Q3 2026

Interim Condensed Consolidated Financial Statements

SOURCE ENERGY SERVICES

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026 AND 2025

UNAUDITED

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SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Financial Position - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Note	September 30, 2026	December 31, 2025
Assets			
Current assets			
Cash		$ 2,870	$ 19,901
Accounts receivable	21(d)	68,219	79,625
Prepaid expenses		9,251	11,264
Derivative assets	21(f)	208	—
Inventories	5	94,160	92,221
Lease receivable	6	1,589	1,708
Total current assets		176,297	204,719
Deferred income tax assets		16,805	16,594
Deposits and restricted cash	10(e)	3,471	3,446
Deferred finance costs	10(b)	—	348
Property, plant and equipment	7	314,252	294,190
Right-of-use assets	8	92,449	96,611
Lease receivable	6	139	1,223
Total assets		$ 603,413	$ 617,131
Liabilities and equity			
Current liabilities			
Accounts payable and accruals	16, 21(e)	$ 96,169	$ 104,311
Contract liabilities	13	5,380	3,536
Lease liabilities	11	30,428	27,535
Current portion of long-term debt	10	18,597	11,690
Current income tax liabilities		8,296	8,114
Decommissioning provision	12	1,255	1,190
Total current liabilities		160,125	156,376
Lease liabilities	11	69,551	75,442
Long-term debt	10	162,774	162,586
Contract liabilities	13	237	947
Deferred income tax liabilities		662	4,168
Decommissioning provision	12	12,229	8,716
Total liabilities		$ 405,578	$ 408,235
Shareholders' equity			
Shareholders' equity	15	$ 403,584	$ 404,744
Contributed surplus		2,459	2,459
Accumulated deficit		(224,567)	(211,860)
Accumulated other comprehensive income		16,359	13,553
Total shareholders' equity		$ 197,835	$ 208,896
Total liabilities and shareholders' equity		$ 603,413	$ 617,131

See accompanying notes to these interim condensed consolidated financial statements.

Commitments and contingencies (Note 14)

SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Note	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Sales					
Sand revenue		$ 143,842	$ 100,265	$ 377,412	$ 424,640
Well site solutions		42,979	23,941	104,642	107,585
Terminal services		1,206	1,113	3,313	3,547
Total sales		188,027	125,319	485,367	535,772
Cost of sales	18	$ 150,557	$ 95,016	$ 382,703	$ 410,665
Cost of sales - depreciation		15,164	10,676	40,974	31,951
Gross margin		$ 22,306	$ 19,627	$ 61,690	$ 93,156
Operating expense	18	$ 7,319	$ 7,149	$ 21,590	$ 23,459
General & administrative expense	18	3,938	3,235	11,069	12,982
Depreciation		6,330	5,484	19,174	16,616
Income from operations		$ 4,719	$ 3,759	$ 9,857	$ 40,099
Other expense:					
Finance expense	19	$ 7,636	$ 6,568	$ 22,578	$ 20,609
Share-based compensation (recovery) expense	16	(992)	321	(1,045)	(3,557)
Loss on asset disposal		420	443	768	983
Other income		(53)	(22)	(331)	(737)
Other (recovery) expense	20	(13)	187	601	(12,037)
Loss on sublease		—	—	—	13
Loss (gain) on debt modification	10	1,000	(204)	985	(694)
Foreign exchange (gain) loss	21(f)	(609)	(349)	(1,377)	144
Unrealized foreign exchange loss (gain)		680	3,529	4,364	(4,666)
Total other expense		8,069	10,473	26,543	58
(Loss) income before income taxes		$ (3,350)	$ (6,714)	$ (16,686)	$ 40,041
Income taxes					
Current tax expense	9	$ —	$ 1,212	$ —	$ 6,437
Deferred tax expense (recovery)	9	466	(1,709)	(3,979)	2,654
Total income taxes		466	(497)	(3,979)	9,091
Net (loss) income		$ (3,816)	$ (6,217)	$ (12,707)	$ 30,950
Other comprehensive (loss) income					
Foreign currency translation adjustment (subject to recycling)		(393)	2,633	2,806	(5,473)
Comprehensive (loss) income		$ (4,209)	$ (3,584)	$ (9,901)	$ 25,477
(Loss) earnings per share (in dollars)					
Basic and diluted	17	$ (0.29)	$ (0.46)	$ (0.97)	$ 2.31

See accompanying notes to these interim condensed consolidated financial statements.

SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Changes in Equity - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Note	Common share capital		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income	Total equity
		Number of shares	$				
Balance at December 31, 2025		13,080,255	$ 404,744	$ 2,459	$ (211,860)	$ 13,553	$ 208,896
Net loss		—	—	—	(12,707)	—	(12,707)
Repurchase and cancellation of shares under NCIB	15	(73,900)	(1,160)	—	—	—	(1,160)
Foreign currency translation adjustment		—	—	—	—	2,806	2,806
Balance at September 30, 2026		13,006,355	$ 403,584	$ 2,459	$ (224,567)	$ 16,359	$ 197,835

	Common share capital		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income	Total equity
	Number of shares	$				
Balance at December 31, 2024	13,545,055	$ 410,632	$ 2,459	$ (244,941)	$ 21,717	$ 189,867
Net income	—	—	—	30,950	—	30,950
Repurchases and cancellation of shares under NCIB	(392,900)	(4,999)	—	—	—	(4,999)
Foreign currency translation adjustment	—	—	—	—	(5,473)	(5,473)
Balance at September 30, 2025	13,152,155	$ 405,633	$ 2,459	$ (213,991)	$ 16,244	$ 210,345

See accompanying notes to these interim condensed consolidated financial statements.

SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Cash Flows - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Note	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Operating activities					
Net (loss) income		$ (3,816)	$ (6,217)	$ (12,707)	$ 30,950
Adjusted for the following:					
Depreciation		21,494	16,160	60,148	48,567
Share-based compensation (recovery) expense	16	(992)	321	(1,045)	(3,557)
Loss on asset disposal		420	443	768	983
Finance expense	19	7,636	6,568	22,578	20,609
Loss (gain) on debt modification	10	1,000	(204)	985	(694)
Income tax expense (recovery)	9	466	(497)	(3,979)	9,091
Loss on sublease		—	—	—	13
Foreign exchange loss (gain)		484	3,219	4,173	(5,398)
Satisfaction of performance obligations on contract liabilities	13	(2,205)	(613)	(10,040)	(9,555)
Non-cash repayments on long-term debt	10	(2,435)	(335)	(7,293)	(506)
Income taxes paid		(101)	(1,111)	(101)	(5,715)
Payments for share-based compensation		—	(257)	—	(9,632)
Payments made for decommissioning provision	12	(496)	(575)	(926)	(1,191)
Net changes in non-cash working capital	4	12,419	17,780	8,925	23,077
Cash flows provided by operating activities		$ 33,874	$ 34,682	$ 61,486	$ 97,042
Investing activities					
Capital expenditures		$ (12,249)	$ (25,667)	$ (46,896)	$ (47,908)
Proceeds on disposal of property, plant and equipment and reimbursement of capital costs		4,496	819	5,755	1,548
Net changes in non-cash working capital	4	(3,878)	(1,302)	(605)	(942)
Cash flows used in investing activities		$ (11,631)	$ (26,150)	$ (41,746)	$ (47,302)
Financing activities					
Proceeds on long-term debt	10	$ 103,565	$ 4,863	$ 268,408	$ 12,355
Repayments on long-term debt	10	(111,967)	(11,388)	(262,286)	(19,420)
Repurchase and cancellation of shares under NCIB	15	(186)	(2,297)	(1,160)	(4,999)
Payment of lease obligations	11	(8,268)	(6,832)	(23,234)	(19,427)
Financing expense paid		(3,821)	(6,500)	(17,397)	(20,016)
Cash flows used in financing activities		$ (20,677)	$ (22,154)	$ (35,669)	$ (51,507)
Increase (decrease) in cash		$ 1,566	$ (13,622)	$ (15,929)	$ (1,767)
Effect of foreign exchange differences		(741)	172	(1,102)	(555)
Cash, beginning of period		2,045	43,845	19,901	32,717
Cash, end of period		$ 2,870	$ 30,395	$ 2,870	$ 30,395
Supplementary information					
Interest paid		(3,332)	(5,843)	(15,539)	(17,972)

See accompanying notes to these interim condensed consolidated financial statements.

1. GENERAL DESCRIPTION OF BUSINESS

Source Energy Services Ltd. and its subsidiaries ("Source" or the "Company") is a company that focuses on the integrated production and distribution of frac sand, as well as the distribution of other bulk completion materials not produced by Source. Source provides its customers with an end-to-end solution for frac sand supported by its Wisconsin, United States ("US") and Peace River, Alberta mines and processing facilities, its Western Canadian terminal network and its "last mile" logistics capabilities, including its trucking operations, and Sahara, a proprietary well site mobile sand storage and handling system.

The Company is incorporated under the Alberta Business Corporations Act and the head and principal office is located at 1700, 140 - 10th Avenue SE, Calgary, Alberta, T2G 0R1.

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34 ("IAS") *Interim Financial Reporting*, as at and for the three and nine months ended September 30, 2026, and do not include all of the disclosures required for the annual consolidated financial statements. As such, they should be read in conjunction with the December 31, 2025 audited annual consolidated financial statements which are available on SEDAR+.

The policies applied in these interim condensed consolidated financial statements are based on IFRS® Accounting Standards ("IFRS") issued and outstanding as at September 30, 2026, and were authorized for issuance by the Board of Directors (the "Board") on November 5, 2026.

Use of estimates and judgments

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. These estimates are described in the Company's December 31, 2025 audited annual consolidated financial statements.

Comparative figures

Certain prior year amounts have been reclassified to conform to current year presentation.

Material accounting policy information

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those disclosed in the Company's December 31, 2025 audited annual consolidated financial statements.

Newly adopted accounting policies

The adoption of the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, effective January 1, 2026, did not have a material impact on these interim condensed consolidated financial statements.

Future accounting policy changes

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which will replace IAS 1 Presentation of Financial Statements for the annual reporting periods beginning on or after January 1, 2027. The Company will retrospectively adopt IFRS 18 effective January 1, 2027. Accordingly, comparative information presented in the financial statements will be restated to conform to the new presentation and disclosure requirements.

The Company is finalizing its assessment of the impact of adopting IFRS 18; however, IFRS 18 does not change the recognition or measurement of assets, liabilities, revenue, expenses or cash flows. The most significant expected impacts relate to the presentation of the consolidated statements of operations and comprehensive (loss) income, including the introduction of new required subtotals, reflecting enhanced disaggregation of income and expenses and changes to certain line item presentations. IFRS 18 also resulted in consequential amendments to IAS 7 *Statement of Cash Flows* which require Source to begin the reconciliation of cash flows with operating profit or loss and remove certain classification options for interest cash flows. IFRS 18 will also introduce additional disclosure requirements for existing notes as well as new note disclosures for management-defined performance measures.

3. SEASONALITY OF OPERATIONS

The Company's business is seasonal in nature and as a result, Source's operating results vary on a quarterly basis. Lower activity levels are usually realized in the fourth quarter, as exploration and production ("E&P") companies evaluate remaining capital spend for the year, and during the second quarter spring break-up may impact activity levels. There are other factors that may impact the Company's activities from quarter-to-quarter including commodity prices and completion activity levels of E&P companies.

4. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Accounts receivable	$ (11,433)	$ 33,497	$ 12,576	$ 28,672
Prepaid expenses	2,347	1,730	1,962	4,571
Inventories	(1,890)	(11,527)	(3,241)	(6,339)
Contract liabilities	—	—	7,165	337
Accounts payable and accruals	23,395	(5,920)	(9,537)	(4,164)
Changes in non-cash working capital	**$ 12,419**	**$ 17,780**	**$ 8,925**	**$ 23,077**

Changes in non-cash investing assets and liabilities were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Accounts payable and accruals	$ (3,878)	$ (1,302)	$ (605)	$ (942)
Changes in non-cash working capital	**$ (3,878)**	**$ (1,302)**	**$ (605)**	**$ (942)**

5. INVENTORIES

Inventory consists of three main classifications:

As at	**September 30, 2026**	**December 31, 2025**
Unprocessed sand and work in progress	$ 70,663	$ 53,495
Sand available for shipment	17,767	33,770
Spare parts and supplies	5,730	4,956
Total inventories	**$ 94,160**	**$ 92,221**

Spare parts and supplies are for routine facility and equipment maintenance. Included in the inventory balance is depreciation expense related to sand-producing properties of $11,688 as at September 30, 2026 (December 31, 2025 - $14,377). The total amount of inventory expensed through cost of sales during the three and nine months ended September 30, 2026 was $110,975 and $283,608, respectively (three and nine months ended September 30, 2025 - $72,558 and $312,132). No inventory write-downs or reversals of prior write-downs were recorded during the three and nine months ended September 30, 2026 (December 31, 2025 - $nil).

6. LEASE RECEIVABLE

As at	**September 30, 2026**	**December 31, 2025**
Balance, beginning of period	$ 2,931	$ 4,128
Additions	—	461
Interest income	253	505
Lease payments received	(1,521)	(1,990)
Exchange differences	65	(173)
Balance, end of period	**$ 1,728**	**$ 2,931**
Less: current portion	(1,589)	(1,708)
Long-term portion	**$ 139**	**$ 1,223**

The Company has amounts receivable arising from finance leases, consisting of an office sublease and two Sahara units constructed under customer-reimbursed arrangements.

Future minimum lease payments are as follows:

2026	$	520
2027		1,353
Total	**$**	**1,873**
Less: unearned finance income		145
Lease receivable	**$**	**1,728**

7. PROPERTY, PLANT AND EQUIPMENT

	Land, land improvements & building	Equipment & vehicles	Other	Construction in progress	Mine preparation costs	Total
Cost						
Balance as at December 31, 2024	$ 237,222	$ 241,039	$ 6,924	$ 31,573	$ 48,640	$ 565,398
Additions	912	413	63	46,947	12,406	60,741
Disposals	—	(7,221)	—	(301)	—	(7,522)
Completed construction in progress	10,033	16,896	13	(26,942)	—	—
Transfers	—	7,727	—	—	—	7,727
Exchange differences	(8,160)	(7,480)	(187)	(235)	(1,912)	(17,974)
Balance as at December 31, 2025	$ 240,007	$ 251,374	$ 6,813	$ 51,042	$ 59,134	$ 608,370
Additions	3,808	94	—	33,858	12,942	50,702
Disposals	(148)	(2,848)	—	—	—	(2,996)
Completed construction in progress	28,743	24,092	9	(52,844)	—	—
Transfers	—	2,631	—	—	—	2,631
Exchange differences	5,801	5,261	133	152	1,456	12,803
Balance as at September 30, 2026	**$ 278,211**	**$ 280,604**	**$ 6,955**	**$ 32,208**	**$ 73,532**	**$ 671,510**
Accumulated depreciation						
Balance as at December 31, 2024	$ (96,866)	$ (136,738)	$ (6,791)	$ —	$ (44,333)	$ (284,728)
Depreciation	(11,232)	(17,236)	(69)	—	(12,675)	(41,212)
Disposals	—	4,995	—	—	—	4,995
Transfers	—	(3,752)	—	—	—	(3,752)
Exchange differences	3,653	4,874	185	—	1,805	10,517
Balance as at December 31, 2025	$ (104,445)	$ (147,857)	$ (6,675)	$ —	$ (55,203)	$ (314,180)
Depreciation	(9,187)	(14,635)	(38)	—	(11,000)	(34,860)
Disposals	148	1,253	—	—	—	1,401
Transfers	—	(1,454)	—	—	—	(1,454)
Exchange differences	(2,895)	(3,742)	(132)	—	(1,396)	(8,165)
Balance as at September 30, 2026	**$ (116,379)**	**$ (166,435)**	**$ (6,845)**	**$ —**	**$ (67,599)**	**$ (357,258)**
Carrying amounts						
December 31, 2025	$ 135,562	$ 103,517	$ 138	$ 51,042	$ 3,931	$ 294,190
September 30, 2026	**$ 161,832**	**$ 114,169**	**$ 110**	**$ 32,208**	**$ 5,933**	**$ 314,252**

No indicators of impairment were noted as at September 30, 2026.

8. RIGHT-OF-USE ASSETS

	Land & building	Equipment & vehicles	Rail cars	Peace River facility	Total
Cost					
Balance as at December 31, 2024	$ 13,214	$ 47,896	$ 58,766	$ 26,865	$ 146,741
Additions and modifications	3,522	30,651	17,525	—	51,698
Expired leases	—	(1,756)	(15,168)	—	(16,924)
Transfers	—	(7,727)	—	—	(7,727)
Exchange differences	(189)	(1,604)	(2,740)	—	(4,533)
Balance as at December 31, 2025	$ 16,547	$ 67,460	$ 58,383	$ 26,865	$ 169,255
Additions and modifications	946	14,312	2,490	—	17,748
Expired leases	(1,062)	(976)	—	—	(2,038)
Transfers	—	(2,631)	—	—	(2,631)
Exchange differences	131	1,293	2,081	—	3,505
Balance as at September 30, 2026	**$ 16,562**	**$ 79,458**	**$ 62,954**	**$ 26,865**	**$ 185,839**
Accumulated depreciation					
Balance as at December 31, 2024	$ (7,672)	$ (18,082)	$ (40,117)	$ (4,843)	$ (70,714)
Depreciation	(2,676)	(12,646)	(8,037)	(1,781)	(25,140)
Expired leases	—	1,756	15,168	—	16,924
Transfers	—	3,752	—	—	3,752
Exchange differences	101	693	1,740	—	2,534
Balance as at December 31, 2025	$ (10,247)	$ (24,527)	$ (31,246)	$ (6,624)	$ (72,644)
Depreciation	(1,489)	(11,703)	(7,738)	(1,336)	(22,266)
Expired leases	1,062	976	—	—	2,038
Transfers	—	1,454	—	—	1,454
Exchange differences	(94)	(657)	(1,221)	—	(1,972)
Balance as at September 30, 2026	**$ (10,768)**	**$ (34,457)**	**$ (40,205)**	**$ (7,960)**	**$ (93,390)**
Carrying amounts					
December 31, 2025	$ 6,300	$ 42,933	$ 27,137	$ 20,241	$ 96,611
September 30, 2026	**$ 5,794**	**$ 45,001**	**$ 22,749**	**$ 18,905**	**$ 92,449**

9. INCOME TAXES

The following table reconciles the Company's expected income tax expense relative to the current effective Canadian statutory rate of 24% (2025 - 23%) for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
(Loss) income before income taxes	$ (3,350)	$ (6,714)	$ (16,686)	$ 40,041
Statutory income tax rate	24.08 %	23.00 %	24.08 %	23.00 %
Expected income taxes	(807)	(1,544)	(4,018)	9,209
Increase (decrease) in taxes from:				
Non-taxable income	(582)	—	(1,709)	—
Non-deductible expenses	57	20	216	48
Share-based compensation	—	—	—	3
Unrealized foreign exchange	230	392	426	(433)
Prior period adjustments	888	—	888	(39)
Unrecognized deferred income tax assets	—	(2)	—	(5)
Rate differential on foreign activities	12	(10)	(130)	288
Other	668	647	348	20
Total income taxes	**$ 466**	**$ (497)**	**$ (3,979)**	**$ 9,091**

At September 30, 2026, the Company had $45,045 of non-capital losses (December 31, 2025 - $61,811). Canadian and foreign losses begin to expire in 2041.

10. LONG-TERM DEBT

As at	**September 30, 2026**	**December 31, 2025**
Term Loan (net of unamortized deferred financing costs) (a)	$ 145,111	$ 153,309
ABL facility (net of unamortized deferred financing costs) (b)	11,922	—
Taylor Financing Facility (c)	21,082	20,967
Other debt (d)	3,256	—
Total long-term debt	**$ 181,371**	**$ 174,276**
Less: current portion	(18,597)	(11,690)
Long-term portion	**$ 162,774**	**$ 162,586**

(a) Term Loan

As at	**September 30, 2026**	**December 31, 2025**
Balance, beginning of period	$ 153,309	$ 183,547
Cash changes:		
Repayments[(1)]	(15,903)	(23,739)
Financing costs incurred	(867)	(478)
Non-cash changes:		
Accretion	1,372	1,527
Unrealized foreign exchange loss (gain)	5,608	(7,638)
Loss on debt modification	1,592	90
Balance, end of period	**$ 145,111**	**$ 153,309**
Less: current portion	(12,386)	(8,474)
Long-term portion	**$ 132,725**	**$ 144,835**

Note:

(1) A realized foreign exchange gain of $424 was recognized on repayments during the nine months ended September 30, 2026 (December 31, 2025 - $693).

On December 20, 2024, Source executed a five-year US$135,000 Term Loan with Silver Point Finance, LLC (the “Term Loan”). The Term Loan had a delayed draw facility of US$25,000, which remained undrawn and expired on December 31, 2025. The Term Loan bears interest at the Secured Overnight Finance Rate (“SOFR”), plus a margin of 5.25% and an interest rate floor of 4.25%, and matures on December 20, 2029. The Term Loan is secured by a first charge on all assets of the business, excluding assets

related to the Taylor Terminal (as defined below), and a second charge on cash, accounts receivable and inventory. The Term Loan was initially recorded at its fair value, net of issuer discount and transaction fees, which are amortized over the life of the Term Loan. As at September 30, 2026, the Term Loan was subsequently revalued to reflect current cash flows and changes in SOFR, resulting in a loss (gain) on debt modification for the three and nine months ended September 30, 2026 of $1,012 and $1,592, respectively (three and nine months ended September 30, 2025 - $(34) and $90).

The Term Loan has a stated amortization of 5% per annum for amounts drawn on the facility, with 2% due on March 31 and September 30, respectively, and 1% due on June 30. The Term Loan also contains a quarterly mandatory repayment feature, equal to 50% of excess cash flows, payable 45 days after each three fiscal quarters and 60 days after each fiscal year. Excess cash flows are defined as cash flows provided by operating activities (which includes an adjustment for cash taxes paid), less maintenance capital expenditures, amounts paid for lease obligations and amounts of interest or principal repayments on the Term Loan and ABL facility (as defined below) in the applicable fiscal quarter. For the nine months ended September 30, 2026, the Company made excess cash flow repayments totalling US$3,427 (nine months ended September 30, 2025 - US$7,190), and has a repayment of US$2,990 payable on November 15, 2026.

Under the original Term Loan agreement, the Company could repay all or a portion of amounts outstanding under the Term Loan, plus unpaid and accrued interest, subject to an applicable call premium on amounts repaid (prior to December 20, 2027 - 5%, prior to December 20, 2028 - 3% and thereafter – nil). Financial covenants included a total leverage ratio, a fixed charge coverage ratio of 1.20:1 and a current ratio of 1.25:1, tested each fiscal quarter. During the nine months ended September 30, 2026, Source completed amendments to the Term Loan which revised certain covenants and pricing terms. The maximum total leverage ratio thresholds were amended as follows:

- 3.00:1 for the fiscal quarter ending September 30, 2026;
- 2.75:1 for the fiscal quarter ending December 31, 2026;
- 2.50:1 for the fiscal quarter ending March 31, 2027;
- 2.00:1 for the fiscal quarter ending June 30, 2027; and
- 1.75:1 for the fiscal quarters thereafter.

The applicable margin on interest was amended as follows:

- 5.25% when the total leverage ratio is less than 2.00:1;
- 5.75% when the total leverage ratio is equal to or greater than 2.00:1 and less than 2.50:1; and
- 6.25% when the total leverage ratio is equal to or greater than 2.50:1.

In addition, the amendments revised the applicable call premium on amounts repaid (prior to June 20, 2028 - 5%, prior to December 20, 2028 - 3%). As at September 30, 2026, Source was in compliance with all covenants.

Interest expense for the Term Loan was $4,039 and $11,947, respectively, for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 - $3,818 and $13,046).

(b) ABL facility

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	$ —	$ —
Cash changes:		
Proceeds	257,133	35,227
Repayments	(245,562)	(35,227)
Non-cash and other changes:		
Deferred financing costs[(1)]	(708)	—
Accretion	269	—
Unrealized foreign exchange loss	790	—
Balance, end of period	**$ 11,922**	**$ —**

Note:
(1) Unamortized deferred financing costs of $708 were presented as an asset for the year ended December 31, 2025, of which $360 was short-term.

The Company has a $40,000 revolving asset-backed credit facility (the “ABL”) with Canadian Imperial Bank of Commerce which matures on December 20, 2027. The ABL is secured by a first lien charge on cash, the accounts receivable and inventory of the Company and a second lien charge on all other assets of the business excluding assets related to the Taylor Terminal, as outlined below. The ABL facility may be drawn in Canadian or US dollars and bears interest based on the bank’s prime lending rate, base rate, Canadian Overnight Repo Rate Average or SOFR, plus an applicable margin, which ranges from 0.0% to 0.25% for prime and base rate borrowings, depending on the amount of excess availability.

The amount available under the facility is subject to a borrowing base formula applied to accounts receivable and inventory. The ABL includes a springing fixed charge ratio of 1.00:1 to be measured when the Company's excess availability is less than 10%. At September 30, 2026, $12,361 was drawn on the ABL (less unamortized finance costs of $439 for a net balance of $11,922) (December 31, 2025 - $nil), leaving $27,639 of availability on the facility (December 31, 2025 - $40,000).

Interest expense on the ABL facility, including fees on the undrawn portion, was $381 and $1,088, respectively, for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 - $117 and $238).

(c) Taylor Financing Facility

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	$ 20,967	$ 10,042
Cash changes:		
Proceeds	1,275	12,355
Repayments	(1,245)	—
Non-cash changes:		
Repayments (transload credits)	(549)	(1,329)
Accretion	1,241	1,182
Gain on debt modification	(607)	(1,283)
Balance, end of period	**$ 21,082**	**$ 20,967**
Less: current portion	(2,955)	(3,216)
Long-term portion	**$ 18,127**	**$ 17,751**

On July 25, 2024, Source entered into a construction financing arrangement (the "Taylor Financing Facility") with Trican Well Service Ltd. ("Trican") to construct a new terminal facility located in Taylor, British Columbia (the "Taylor Terminal"). Under the terms of the agreement Trican advanced funding for construction under a project financing structure and received a fee on each advance drawn which was added to the obligation outstanding. The Taylor Financing Facility is fully drawn at the capped amount of $23,500 and is repayable through the provision of transload services and optional cash payments over a three-year term, with options to extend for additional one-year periods.

The Taylor Financing Facility is secured by a first lien charge on all assets of the Taylor transload entity, including a mortgage in favor of Trican. The financial performance of the Taylor Terminal, including amounts drawn on the Taylor Financing Facility, are excluded from the financial covenants as prescribed under the Term Loan and the ABL facility.

The advances under the Taylor Financing Facility were recorded at their fair values and have been subsequently revalued using the effective interest method to reflect current estimated future repayments related to transloading volume forecasts, which resulted in a gain on debt modification of $12 and $607, respectively, for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 - $170 and $784). For the three and nine months ended September 30, 2026, the Company recorded finance costs of $407 and $1,241, respectively (three and nine months ended September 30, 2025 - $328 and $766), calculated using an effective interest rate of 7.65% to accrete the value of the obligation to amounts payable under the terms of the arrangement.

(d) Other debt

On February 19, 2026, the Company entered into an arrangement with a customer to support the purchase of sand trucking assets and specialized well site equipment. Under the terms of the arrangement, the customer provides upfront funding of up to $10,000 which is repayable over a period of up to 24 months through per tonne credits applied to future sand purchases, with an option for the Company to repay amounts outstanding in cash. The customer holds a first lien charge on all equipment purchased under the arrangement until the advance is repaid in full. The arrangement is expected to be repaid within a twelve-month term and as a result the fair value of the advance, measured using a market-based interest rate for a similar arrangement, approximates its carrying amount. As at September 30, 2026, an outstanding balance of $3,256 was included in the current portion of long-term debt, comprised of $10,000 of advances net of $6,744 of repayments.

(e) Standby letter of credit facility and deposits

The Company has a US$13,500 standby letter of credit facility. The Company also has an outstanding letter of credit, supported by a cash deposit, and surety bonds issued in respect of reclamation obligations related to its mining operations in Wisconsin. As at September 30, 2026, $3,118 (December 31, 2025 - $3,012) has been classified as a non-current asset in the interim condensed consolidated statements of financial position in respect of these deposits, of which $1,121 is restricted cash (December 31, 2025 - $1,083).

The effective interest rate realized on long-term debt, excluding the Taylor Financing Facility, for the nine months ended September 30, 2026 was 9.6% (December 31, 2025 - 9.9%).

11. LEASE LIABILITIES

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	$ 102,977	$ 79,904
Lease additions	15,330	47,642
Lease modifications	3,187	4,528
Lease payments	(23,234)	(26,917)
Exchange differences	1,719	(2,180)
Balance, end of period	**$ 99,979**	**$ 102,977**
Less: current portion	(30,428)	(27,535)
Long-term portion	**$ 69,551**	**$ 75,442**

The Company enters into lease arrangements related to rail cars, equipment and vehicles, office buildings and surface leases. Lease liabilities are measured at the present value of the remaining lease payments using an incremental borrowing rate of 8% (December 31, 2025 - 8%). Leases with a lease term of twelve months or less for certain classes of assets and low-value assets of $78 and $122, respectively, were expensed to cost of sales or operating expense in the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 - $2 and $12). The Company recognized $1,846 and $5,770, respectively, of interest on lease liabilities for the three and nine months ended September 30, 2026 (three and nine months ended September 30, 2025 - $1,780 and $5,185).

12. DECOMMISSIONING PROVISION

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	$ 9,906	$ 10,791
Liabilities incurred	2,910	412
Liabilities settled	(926)	(1,678)
Accretion	355	357
Changes in estimates	876	539
Exchange differences	363	(515)
Balance, end of period	**$ 13,484**	**$ 9,906**
Less: current portion	(1,255)	(1,190)
Long-term portion	**$ 12,229**	**$ 8,716**

The Company's decommissioning provision relates to reclamation of land and facilities where its mines operate. Management estimates the costs to abandon and reclaim its properties based on current reclamation technology, acres disturbed and the estimated time period in which these costs will be incurred in the future. The total future estimate of undiscounted cash flows required to settle the provision has been discounted using an inflation rate of 3.39% and risk-free rates of 3.66% for expenditures planned within the next ten years and 4.02% for longer-term expenditures at September 30, 2026 (December 31, 2025 - 3.17%, 3.79% and 3.41%, respectively). The majority of these costs are expected to occur between 6 and 36 years.

13. CONTRACT LIABILITIES

Source has entered into agreements with customers where the Company received prepayments for future obligations. In July 2026, Source executed a contract to construct a Sahara unit on behalf of a customer. Capital costs incurred were fully reimbursed during the period. The following table provides a summary of contract liabilities for the periods below:

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	$ 4,483	$ 13,468
Cash proceeds	11,148	1,231
Satisfaction of performance obligations	(10,040)	(10,216)
Exchange differences	26	—
Balance, end of period	**$ 5,617**	**$ 4,483**
Less: current portion	(5,380)	(3,536)
Long-term portion	**$ 237**	**$ 947**

14. COMMITMENTS AND CONTINGENCIES

The Company has commitments regarding physical natural gas contracts which expire between October 2026 and December 2027, as well as various IT software subscriptions through 2030. Estimated annual commitments are as follows:

2026	$	416
2027		367
2028 and beyond		184
Total	**$**	**967**

Additionally, under the terms of the Peace River facility lease, the Company is exposed to potential future cash outflows for variable lease payments which commence when production exceeds 150,000 metric tonnes per year. During the three and nine months ended September 30, 2026, the Company incurred variable lease payments of $432 and $1,503, respectively, (three and nine months ended September 30, 2025 - $nil).

In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings relating to contracts, environmental issues or other matters. While the amount of any proceeding or litigation is inherently uncertain, management of the Company believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Company.

Source had been pursuing claims against certain organizations in respect of damages related to the structural failure of assets at its Fox Creek terminal facility which occurred on May 7, 2019. The claims between the parties were settled and the lawsuit was dismissed in early 2025 (refer to Note 20 for additional information).

15. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares.

Normal course issuer bid

On May 29, 2026, the Company renewed its normal course issuer bid (“NCIB”), under which the Company is authorized to purchase up to a maximum of 996,288 common shares, or $4,000. The NCIB will terminate on the earlier of May 28, 2027, and such earlier date as the maximum number of common shares are purchased or the NCIB is completed and terminated at the election of the Company. The renewal of the NCIB follows the conclusion of Source’s previous NCIB which expired May 12, 2026.

In May 2026, the Company simultaneously entered into an automated share purchase plan (the “ASPP”) with an independent broker which permits Source to purchase common shares during its internal blackout period. Purchases completed during an internal blackout period are determined by the broker in its sole discretion based on parameters established by Source under the ASPP.

For the nine months ended September 30, 2026, Source purchased 73,900 shares for cancellation at a weighted average price per share of $15.70 which includes transaction fees.

16. SHARE-BASED COMPENSATION

The Company has a share-based compensation plan that allows for DSU grants for directors. The DSUs vest and are expensed over the earlier of five years or when a director or other participant ceases in their role and are payable only when a director or

participant leaves the Company. The fair value of the DSUs was determined using the Company's share price at period end and a forfeiture rate of 5%. The DSUs are expected to be settled for cash payment and accordingly are considered a liability-settled award for accounting purposes. At September 30, 2026, a current liability of $2,771 has been recorded for these units (December 31, 2025 - $3,816).

The Company has plans that allow for RSU and PSU grants as well as the issuance of SARs for certain employees. During the nine months ended September 30, 2025, the Company and the Board agreed to wind up the outstanding RSU and PSU grants, whereby all outstanding units vested and were settled for cash or shares. During 2024, the Company and the Board agreed to wind up the SAR plan, effective January, 2025, which resulted in the cash settlement of all outstanding SARs.

The Company has an employee stock purchase plan ("ESPP") for eligible employees under which the Company provides a contribution of 0% to 25% of the employee's base compensation to purchase common shares of Source. The cost of the Company's contribution is expensed as incurred and recorded within general and administrative expense.

As at September 30, 2026, the following share-based compensation plan units were outstanding:

(number of units)	SAR	RSU	PSU	DSU
Balance as at December 31, 2024	293,000	114,162	612,692	335,848
Granted	—	—	57,990	37,296
Exercised	(293,000)	(114,162)	(670,672)	(70,805)
Forfeited	—	—	(10)	—
Balance as at December 31, 2025	—	—	—	302,339
Granted	—	—	—	21,260
Balance as at September 30, 2026	**—**	**—**	**—**	**323,599**
Vested as at September 30, 2026	**—**	**—**	**—**	**—**

For the three and nine months ended September 30, 2026, share-based compensation (recovery) expense was $(992) and $(1,045), respectively (three and nine months ended September 30, 2025 - $321 and $(3,557)).

17. (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share

The calculation of basic and diluted (loss) earnings per share for the three and nine months ended September 30, 2026 was based on the (loss) earnings available to holders of common shares of $(3,816) and $(12,707), respectively (three and nine months ended September 30, 2025 - $(6,217) and $30,950), and a weighted average number of common shares outstanding for the three and nine months ended September 30, 2026 of 13,008,100 and 13,048,506, respectively (three and nine months ended September 30, 2025 - 13,456,959 and 13,417,778). Diluted (loss) earnings per share is calculated by adjusting the (loss) earnings and number of shares for the effects of potential dilution attributed to restricted and performance share units granted to employees. For the three and nine months ended September 30, 2026 and 2025, there were no common shares that could have a potentially dilutive effect in a future period.

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Common shares outstanding, beginning of period	13,019,855	13,545,055	13,080,255	13,545,055
Weighted average shares repurchased and cancelled under NCIB	(11,755)	(88,096)	(31,749)	(127,277)
Weighted average common shares outstanding, end of period	**13,008,100**	**13,456,959**	**13,048,506**	**13,417,778**
(Loss) earnings per share				
Basic and diluted	**$ (0.29)**	**$ (0.46)**	**$ (0.97)**	**$ 2.31**

18. OPERATING AND GENERAL & ADMINISTRATIVE COSTS

The Company presents its expenses in the interim condensed consolidated statements of operations and comprehensive (loss) income using the function of expense method whereby expenses are classified according to their function within the Company. This

method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- Cost of sales ("COS");
- Operating ("OPEX"); and
- General & administrative ("G&A").

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations. Additional information on the nature of expenses is as follows:

Three months ended September 30,	2026				2025			
	COS	OPEX	G&A	Total	COS	OPEX	G&A	Total
Direct material	$112,455	$ —	$ —	$112,455	$ 72,558	$ —	$ —	$ 72,558
Salary costs	8,858	2,634	2,357	13,849	6,923	2,655	1,994	11,572
Equipment costs	1,831	628	—	2,459	1,899	789	—	2,688
Transportation costs	26,301	—	—	26,301	13,121	—	—	13,121
Facility costs	1,112	450	12	1,574	515	442	19	976
Selling costs	—	3,607	10	3,617	—	3,263	(70)	3,193
Administration costs	—	—	1,559	1,559	—	—	1,292	1,292
Total	**$150,557**	**$ 7,319**	**$ 3,938**	**$161,814**	**$ 95,016**	**$ 7,149**	**$ 3,235**	**$105,400**

Nine months ended September 30,	2026				2025			
	COS	OPEX	G&A	Total	COS	OPEX	G&A	Total
Direct material	$287,574	$ —	$ —	$287,574	$312,132	$ —	$ —	$312,132
Salary costs	23,755	7,976	6,730	38,461	19,669	9,028	8,911	37,608
Equipment costs	5,378	1,941	7	7,326	6,297	2,351	2	8,650
Transportation costs	61,680	—	—	61,680	70,933	—	—	70,933
Facility costs	4,316	1,505	37	5,858	1,634	1,325	41	3,000
Selling costs	—	10,168	(15)	10,153	—	10,755	(28)	10,727
Administration costs	—	—	4,310	4,310	—	—	4,056	4,056
Total	**$382,703**	**$ 21,590**	**$ 11,069**	**$415,362**	**$410,665**	**$ 23,459**	**$ 12,982**	**$447,106**

19. FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Interest	$ 6,172	$ 5,394	$ 18,379	$ 17,537
Accretion[(1)]	1,000	897	3,237	2,449
Other	464	277	962	623
Total	**$ 7,636**	**$ 6,568**	**$ 22,578**	**$ 20,609**

Note:
(1) Includes accretion of deferred financing fees for the ABL facility, the Term Loan, the Taylor Financing Facility and accretion of the Company's decommissioning provision for the three and nine months ended September 30, 2026.

20. OTHER (RECOVERY) EXPENSE

Source had been pursuing claims against certain organizations in respect of damages related to the structural failure of assets at its Fox Creek terminal facility which occurred in May 2019. In early 2025, claims between the parties were settled and the lawsuit was dismissed, resulting in a net payment to Source of $11,150. Certain amounts payable and outstanding related to the incident were also written off during 2025.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. Further quantitative disclosures are included throughout these interim condensed consolidated financial statements. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's

business objectives and risk tolerance levels. While the Board has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Classification of financial instruments

The Company categorizes the following financial instruments at amortized cost:

As at	September 30, 2026	December 31, 2025
Financial instruments at amortized cost:		
Cash	$ 2,870	$ 19,901
Accounts receivable	68,219	79,625
Deposits and restricted cash	3,471	3,446
Lease receivable (includes current portion)	1,728	2,931
Accounts payable and accruals	96,169	104,311
Lease liabilities (includes current portion)	99,979	102,977
Long-term debt (includes current portion)	181,371	174,276

(c) Fair value of financial instruments

Financial assets and financial liabilities are not measured at their fair values when the carrying amount is a reasonable approximation of fair value due to their nature, short-term maturity or floating rate interest. The carrying amount of the other debt arrangement with a customer (refer to Note 10(d) for additional information) approximates its fair value as at September 30, 2026, due to the expected timing of disbursements and repayments.

The Company analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Values based on unadjusted quoted prices in active markets for identical assets or liabilities, accessible at the measurement date.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair value		
September 30, 2026	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss:				
Derivative instruments, net	$ 208	$ —	$ 208	$ —
Financial liabilities at amortized cost:				
Term Loan	$ 145,111	$ —	$ —	$ 149,010
Taylor Financing Facility	$ 21,082	$ —	$ —	$ 20,454

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Substantially all of the Company's trade and other amounts receivable are due from purchasers of proppants and logistics services and are subject to normal industry credit risk. Significant changes in industry conditions will increase the risk of not collecting receivables. Management believes the risk is materially mitigated by the size and reputation of the companies to which they extend credit.

The Company's revenues are generally derived from a group of large and reputable oilfield E&P companies and oilfield services customers. Orders for proppant are subject to guidelines established by the Company's credit and collection program. Source's five largest customers account for 56% of the revenue for the three months ended September 30, 2026, with the three largest making up 42% of revenue (three months ended September 30, 2025, five customers accounted for 89%, three customers accounted for 72%). The Company's five largest customers accounted for 56% of the revenue for the nine months ended September 30, 2026, with the three largest making up 42% (nine months ended September 30, 2025, five customers accounted for 77%, three customers accounted for 60%). One of those customers (three for the nine months ended September 30, 2025) accounted for 10% or more of total revenue individually for the nine months ended September 30, 2026.

The Company's accounts receivable balance, net of loss allowances, was comprised of the following:

As at	September 30, 2026	December 31, 2025
Not yet due	$ 58,232	$ 78,559
0 – 30 days	9,493	1,042
31 – 60 days	475	24
61 – 90 days	12	—
91+ days	7	—
Total accounts receivable	**$ 68,219**	**$ 79,625**

The Company performs ongoing credit evaluations of its customers and establishes an allowance for doubtful accounts based on the lifetime expected credit loss provision. The Company uses an allowance matrix to estimate the credit losses of trade receivables which considers historical default rates as well as the days past due.

A loss allowance of $92 was recorded as at September 30, 2026:

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	$ 107	$ 402
Decrease in loss allowance	(15)	(9)
Specific provision for receivables deemed uncollectible	—	(286)
Balance, end of period	**$ 92**	**$ 107**

The Company's maximum exposure to credit risk is the carrying amount of trade and other amounts receivable (including leases), cash, deposits and restricted cash as well as foreign exchange forward contracts. Other than leases and accounts receivable, these financial instruments are held with major financial institutions and management believes the investment grade credit ratings of these institutions minimize this risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The financial liabilities in the interim condensed consolidated statements of financial position consist of accounts payable and accrued liabilities, lease liabilities, the Term Loan, ABL facility, Taylor Financing Facility and the other debt arrangement with a customer (refer to Note 10(d) for additional information). The Company's approach to managing liquidity risk includes preparing operating and capital budgets and forecasts and monitoring performance against budgets and forecasts. Source may seek additional financing based on the results of these processes. The Company's ongoing liquidity is impacted by various external events and conditions, including foreign currency fluctuations and commodity price fluctuations as well as global economic conditions.

The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow, as well as future debt and equity financings. Source has a credit facility to facilitate the management of liquidity risk.

The Company's contractual cash outflows relating to financial liabilities are outlined in the table below:

As at September 30, 2026	Total	2026	2027	2028	2029	2030	2031 and beyond
Accounts payable and accruals	$ 96,169	$ 96,169	$ —	$ —	$ —	$ —	$ —
Lease liabilities[1]	$ 116,190	$ 9,285	$ 34,540	$ 23,392	$ 15,879	$ 9,876	$ 23,218
Term Loan[2][3]	$ 196,651	$ 8,206	$ 24,619	$ 23,179	$ 140,647	$ —	$ —
ABL facility[3]	$ 12,361	$ —	$ 12,361	$ —	$ —	$ —	$ —
Taylor Financing Facility[1][4]	$ 25,079	$ 1,118	$ 4,586	$ 4,586	$ 4,586	$ 10,203	$ —
Other debt[4]	$ 3,256	$ 3,256	$ —	$ —	$ —	$ —	$ —

Notes:
(1) Includes interest for future periods.
(2) Reflects cash outflows for interest and principal only, refer to Note 10(a) for additional information.
(3) The timing and amount of interest payments on such balances will fluctuate depending on balances outstanding and applicable interest rates.
(4) Includes amounts repayable through customer credits, the timing and amount of which may fluctuate, refer to Note 10(c) and Note 10(d) for additional information.

(f) Market risk

Market risk is the risk that changes in market prices, including foreign exchange rates and interest rates, will affect the Company's net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company

is to manage and mitigate market risk exposures within acceptable limits while maximizing returns. Primary market risks are as follows:

Foreign currency risk

The Company is exposed to foreign exchange risk on debt denominated in US dollars. The net effect of each 1% change in foreign exchange would impact long-term debt and net income by $1,524 at September 30, 2026 (December 31, 2025 - $1,624).

The Company is exposed to foreign exchange risk on sales denominated in US dollars to the extent that the receipt of payment of the US denominated accounts receivable are subject to fluctuations in the related foreign exchange rate. In addition, foreign currency risk exists on the cost of manufacturing of inventory for sale to the extent that the payment of those costs are foreign denominated accounts payable and are subject to fluctuations in the foreign exchange rate. Included in accounts receivable, accounts payable and accrued liabilities as at September 30, 2026 are $17,002 (December 31, 2025 - $26,654) and $32,066 (December 31, 2025 - $24,830) denominated in foreign currency, respectively. The net effect of each 1% change in foreign exchange would impact net income (excluding the impact from long-term debt) by $795 and $1,521 for the three and nine months ended September 30, 2026, respectively ($413 and $1,562 for the three and nine months ended September 30, 2025).

In order to manage exposure to fluctuations in the Canadian to US dollar exchange rate, the Company's policy is to hedge a portion of its net US dollar exposure on a monthly basis, as determined by the Company's foreign currency risk management policy, through the purchase of various instruments. As at September 30, 2026, the Company has US dollar foreign exchange forward contracts outstanding that mature during 2026, with notional amounts ranging from US$711 to US$2,000 per month at 1.3923 to 1.4125 per Canadian dollar.

Interest rate risk

Interest rate risk is the risk that future cash flows associated with financial instruments will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk to the extent that changes in market interest rates impact borrowings under its floating rate asset-backed loan facility and its floating rate Term Loan. The net effect of each 1% change in market interest rates would impact the related interest expense for the Company's floating rate borrowings by $1,648 at September 30, 2026 ($1,624 at December 31, 2025). The Company had no derivative contracts in place as at or during the three and nine months ended September 30, 2026 and 2025 with respect to managing interest rate risk.

(g) Capital management

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain shareholder and creditor confidence and to provide a platform to create value for its common shareholders. Management is responsible for overseeing the Company's capital and does so by regularly reviewing financial data, including budgets and forecasts. The Company's directors are responsible for overseeing this process. The Company considers its capital structure to include equity, the Term Loan, ABL facility, Taylor Financing Facility and other debt arrangements.

The Company monitors capital based on its current working capital, available credit line, projected cash flow from operations and anticipated capital expenditures. In order to manage its capital structure, the Company prepares annual capital expenditure and operating budgets, which are updated as necessary. The annual and updated budgets are prepared by the Company's management and approved by the Company's Board.

In order to maintain or adjust the capital structure, the Company may issue share capital, seek debt financing and adjust its capital spending to manage its current and projected capital structure. The Company's ability to raise additional debt or equity financing is impacted by external conditions, including global economic conditions. The Company continually monitors economic and general business conditions.

The Company's share capital is not subject to external restrictions; however, the amount of the ABL facility available for use is determined by levels of accounts receivable and inventory. Refer to Note 10(b) for additional information.

The Company's capital management policy has not changed during the periods ended September 30, 2026 and December 31, 2025.

22. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company has determined that it operates in a single operating and reportable segment. Total external revenues and assets by geographical location are summarized in the table below:

Sales for the three months ended September 30,	Canadian operations	US operations	Corporate[1]	Total
2026	**$ 184,699**	**$ 3,328**	**$ —**	**$ 188,027**
2025	$ 123,663	$ 1,656	$ —	$ 125,319

Sales for the nine months ended September 30,	Canadian operations	US operations	Corporate[1]	Total
2026	**$ 474,272**	**$ 11,095**	**$ —**	**$ 485,367**
2025	$ 532,575	$ 3,197	$ —	$ 535,772

Total assets	Canadian operations	US operations	Corporate[1]	Total
September 30, 2026	**$ 333,837**	**$ 231,457**	**$ 38,119**	**$ 603,413**
December 31, 2025	$ 331,971	$ 240,575	$ 44,585	$ 617,131

Note:
(1) Corporate operations are included for informational purposes only.