

AUDITED STATEMENTS

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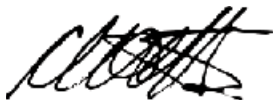
9.1 Management's Responsibility for Financial Reporting

May 6, 2026

The financial statements of Encorp Pacific (Canada) have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial statements are prepared in a timely manner.

Encorp Pacific (Canada) maintains a system of internal accounting and administrative controls. They are designed to test the adequacy and consistency of internal controls, practices and procedures. KPMG, the independent auditor appointed by the Board of Directors, has audited the financial statements of Encorp Pacific (Canada) in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of Encorp Pacific (Canada).



Cindy Coutts
President & CEO



Mike McKay, CPA, CGA
CFO

9.2 Independent Auditor's Report and Financial Statements



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INDEPENDENT AUDITOR'S REPORT

To the Members of Encorp Pacific (Canada):

Opinion

We have audited the financial statements of Encorp Pacific (Canada) (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 6, 2026

Statement of Financial Position

ENCORP PACIFIC (CANADA)

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 106,156,109	\$ 71,383,152
Accounts receivable, net of allowance for doubtful accounts \$63,942 (2024 - \$119,397) (note 3)	10,612,863	7,891,172
Prepaid expenses and deposits	1,528,705	802,334
	<u>118,297,677</u>	<u>80,076,658</u>
Capital assets (note 4)	33,381,967	32,765,257
	<u>\$ 151,679,644</u>	<u>\$ 112,841,915</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 36,429,769	\$ 32,684,633
Deferred revenue	14,090,133	12,542,466
Advance payments from brand owners	1,855,199	1,953,434
Current portion of debt (note 5)	6,902,705	289,784
	<u>59,277,806</u>	<u>47,470,317</u>
Debt (note 5)	7,368,598	14,282,749
	<u>66,646,404</u>	<u>61,753,066</u>
Net assets:		
Internally restricted reserve (note 6(a))	1,788,234	1,788,234
Geographical coverage reserve (note 6(b))	62,319,639	28,375,248
Investment in capital assets	19,110,664	18,192,724
Unrestricted	1,814,703	2,732,643
	<u>85,033,240</u>	<u>51,088,849</u>
Commitments (note 7)		
	<u>\$ 151,679,644</u>	<u>\$ 112,841,915</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:



Director



Director

Statement of Operations

ENCORP PACIFIC (CANADA)

Statement of Operations

December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Deposits on containers	\$ 177,421,041	\$ 174,731,036
Deposits refunded	(139,236,749)	(136,729,692)
	<u>38,184,292</u>	<u>38,001,344</u>
Container recycling fees	76,346,065	64,593,980
Sale of recyclable materials	38,138,224	23,911,621
Contract fees	13,555,490	8,943,742
Interest income	2,751,122	3,152,863
Other	287,159	446,602
	<u>169,262,352</u>	<u>139,050,152</u>
Direct operations expenses:		
Collection	73,668,384	67,388,449
Transportation and processing fees	42,209,683	39,334,991
	<u>115,878,067</u>	<u>106,723,440</u>
Other expenses (income):		
General and administrative	10,384,252	9,238,682
Consumer awareness	7,127,546	6,774,974
Amortization	1,470,773	1,356,842
Foreign exchange loss (gain)	457,323	(526,545)
	<u>19,439,894</u>	<u>16,843,953</u>
Excess of revenue over expenses	<u>\$ 33,944,391</u>	<u>\$ 15,482,759</u>

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Net Assets

ENCORP PACIFIC (CANADA)

Statement of Changes in Net Assets

Year ended December 31, 2025, with comparative information for 2024

	Internally restricted reserve	Geographical coverage reserve	Investment in capital assets	Unrestricted	2025 Total	2024 Total
Balance, beginning of year	\$ 1,788,234	\$ 28,375,248	\$ 18,192,724	\$ 2,732,643	\$ 51,088,849	\$ 35,606,090
Excess (deficiency) of revenue over expenses	-	-	(1,474,001)	35,418,392	33,944,391	15,482,759
Net change in investment in capital assets (note 6(b))	-	-	2,391,941	(2,391,941)	-	-
Transfer to geographical coverage reserve (note 6(b))	-	33,944,391	-	(33,944,391)	-	-
Balance, end of year	\$ 1,788,234	\$ 62,319,639	\$ 19,110,664	\$ 1,814,703	\$ 85,033,240	\$ 51,088,849

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

ENCORP PACIFIC (CANADA)

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 33,944,391	\$ 15,482,759
Amortization	1,470,773	1,356,842
Loss on disposal of capital assets	3,228	34,098
	<u>35,418,392</u>	<u>16,873,699</u>
Changes in non-cash operating items:		
Accounts receivable	(2,721,691)	(1,040,677)
Prepaid expenses and deposits	(726,371)	196,899
Accounts payable and accrued liabilities	3,745,136	5,236,601
Deferred revenue	1,547,667	1,820,631
Advance payments from brand owners	(98,235)	(10,784)
	<u>37,164,898</u>	<u>23,076,369</u>
Cash flows from investing activities:		
Purchase of capital assets	(2,090,711)	(20,905,888)
Proceeds from sale of capital assets	-	775
	<u>(2,090,711)</u>	<u>(20,905,113)</u>
Cash flows from financing activities:		
Proceeds from debt	-	10,750,000
Repayments of debt	(301,230)	(144,942)
	<u>(301,230)</u>	<u>10,605,058</u>
Increase in cash	34,772,957	12,776,314
Cash, beginning of year	71,383,152	58,606,838
Cash, end of year	<u>\$ 106,156,109</u>	<u>\$ 71,383,152</u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements

Year ended December 31, 2025

1. Nature of operations:

Encorp Pacific (Canada) (the "Corporation") was incorporated without share capital pursuant to Part II of the *Canada Corporations Act* on October 1, 1998, and continued effective June 11, 2014, under the *Canada Not-for-Profit Corporations Act*. The Corporation is exempt from income taxes and carries on its operations without monetary gain to its members.

The Corporation has been appointed by participating brand owners to carry out its duties pursuant to the terms of the Recycling Regulation of the *Environmental Management Act* of British Columbia.

Under this appointment, the Corporation acts to develop a Stewardship Plan in the form prescribed by the Recycling Regulation for the collection and management of containers for and on behalf of the brand owners in an efficient, cost-effective, and socially and environmentally responsible manner. The appointment also allows the Corporation to establish charges for its services as required to generate fees sufficient to meet its current and future financial requirements, including deposit refunds and operating costs.

The objectives of the Corporation are to promote and facilitate the recycling of used beverage containers in British Columbia through education, public awareness and management under the Recycling Regulation. Although an excess or deficiency of revenue over expenses may occur on an annual basis, the Corporation's objective is to operate on a cost recovery basis.

Under contract, the Corporation also provides material handling with respect to recycling of certain consumer electronics.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), incorporating the following significant accounting policies:

(a) Controlled entities:

(i) Encorp Pacific Inc.:

The Corporation owns 100% of the issued and outstanding share capital of Encorp Pacific Inc. The Corporation accounts for this investment using the equity method and provides the disclosures on the balances and transactions of Encorp Pacific Inc. in note 8(a).

(ii) 1304620 B.C. Ltd.:

The Corporation owns 100% of the issued and outstanding share capital of 1304620 B.C. Ltd. The Corporation accounts for this investment using the equity method and provides the disclosures on the balances and transactions of 1304620 B.C. Ltd. in note 8(b).

Through a bare trust agreement dated May 20, 2021, the Corporation is the beneficial owner of 100% of the real property to which 1304620 B.C. Ltd. holds legal title, and as a result the balances of the trust are included in these financial statements.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(a) Controlled entities (continued):

(iii) 1333229 B.C. Ltd.:

The Corporation owns 100% of the issued and outstanding share capital of 1333229 B.C. Ltd. This entity is inactive and has no assets or liabilities.

(b) Revenue:

Deposits on containers and container recycling fees are received from brand owners on each container sold in the province of British Columbia. The Corporation records revenue from deposits on containers and container recycling fees as services are provided in relation to its obligations under the Stewardship Plan and ultimate collection is reasonably assured.

Contract fees relate to service contracts with other stewardship agencies and are recognized as revenue as the services are provided.

Revenue from sales of recyclable materials is recognized when the containers are shipped to recyclers.

(c) Deferred revenue:

The Corporation defers revenue related to deposits and container recycling fees received or receivable prior to year-end for which the related deposit refunds, collection fees and transportation and processing fees will be paid for container returns received subsequent to year-end. The determination of such a deferral is subject to estimates that reflect management's determination of the most probable set of economic conditions for the estimated turnaround time for consumers returning used beverage containers for refunds. During the year ended December 31, 2025, the turnaround time was estimated to be 7.5 weeks (2024 - 7.5 weeks).

(d) Direct operations expenses and other expenses:

Collection fees to depots and transportation and processing fees are recorded on the date the containers are collected by transporters. Other expenses are recorded in the period the related goods or services are received.

(e) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the statement of financial position date. Exchange differences are included in other expenses (income) as they arise. Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(f) Capital assets:

The Corporation records capital assets at cost less accumulated amortization. Except for land, which is not amortized, amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Building	10 years
Mobile compaction	10 years
Express & Go stations	5 years
Computer hardware	3 years
Office equipment	5 years
Leasehold improvements	Lease term or 3 to 5 years
Computer software	3 years

Assets under development are not subject to amortization until development is complete or available for use.

Capital assets are assessed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Corporation's ability to provide services or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, a nonreversible impairment expense is recorded as the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

(g) Leases:

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to ownership of the property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the present value of the lessee's minimum lease payments or the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases.

(h) Financial instruments:

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and debt.

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Corporation is in the capacity of management, are initially recognized at cost.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(h) Financial instruments (continued):

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Corporation in the transaction. Subsequently, all financial instruments are measured at amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations.

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

(i) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Specific items subject to estimation include the allowance for doubtful accounts, estimated useful lives and potential impairment of capital assets, deferred revenue and accrued liabilities.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

Actual results could differ from those estimates.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Government remittances:

Government remittances consist of amounts, such as payroll withholdings, sales taxes, employer health tax and Workers' Compensation Board remittances, required to be paid to government authorities and are recognized when the amounts become due. As at December 31, 2025, government remittances are in an aggregate net receivable of \$116,825 (2024 - aggregate net payable of \$45,142).

4. Capital assets:

			2025	2024
	Costs	Accumulated amortization	Net book value	Net book value
Infrastructure for operations:				
Land	\$ 27,604,380	\$ -	\$ 27,604,380	\$ 27,598,740
Building	1,574,608	194,971	1,379,637	743,671
	29,178,988	194,971	28,984,017	28,342,411
General:				
Mobile compaction	3,181,855	1,649,039	1,532,816	1,942,136
Express & Go stations	1,930,636	954,169	976,467	1,045,137
Computer hardware	2,503,117	1,750,848	752,269	758,996
Office equipment	1,174,810	798,099	376,711	114,060
Leasehold improvements	1,016,132	671,429	344,703	159,253
Computer software	315,386	311,749	3,637	37,749
	10,121,936	6,135,333	3,986,603	4,057,331
	39,300,924	6,330,304	32,970,620	32,399,742
Assets under development	411,347	-	411,347	365,515
	\$ 39,712,271	\$ 6,330,304	\$ 33,381,967	\$ 32,765,257

5. Debt:

	2025	2024
Revolving demand facility (a)	\$ -	\$ -
Non-revolving term loan (b)	1,557,857	1,613,626
Non-revolving term loan (c)	2,223,630	2,268,964
Non-revolving term loan (d)	2,970,442	3,025,338
Non-revolving term loan (e)	1,545,120	1,574,503
Non-revolving term loan (f)	5,974,254	6,090,102
	14,271,303	14,572,533
Less current portion	(6,902,705)	(289,784)
	\$ 7,368,598	\$ 14,282,749

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Credit facilities (continued):

The Corporation has a credit agreement with Royal Bank of Canada ("RBC") dated May 10, 2023 with various amendments thereon (the "Agreement"). The Agreement provides for the following facilities:

- (a) a revolving demand facility of up to \$2,000,000 bearing interest at RBC's prime rate plus 0.25% per annum. No amounts were drawn on this facility as at December 31, 2025 and 2024.
- (b) a non-revolving term loan in the amount of \$1,702,889 bearing interest at a fixed rate of 2.81% per annum. The loan is repayable monthly in blended payments of \$8,356 and repayable in full on May 27, 2026. During the year ended December 31, 2025, interest related to this loan, which is included in general and administrative expenses, was \$44,503 (2024 - \$46,421).
- (c) a non-revolving term loan bearing interest at a fixed rate of 6.44% per annum. The loan is repayable monthly in blended payments of \$15,811 and repayable in full on May 27, 2026. During the year ended December 31, 2025, interest related to this loan, which is included in general and administrative expenses, was \$144,398 (2024 - \$151,779).
- (d) a non-revolving term loan bearing interest at a fixed rate of 6.20% per annum. The loan is repayable monthly in blended payments of \$20,030 and repayable in full on June 21, 2026. During the year ended December 31, 2025, interest related to this loan, which is included in general and administrative expenses, was \$185,463 (2024 - \$95,519).
- (e) a non-revolving term loan bearing interest at a fixed rate of 6.05% per annum. The loan is repayable monthly in blended payments of \$10,360 and repayable in full on Jan 26, 2027. During the year ended December 31, 2025, interest related to this loan, which is included in general and administrative expenses, was \$94,937 (2024 - \$88,463).
- (f) a non-revolving term loan bearing interest at a fixed rate of 5.49% per annum. The loan is repayable monthly in blended payments of \$37,423 and repayable in full on November 8, 2027. During the year ended December 31, 2025, interest related to this loan, which is included in general and administrative expenses, was \$333,228 (2024 - \$27,525).
- (g) a revolving lease line of credit in the amount of \$1,000,000 which is subject to separate agreements to be entered into with RBC. No leases were drawn on this facility as at December 31, 2025 and 2024.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Credit facilities (continued):

The facilities under the Agreement are secured by a general security agreement with first ranking security interest on all property of the Corporation.

The aggregate amount of payments due in the next two years is as follows:

2026	\$	6,902,705
2027		7,368,598
	\$	14,271,303

6. Internally restricted net assets:

(a) Internally restricted reserve:

The Board of Directors has established an internally restricted reserve in recognition of the principle that the costs of recycling each container type are to be borne independent of other container types. The objective of the reserve is to defer the implementation of the container recycling fee on container types for which the current unredeemed deposits exceed the net costs of recycling. The reserve level is reviewed annually. The reserve may also be used to develop and implement strategies to improve recovery rates of these specific containers. As a result of the annual review, no amounts were transferred from the internally restricted reserve during fiscal 2025 and 2024.

(b) Geographical coverage reserve:

The Board of Directors has established a geographical coverage reserve. The purpose of the geographical coverage reserve is to increase the geographical coverage in areas where adequate Return-It collection sites are not available and thereby maximize the recovery of deposit bearing beverage containers for recycling.

During fiscal 2025, no amount (2024 - \$9,111,872) of this reserve was used for the purchase of capital assets.

The reserve level is reviewed annually by the Board of Directors. As a result of the annual review, an amount of \$33,944,391 was transferred to the geographical coverage reserve during fiscal 2025 (2024 - \$14,617,758).

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Commitments:

The Corporation has entered into operating leases for its premises and certain equipment. The total future minimum lease payments and related minimum maintenance and service fees are as follows:

2026	\$	756,276
2027		362,842
2028		209,342
2029		413,625
2030		50,448
	\$	<u>1,792,533</u>

8. Related parties:

(a) Encorp Pacific Inc.:

The Corporation owns 100% of Encorp Pacific Inc.

Encorp Pacific Inc. is inactive and its balance sheet at December 31, 2025 is as follows:

Cash	\$	2
Shareholder's equity		<u>2</u>

(b) 1306420 B.C. Ltd.:

The Corporation owns 100% of 1306420 B.C. Ltd. The Corporation has no transactions or balances other than in relation to real property covered by the bare trust agreement.

(c) Directors' fees:

During the year ended December 31, 2025, the Corporation paid \$204,406 (2024 - \$197,729) in directors' fees, which is included in general and administrative expenses.

9. Financial risks:

(a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign exchange risk through its cash, accounts receivable and accounts payable and accrued liabilities denominated in US dollars. At December 31, 2025, the net US dollar exposure on cash, accounts receivable, accounts payable and accrued liabilities was US\$2,431,278 (CAD\$3,332,310) (2024 - US\$3,502,508 (CAD\$5,039,759)). The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Notes to Financial Statements

ENCORP PACIFIC (CANADA)

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Financial risks (continued):

(b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Corporation is exposed to interest rate risk through use of debt facilities (note 5). The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

(c) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk through its cash and accounts receivable. The Corporation maintains its cash with a major, reputable financial institution. Accounts receivable consists of amounts outstanding from brand owners and material recyclers. The Corporation monitors the creditworthiness of brand owners and material recyclers to minimize the risk of loss.

(d) Liquidity risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2025, the most significant financial liabilities are accounts payable and accrued liabilities and debt.

There has been no change in risk exposure from 2024.

9.3 Independent Reasonable Assurance Report



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INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT

To the Board of Directors of Encorp Pacific (Canada)

We have undertaken a reasonable assurance engagement of the underlying subject matter information as detailed within the Annual Report (the "Report") and as included in Appendix 1 of this assurance report (the "subject matter information") based on applicable criteria of Encorp Pacific (Canada) (the "Entity") for the year ended December 31, 2025:

- The location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of B.C. Regulation 449/2004 (the "Recycling Regulation");
- The description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation;
- The total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation; and,
- Performance for the year in relation to approved targets under Sections 8(2)(b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Management's Responsibility

Management is responsible for measuring and evaluating the underlying subject matter information against the applicable criteria detailed within Appendix 1 (the "applicable criteria").

Management is responsible for determining the appropriateness of the use of the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error



Practitioner's Responsibilities

Our responsibility is to express a reasonable assurance opinion on the subject matter information based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the subject matter information is free from material misstatement.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard 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 decisions of users of our report.

The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the subject matter information.

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

Practitioner's Independence and Quality

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

Non-financial information, such as the subject matter information, is subject to more inherent limitations than financial information, given the characteristics of non-financial information and the availability and relative precision of methods used for determining both qualitative and quantitative information. The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in management's internally developed criteria, may change over time. It is important to read the applicable criteria in Appendix 1.

Opinion

In our opinion, the subject matter information of the Entity for the year ended December 31, 2025 is, in all material respects, in accordance with the applicable criteria.



Specific Purpose of Subject Matter Information

The subject matter information has been evaluated and measured against the applicable criteria by the Entity to meet the requirements of Section 8(2) of the Recycling Regulation. As a result, the subject matter information may not be suitable for another purpose.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 11, 2026

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Appendix 1
Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

Section 8(2)(b) the location of its collection facilities, and any changes in the number and location of its collection facilities from the previous report.

SUBJECT MATTER INFORMATION

Specific information in the Annual Report for which applicable criteria were developed		
Disclosed information	2025 Claim in the Annual Report	Report Reference
Number of collection facilities	188 collection facilities	'Collection System and Access' section of Executive Summary on page 1.
Changes in number of collection facilities	A net of 5 collection facilities was added during 2025.	

APPLICABLE DEFINITIONS

The following definitions were applied to the assessment of the number of its collection facilities, and any changes in the number and location of its collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation:

- i. **Collection Facility:** a Return-It™ Depot that has an agreement for the collection of used beverage containers or operates as a corporate Return-It Express Plus™ or a Return-It Express & Go™ unstaffed location.
- ii. **List of Return-It™ collection facilities:** is a registry of Return-It™ Depots, Return-It Express Plus™ and Return-It Express & Go™ unstaffed stations containing contact information (location, contact and hours of operation) maintained by Encorp (Pacific) Canada ("Encorp").

A 'Collection Facility' does not include facilities where Encorp does not have a contract with the entity for services, such as retail stores.

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Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

APPLICABLE CRITERIA

The following applicable criteria were applied to the assessment of the location of its collection facilities, and any changes in the number and location of its collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation:

1. The number of collection facilities is obtained from the List of Return-It™ collection facilities as of December 31.
2. The calculation of the number of Return-It™ collection facilities is done by adding up the total number of Return-It™ collection facilities in the List.
3. The listing is done on a monthly basis.
4. The changes in the number of collection facilities are highlighted in the monthly depot list with the summary provided at the end of the year.
5. A summary reconciliation is completed at year-end identifying the depots at the beginning of the year, changes during the year and the number of depots at the end of the year.

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Appendix 1
Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

Section 8(2)(d) product management in accordance with pollution prevention hierarchy.

SUBJECT MATTER INFORMATION

Specific information in the Annual Report for which applicable criteria were developed		
Disclosed information	2025 Claim in the Annual Report	Report Reference
A description of how the recovered product was managed in accordance with the pollution prevention hierarchy	Description of the fate of material	'Fate of Material (2025)' column from Section 5.1 Container Recycling End Fate Report on pages 28 to 29.

APPLICABLE DEFINITIONS

The following definitions were applied to the assessment of the description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation:

- i. Weight of material collected: Weight obtained from processors invoices for the units collected and processed.
- ii. Weight of material recycled: Weight of baled material as per shipments received by recyclers based on outbound movement authorizations / commodity revenue supporting documents.
- iii. End of life: for used beverage containers is determined when the recovered containers are separated by material stream and delivered to the end recyclers approved by Encorp through a vendor certification process.
- iv. End Recycler: a facility that uses processed used beverage containers to transform recovered material into other product.

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Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

APPLICABLE CRITERIA

The following applicable criteria were applied to the assessment of the description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation:

1. All non-refillable containers collected during the year are delivered to processing sites across the province of BC where the containers are grouped into six material categories defined in the Stewardship Plan: Aluminium, Plastic, Glass, Polycoat, Pouches, Bag-In-Box, and Bi-Metal and baled for further processing with the exception of glass that is crushed.
2. Once processed, each material stream is shipped to its own end recycler approved by Encorp through a vendor qualification program.
3. Each shipment is documented with the weight of material shipped on the transporter document (waybill/movement authorization form, export declaration).
4. The total weight of material recycled is obtained from the list of shipments to each end recycler in a calendar year by material type.
5. The total weight recycled is compared to the total weight of material collected to assess reasonableness of the total recycled weight published in the Annual Report. The calculation of weight of material collected is derived from the weight invoiced by processors for the units processed by material type. A comparison of past three years weight of units processed by commodity type is carried out every year. A significant variance between the weight processed year on year compared to units collected is investigated.

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Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

Section 8(2)(e) the total amount of the producer's product sold/collected and the producer's recovery rate

SUBJECT MATTER INFORMATION

Specific information in the Annual Report for which applicable criteria were developed		
Disclosed information	2025 Claim in the Annual Report	Report Reference
Product sold	Total sales in units – 1,774,196,165	'Product Sold, Collected & Recovery Rate' section of the Executive Summary on page 2.
Product collected	Total product collected in units – 1,392,361,693	
Recovery rate	Recovery rate – 78.5%	

APPLICABLE DEFINITIONS

The following definitions were applied to the assessment of how the total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate has been calculated in accordance with Section 8(2)(e) of the Recycling Regulation:

- i. Recovery Rate: A calculated value derived from dividing total units collected by total units sold and measured as percentage rounded to the first decimal point.
- ii. Product Sold: Number of units (beverage containers) reported by Brand Owners to Encorp.
- iii. Brand Owners: Producers as defined in Schedule 1 of the Recycling Regulation.
- iv. Product Collected: Number of units (used beverage containers) collected by Encorp.
- v. Containers-in-Transit: Containers for which deposits were received but will be refunded subsequent to year-end. The estimated turnaround time for consumers returning used beverage containers for deposit refunds is estimated to be 7.5 weeks.
- vi. Movement Authorization (MA): A document indicating a number of containers and number of shipping containers (bags) collected by transporters on behalf of Encorp.

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Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

APPLICABLE CRITERIA

The following applicable criteria were applied to the assessment of how the total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate has been calculated in accordance with Section 8(2)(e) of the Recycling Regulation:

1. The Recovery Rate is determined by dividing the Product Collected by the Product Sold.
2. The Product Sold is based on the reported units sold from sales reports received by Encorp from the Brand Owners in unit sales.
3. The reported units sold are adjusted at year-end to account for Containers-in-Transit.
4. The Product Collected is based on the number of used beverage containers covered by the approved Stewardship Plan and collected by Encorp, as indicated in the Movement Authorization form, during the calendar year.
5. The Product Sold and Product Collected, and the Recovery Rate reconcile to the numbers published in the Annual Report. Once processed, each material stream is shipped to its own end recycler approved by Encorp through a vendor qualification program.

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Appendix 1

Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

Section 8(2)(g) the performance for the year in relation to approved targets under Section 8(2)(b), (d) and (e).

SUBJECT MATTER INFORMATION

Specific information in the Annual Report for which applicable criteria were developed		
Disclosed information	2025 Claim in the Annual Report	Report Reference
Targets associated with Section 8(2)(b): <ul style="list-style-type: none">Percentage of the population covered by container redemption facilities - 97% target	Percentage of the population covered by container redemption facilities – 99.2%	'Access Level' from 'Collection System and Access' section of Executive Summary on page 1.
Targets associated with Section 8(2)(e): <ul style="list-style-type: none">Recovery rate – 82.6% target	Recovery rate – 78.5%	'Product Sold, Collected & Recovery Rate' section of the Executive Summary on page 2.

APPLICABLE DEFINITIONS

The following definitions were applied to the assessment of performance for the year in relation to the specific targets associated with Section 8(2)(b), (d) and (e) of the Recycling Regulation and the approved stewardship plan.

- i. Container redemption facility: an operation, facility or retail premises, or an association of operations, facilities or retail premises, identified in an approved plan for the collection and redemption of a producer's containers.

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Appendix 1

Subject matter information, applicable definitions, and applicable criteria

Year ended December 31, 2025

APPLICABLE CRITERIA

The following applicable criteria were applied to the description of performance for the year in relation to the specific targets associated with Section 8(2)(b), (d) and (e) of the Recycling Regulation and the approved stewardship plan:

1. Targets in the approved stewardship plan have been identified and reported on by management in the annual report.
2. The description of progress against targets to date is supported by records of progress maintained by Encorp.
3. Reporting on the “coverage” of the collection network is based on the percentage on British Columbia residents living within 30 minutes driving radius (urban areas) or 45 minutes driving radius (rural areas with a population equal to or exceeding 3,000) of a container redemption facility.