future property, assets, and rights of FloorSource. Annual principal payments of \$1,245,000 commenced on December 31, 2021, and continues on a quarterly basis in equal instalments of \$311,250. The note matured and was fully repaid, on January 1, 2026.

In accordance with *IFRS 3 Business Combinations*, the note was initially recorded at fair value using a discounted cash flow model with a risk adjusted discount rate of 12%. Subsequently accounted for using amortized cost, the resulting discount from using the 12% rate is accreted over the remaining term of the loan as a charge to interest expense.

The Company recorded the following amounts for the year ended December 31, 2025:

Accrued interest of \$54,069 (2024 - \$142,697),

Interest payments of \$59,962 (2024 - \$122,816), and

Principal payments of \$1,245,000 (2024 - \$1,245,000).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

13. Debt (continued):

(d) Credit Facility:

On December 20, 2024, the Company entered into a revolving credit facility ("RCF") agreement with a Tier 1 Canadian Bank with an aggregate borrowing limit of up to C\$9,466,000. The RCF is payable upon demand and subject to certain financial covenants calculated on a consolidated basis. The credit facility includes C\$1,126,000 of Letters of Guarantee ("Facility 1") and a C\$8,340,000 revolving demand facility by way of prime plus 1.50% Canadian currency or prime plus 1.00% US dollar loans ("Facility 2"). The RCF has a general security agreement and a first priority position on all of the Company's assets and property.

The facility does not have a fixed term and is due on demand. The RCF is also supported by the Export Development Canada's ("EDC") Trade Expansion Lending Program. Borrowing amount under the RCF is based on certain percentages of accounts receivable and inventory balances, less prior encumbrances.

As at December 31, 2025, the Company has drawn \$2,356,674 on the facility (2024 - \$1,232,402). The 2024 advance was used to repay higher rate debt. On March 26, the Company utilized \$750,000 to fund an asset acquisition (note 3). Letters of guarantee of \$254,747 have been issued under Facility 1 as at December 31, 2025 (note 18(b)).

(e) Vehicle Financing:

On August 28, 2024, the Company financed a delivery vehicle in the amount of C\$46,142 at a fixed rate of 9.49% with blended principal and interest payments over five years. The outstanding principal at December 31, 2025 is \$26,897 of which \$6,263 is due in the next twelve months.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

14. Leases:

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Company's lease obligations have effective annual discount rates ranging from 2.75% to 12%.

On July 17, 2025, Charter Distributing Company exercised the first five-year renewal option for four existing premises leases originally expiring on December 31, 2025. The leases were extended to December 31, 2030. As the renewal option had not previously been included in the determination of the lease term, the lease liability was remeasured on the modification date of July 17, 2025. This resulted in additional lease liabilities of \$3,999,846 (discounted), representing undiscounted future lease payments of \$4,312,506 for the period from January 1, 2026 to December 31, 2030.

(a) As a lessee:

Maturity analysis contractual undiscounted cash flows	December 31, 2025
Less than one year	\$ 2,141,624
One to five years	7,855,302
More than five years	213,375
Total undiscounted lease liabilities at period end	\$ 10,210,301
Lease liabilities included in the consolidated statement of financial position as at period end	\$ 8,841,563
Current lease liabilities	(1,374,834)
Non-current lease liabilities	\$ 7,466,729

Interest expense on capital leases of \$483,554 (2024 - \$123,408) is recognized on the consolidated statement of operations.

(b) As a lessor:

The Company had subleases for an office that matured during the year ended December 31, 2024. During the year ended December 31, 2025, the Company recognized interest income of \$nil (2024 - \$5,051) on the office finance lease.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

15. Warrants liability:

The warrants to purchase common shares of the Company were issued on December 31, 2020 and expire on December 31, 2030; the exercise price is C\$4.23. As the functional currency at the date of issuance was USD, the value of the warrants are accounted for as a derivative liability and carried at fair value through profit or loss.

During the year ended December 31, 2025, the liability increased by \$529,949 due to an increase in the share price (2024 – \$11,256 fair value gain).

	December 31, 2025		December 31, 2024	
	Number	Amount	Number	Amount
Beginning of year	753,725	\$ 63,968	753,725	\$ 75,224
Change in fair value	-	529,949	-	(11,256)
Ending balance	753,725	\$ 593,917	753,725	\$ 63,968

The fair value of the warrants is determined using the Black-Scholes pricing model with the following assumptions:

Issue Date: December 31, 2020	At December 31, 2025	At December 31, 2024
Exercise price (per share)	C\$4.23	C\$4.23
Time to maturity (in years)	5.00	6.00
Volatility	67%	67%
Risk-free rate	2.96%	5.45%
Value of common shares	C\$2.40	C\$0.60

16. Deferred share units

In accordance with and subject to the Company's Omnibus Equity Incentive Plan, the Company has granted Deferred Share Units ("DSUs") to non-management directors (the "Participants"). Each DSU represents the right to receive:

- Common shares of the Company,
- A cash payment equal in value to the market price of a share on the settlement date of the DSU, or
- A combination of shares and cash, less applicable tax withholdings.

The DSUs vest over three years from the effective grant date. Settlement of the DSU's occurs on the Participant's termination date.

Outstanding:	Vested:	Unvested:	Issued in year:	Vested in year:
312,058	167,058	145,000	45,000	81,777

The Company records a liability on initial recognition for the obligation to pay cash or an equivalent amount in shares with a corresponding expense in accordance with the vesting provisions. The DSUs are remeasured to fair market value at each reporting date with the changes recognized in profit or loss for the year.

During the year ended December 31, 2025, \$421,963 of DSU compensation expense was recognized (2024 - \$nil) and no Participants settled their DSUs (2024 - 7,843 common shares issued for \$3,720).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

17. Shareholders' equity:

(a) Share capital:

Authorized:

Unlimited common shares, without par value

Unlimited preference shares, without nominal or par value

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number	Amount	Number	Amount
Common Shares:				
Beginning of year	42,032,706	\$ 123,136,971	41,941,535	\$ 123,109,599
Private placement	6,087,173	5,126,960	-	-
Exercise of deferred share units	-	-	7,843	3,720
Exercise of stock options	179,418	96,202	83,328	23,652
Ending balance	48,299,297	\$ 128,360,133	42,032,706	\$ 123,136,971

For the year ended December 31, 2025, 179,418 options were exercised for cash proceeds of \$55,805 and \$40,397 in fair value of the exercised options were transferred to share capital from share-based payment reserve for a total increase of \$96,202.

On August 1, 2025, the Company closed a non-brokered private placement (the "Private Placement"). The Company issued 6,087,173 common shares at a price of C\$1.15 per share, for gross proceeds of C\$7,000,250 (\$5,193,044). The Company incurred \$66,084 of share issue costs for legal fees, transfer agent and exchange fees. No finder's fee, or commissions are payable in connection with the Private Placement.

(b) Stock Options

Since July 2018, the Company has an incentive stock option plan under which up to a total 8,388,307 options can be issued. Stock options vest over a four-year period. 25% of a grant vests on the first anniversary, and the remaining 75% vests over 36 months, subsequent to the first 25% vesting.

Share-based payment expense of \$135,636 was recognized during the year ended December 31, 2025 (2024 - \$191,615).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

17. Shareholders' equity (Continued):

(b) Stock Options (Continued)

The following table summarizes stock option activity for the year ended December 31, 2025 and the year ended December 31, 2024:

	2025		2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options to purchase common shares:				
Outstanding, beginning of year	4,092,933	C\$ 0.49	3,656,941	C\$ 0.54
Granted to employees	200,000	1.51	900,000	0.42
Exercised	(179,418)	0.40	(83,328)	0.38
Forfeited	(666,009)	0.81	(380,680)	0.59
Outstanding, end of year	3,447,506	C\$ 0.46	4,092,933	C\$ 0.49

The weighted average share price for options exercised in the year is C\$2.04 (2024 – C\$0.42).

On January 2, 2026, subsequent to the end of the year, the Company granted 75,000 options to a consultant at an exercise price of C\$2.40. All options vest on January 2, 2027 and expire 10 years from the grant date.

The following tables summarize the outstanding and exercisable options as at December 31, 2025:

Expiry date	Exercise price (C\$)	Outstanding options	Options exercisable	Weighted average remaining contractual life (years)
2028/07/20	\$1.00	1,131	1,131	2.55
2028/12/19	\$1.02	204	204	2.97
2029/05/02	\$1.02	278	278	3.33
2029/10/31	\$0.71	11,274	11,247	3.83
2030/12/16	\$0.69	927	927	4.96
2030/12/31	\$2.44	92,712	92,712	5.00
2031/03/02	\$2.44	5,563	1,887	5.17
2033/05/03	\$0.39	2,222,917	1,771,925	7.39
2033/12/23	\$0.55	450,000	450,000	7.98
2034/09/05	\$0.42	500,000	166,672	8.68
2034/10/08	\$0.40	150,000	46,878	8.77
2035/04/29	\$1.51	50,000	-	9.33
	\$ 0.36	3,447,506	2,441,255	7.66

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

17. Shareholders' equity (Continued):

(b) Stock Options (Continued)

The following tables summarize the outstanding and exercisable options as at December 31, 2024:

Expiry date	Exercise price (C\$)	Outstanding options	Options exercisable	Weighted average remaining contractual life (years)
2027/10/08	\$0.40	100,000	-	2.77
2028/06/30	\$0.76	42,509	42,509	3.50
2028/07/20	\$0.76	19,832	19,832	3.55
2030/10/28	\$2.65	7,536	7,536	5.83
2031/04/20	\$1.94	126,700	120,826	6.30
2031/12/17	\$1.70	46,356	41,809	6.96
2033/05/23	\$0.39	2,500,000	1,310,348	8.40
2033/12/23	\$0.55	450,000	421,875	8.98
2034/09/05	\$0.42	650,000	-	9.68
2034/10/08	\$0.40	150,000	-	9.78
	\$0.49	4,092,933	1,964,735	8.42

18. Revenue:

For the year ended December 31, 2025, the Company recognized \$21,093 (2024 - \$27,655) for refund liability which is included in accounts payable and accrued liabilities.

	2025	2024
Product revenue	\$ 58,650,497	\$ 58,998,170
Service revenue:		
Freight	875,635	692,466
Warehouse	70,966	20,916
Installation	6,594,963	5,753,288
	\$ 66,192,061	\$ 65,464,840

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

19. Segment information:

The Company's Chief Operating Decision-Maker (CODM), which consists of the Executive Leadership Team ("ELT"), regularly assesses the performance of, and makes resource allocation decisions based on two operating segments, E-Commerce and Pro Centers which are broken out below. In presenting the following information, segment revenue has been based on the geographic location of customer and non-current assets have been based on the geographic location of the assets.

(a) Revenue and gross profit:

For the year ended December 31, 2025

	E-Commerce	Pro-Centers	Total
Revenue			
Canada	\$ 417,762	\$ -	\$ 417,762
United States	13,908,410	51,865,889	65,774,299
Total	\$14,326,172	\$ 51,865,889	\$ 66,192,061
Gross Profit	\$ 8,275,834	\$ 18,450,671	\$ 26,726,505
Gross Profit %	57.8%	35.6%	40.4%

For the year ended December 31, 2024

	E-Commerce	Pro-Centers	Total
Revenue			
Canada	\$ 681,371	\$ -	\$ 681,371
United States	14,534,308	50,249,161	64,783,469
Total	\$ 15,215,679	\$ 51,865,889	\$ 65,464,840
Gross Profit	\$ 7,930,505	\$ 17,411,488	\$ 25,341,993
Gross Profit %	52.1%	34.7%	38.7%

(b) Non-current assets:

	December 31, 2025	December 31, 2024
E-Commerce		
United States	\$ -	\$ 996,158
Canada	2,672,081	709,488
Pro Centers		
United States	13,059,262	9,136,649
	\$ 15,731,343	\$ 10,842,295

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

20. Supplemental Cash Flow Information:

	2025	2024
Change in non-cash operating working capital:		
Short-term investments	\$ 445,415	\$ -
Trade and other receivables	292,825	271,420
Inventories	581,924	(3,445,762)
Prepaid materials, expenses, and deposits	(500,380)	426,549
Accounts payable and accrued liabilities	(1,661,465)	3,127,788
Deferred revenue	(33,880)	(173,762)
Income taxes payable	165,883	497,245
Total change in non-cash working capital	\$ (709,677)	\$ 703,478

For the year ended December 31, 2025, the change in non-cash working capital of (\$709,677) includes incremental accounts receivable of \$139,858, accounts payable of \$184,338 and \$110,196 of deferred revenue since the acquisition of Anchor/Yorkshore (note 3). Excluding the impact of the acquisition, the change in non-cash working capital would have been (\$555,001).

21. Commitments and contingencies:

- (a) Claims are made against the Company in the ordinary course of operations. The Company has made provisions for such claims, when necessary.
- (b) The Company issues letters of guarantee through its financial institution to provide guarantees for duty on cross-border shipments. Outstanding letters of guarantee amount to \$254,747 (December 31, 2024 - \$254,747).

22. Financial risk management:

The Company's operations expose it to a variety of financial risks including liquidity risk, market risk and credit risk.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements and through ongoing review of working capital balances and management of cash. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The ability to fund operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, and other factors.

For the year ended December 31, 2025 there is net loss of \$2,334,696 (2024 – \$1,247,530), and positive cash flow from operations of \$2,361,917 (2024 - \$2,160,969).

Working capital increased by \$6,118,508 to \$8,831,125 at December 31, 2025 from \$2,712,617 at December 31, 2024 while cash increased by \$5,847,969 to \$8,195,460 at December 31, 2025 compared to \$2,347,491 at December 31, 2024. As such, the Company believes that it will be able to meet all of its financial obligations, see note 2(c) for details.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

22. Financial risk management (continued):

(a) Liquidity risk (continued):

The following table summarizes the amount of contractual undiscounted future cash flows for the Company's financial liabilities, including interest as at December 31, 2025:

	2026	2027	2028	2029	2030	Total
Accounts payable and accrued liabilities	\$ 6,566,232	\$ -	\$ -	\$ -	\$ -	\$ 6,566,232
Revolving credit facility ⁽¹⁾	3,588,386	-	-	-	-	3,588,386
Promissory note	303,976	-	-	-	-	303,976
Loans payable	8,482	8,482	12,287,398	5,654	748,526	13,058,541
	\$ 10,467,076	\$ 8,482	\$ 12,287,398	\$ 5,654	\$ 748,526	\$ 23,517,135

⁽¹⁾ Management has assessed that the while the facility is classified as current, it is unlikely that the balance will have to be repaid in the next twelve months.

(b) Market risk:

(i) Currency risk:

Currency risk reflects the risk that the Company's earnings will decline due to fluctuations in exchange rates.

At December 31, 2025, the Company has cash and cash equivalents of C\$3,610,270 (2024 – C\$8,794).

At December 31, 2025, the Company has accounts payable and accrued liabilities of C\$700,164 (2024 - C\$1,131,716).

The drawn balance on the Company's Credit Facility of \$3,588,386 (2024 – \$1,259,370) includes C\$4,774,296 (2024 - C\$1,764,318).

The secured debt payable to Lyra Growth Partners Inc. is C\$731,497 (2024 - C\$nil), this is offset by the C\$731,497 (2024 C\$nil) loan receivable from senior management. As such, there is no net foreign exchange impact on the Company's earnings.

If the period-end foreign exchange rate of Canadian dollar had been 10% higher, or 10% lower, with all other variables held constant, the effect on the Company's foreign exchange for the year ended December 31, 2025 would have been \$614,453 (2024 - \$817,381) higher or lower.

(ii) Interest risk:

Interest risk is the risk that the fair value or cash flows from a financial instrument will fluctuate due to a change in market interest rates. The Company bears interest rate risk to the extent of its drawings on the revolving credit facility (note 13). All other debt is at fixed rates. The interest rate risk on cash and short-term investments is considered insignificant due to the low interest rates in the current economic environment and short-term nature of its holdings and as such the Company does not take any actions to manage interest rate risk.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
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For the year ended December 31, 2025 and 2024

22. Financial risk management (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company, in its normal course of business, evaluates the financial condition of its customers on a regular basis and requires the majority of its customers to prepay for orders before shipment can be made. Therefore, the Company has determined there is no significant exposure to customer credit risk.

(d) Capital management:

The Company's objective when managing its capital structure is to maintain a strong financial position and to provide returns with sufficient liquidity to undertake further growth for the benefit of its shareholders. The Company's capital is comprised of long-term obligations and equity as outlined below:

	December 31, 2025	December 31, 2024
External debt	\$ 13,839,790	\$ 11,090,111
Less cash	(8,195,460)	(2,347,491)
Net external debt	5,644,330	8,742,620
Total shareholders' equity	6,138,694	3,154,989
Total capitalization	\$ 11,783,024	\$ 11,897,609

There were no changes to the Company's approach to capital management during the year, our strategy is to ensure continuous access to the capital required to fund growth. The Company is in compliance with its debt covenants as at December 31, 2025.

(e) Fair value hierarchy:

- Level 1: The fair value of financial instruments traded in active markets and based on quoted market prices at the end of the reporting period.
- Level 2: The fair value of financial instruments that are not traded in an active market and determined by using valuation techniques using observable market data and rely little on entity-specific estimates. If all significant inputs required to fair value an instrument are observable; the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (i.e. unlisted equity securities).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
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For the year ended December 31, 2025 and 2024

22. Financial risk management (continued):

(e) Fair value hierarchy (continued):

The carrying value of the Company's cash, trade and other receivables, short-term investments, accounts payable and accrued liabilities approximate fair value due to their short-term nature. The carrying value of the revolving credit facility approximates fair value as it is prime-based and resets based on current market conditions.

The terms of the Company's promissory notes and loans payable were previously modified, as such, the carrying amounts approximate fair value.

Warrants have key observable Level 1 inputs of exercise price and time to maturity, a Level 2 input of risk-free rate and a Level 3 input of volatility (note 14).

23. Expenses by nature:

	2025	2024
Building materials and consumables	\$ 43,081,045	\$ 44,075,170
Employee costs	12,393,810	11,596,353
Rent and other	3,449,479	4,039,349
Marketing and promotion	3,304,791	2,379,707
Depreciation and amortization	3,224,876	2,861,768
Professional services	876,437	1,277,889
Deferred share unit and share-based compensation	557,599	191,615
	\$ 66,888,036	\$ 66,421,851

Employee costs above exclude \$208,258 (2024 - \$Nil) in severance costs reported in other income (expense). The costs relate to restructuring at the parent company level.

24. Government grant:

On May 21, 2025, the Company received \$1,170,137 from the U.S. Internal Revenue Service for COVID benefits applied for in 2023 under the Employee Retention Tax Credit ("ERTC") by Chartered Distributing Company. As at December 31, 2025, there are no unfulfilled conditions or other contingencies attached to the government assistance, the amounts received have been reported in other income, \$985,100 related to benefits and \$185,037 for interest. The amounts are taxable in the year received, as such, the Company estimates a tax impact of approximately \$301,000 for the year ended December 31, 2025. The Company incurred \$40,000 in professional service fees payable to a third-party consultant under a contingency arrangement related to the preparation and submission of the claims.

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

25. Earnings (loss) per Share:

Loss per share represents loss from the year divided by the weighted average number of common and preference shares outstanding during the year. The weighted average number of shares is as follows:

	December 31, 2025	December 31, 2024
Beginning balance, shares outstanding	42,032,706	41,941,535
Effect of share issuances	2,594,824	57,272
Weighted average number of shares	44,627,530	41,998,807

Diluted loss per share is calculated by dividing the applicable loss by the sum of the weighted average number of shares outstanding and all additional common shares that would have been outstanding if potentially dilutive shares had been issued during the year. The calculation has not been provided as the effects of dilution would result in anti-dilutive loss per share:

	2025	2024
Net loss	\$ (2,334,696)	\$ (1,247,530)
Basic weighted average number of shares	44,627,530	41,998,807
Basic and diluted loss per share	\$ (0.05)	\$ (0.03)

26. Related parties:

(a) Transactions with key management personnel

Key management includes Directors, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer; each having the authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration paid and payable to these personnel is as follows:

	2025	2024
Salaries and short-term benefits	\$ 1,011,489	\$ 1,112,842
Share-based compensation	64,424	135,852
Deferred share unit compensation ⁽¹⁾	421,963	-
Non-executive directors' fees	67,937	51,176
	\$ 1,565,813	\$ 1,299,870

⁽¹⁾ Relates to current year and prior year grants, the fair value of the DSUs increased significantly in 2025 due to the increase of the underlying share price.

(b) Other related party transactions

Pelecanus, Lyra and Beedie are related parties by virtue of their significant influence on the Company (note 13).

BUILDDIRECT.COM TECHNOLOGIES INC.

Notes to Consolidated Financial Statements (continued)
(Expressed in United States dollars)

For the year ended December 31, 2025 and 2024

27. Subsequent events:

(a) Performance Share Units (“PSUs”)

On January 2, 2026, pursuant to the provisions of the Company’s Omnibus Equity Incentive Plan, the Company issued 175,000 PSUs to certain employees as an incentive for services provided to the Company. The PSUs vest over three years starting on January 2, 2027 and ending on January 2, 2029. Vesting is subject to the employee remaining in continuous service and performing their duties to the satisfaction of the Company during the vesting period. Settlement of any vested units shall be in shares or cash or a combination thereof, as determined by the Company. As such, the Company will recognize stock-based compensation of \$185,256 in 2026, \$85,193 in 2027 and \$34,204 in 2028 with a corresponding increase in contributed surplus in accordance with IFRS 2.

(b) Acquisition of assets of Greyne Custom Wood Co. LLC (“Greyne”)

On February 2, 2026, the Company acquired an established flooring online marketplace business in the United States with products sold across large national e-commerce platforms. The Company acquired net working capital, customer and supplier relationships, and related contracts for cash consideration of \$450,000. The transaction is subject to customary holdbacks and post-closing adjustments.