Consolidated Financial Statements of

ANDLAUER HEALTHCARE GROUP INC.

For the years ended December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Andlauer Healthcare Group Inc.

Opinion

We have audited the consolidated financial statements of Andlauer Healthcare Group Inc. (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2024 and December 31, 2023
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Evaluation of revenue recognition in the Healthcare Logistics Segment

Description of the matter

We draw attention to Notes 3(b) and 4 to the financial statements. The total revenues for the Healthcare Logistics segment is $180 million. In some cases, the Entity's contracts with customers have multiple performance obligations that require the Entity to allocate the contractual transaction price to the identified performance obligations. The allocation of the transaction price requires management to determine the stand-alone selling price ("SSP") for each distinct performance obligation.

Why the matter is a key audit matter

We identified the evaluation of revenue recognition for contracts that contain multiple performance obligations in the Healthcare Logistics segment as a key audit matter. This matter represented an area of higher risk of material misstatement due to the complexities of the various terms included in each contract. Significant auditor judgement was required to identify the stand-alone selling price for each distinct performance obligation and the timing of revenue recognition.

How the matter was addressed in the audit

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

- Examined a selection of revenue transactions and compared the amount of revenue recognized to the source documentation, including invoice, proof of delivery (when applicable) and subsequent cash receipt.

- For samples selected related to contracts that include more than one performance obligation, we obtained the Entity's master contract schedule and tested the SSP used to invoice the customer to evaluate the revenue recognized. We also performed testing over the master contract summary by examining the customer contracts to assess the appropriateness of the SPP used to bill customers for specific performance obligations.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is John J. Pryke.

Hamilton, Canada

February 26, 2025

Andlauer Healthcare Group Inc.

Consolidated Balance Sheets

As at December 31, 2024 and 2023

(In thousands of Canadian dollars, except shares, share price and earnings per share)

Assets-	Note	December 31, 2024	December 31, 2023
Current assets			
Cash and cash equivalents		$ 40,483	$ 59,740
Trade and other receivables	5	110,447	102,206
Income taxes receivable		2,670	1,230
Inventories	6	8,934	5,329
Prepaid expenses and other		6,373	6,605
Due from related parties	20	18	1
		168,925	175,111
Non-current assets			
Long-term deposits and other		1,289	911
Property, plant and equipment	7	188,124	166,200
Goodwill and intangible assets	8	333,668	334,919
Deferred income taxes	16	4,910	5,285
Total Assets		**$ 696,916**	**$ 682,426**
Liabilities and Equity			
Current liabilities			
Revolving credit facility	10	$ 30,000	$ -
Accounts payable and accrued liabilities	9	44,500	41,795
Current portion of lease liabilities	17	31,729	27,697
		106,229	69,492
Long-term liabilities			
Lease liabilities	17	94,586	75,384
Deferred income taxes	16	39,783	42,955
Due to related parties	20	291	206
Term facility	10	24,895	24,819
Total Liabilities		**265,784**	**212,856**
Equity			
Common share capital	12	673,868	718,790
Contributed surplus	14	6,978	6,308
Accumulated other comprehensive income		33,821	14,194
Merger reserve	2	(488,916)	(488,916)
Retained earnings		205,381	219,194
		431,132	469,570
Commitments and contingencies	19		
Total Liabilities and Equity		**$ 696,916**	**$ 682,426**

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Peter Jelley"
Director

"Thomas G. Wellner"
Director

Andlauer Healthcare Group Inc.

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2024 and 2023

(In thousands of Canadian dollars, except shares, share price and earnings per share)

	Note	December 31, 2024	December 31, 2023
Revenue	15	**$ 650,477**	**$ 647,952**
Operating expenses			
Cost of transportation and services		326,576	328,493
Direct operating expenses		105,763	103,829
Selling, general and administrative expenses		53,241	51,428
Depreciation and amortization		70,934	68,149
		556,514	551,899
Operating income		**93,963**	**96,053**
Interest expense	18	(7,585)	(8,207)
Interest income		2,152	3,170
Other expenses		(332)	(409)
Income before income taxes		**88,198**	**90,607**
Current income tax expense	16	28,825	28,896
Deferred income tax recovery	16	(5,095)	(4,429)
		23,730	24,467
Net income		**$ 64,468**	**$ 66,140**
Net earnings per share			
Basic earnings per share	13	**$ 1.60**	**$ 1.58**
Diluted earnings per share	13	**$ 1.58**	**$ 1.55**
Other comprehensive income			
Net income		$ 64,468	$ 66,140
Foreign currency translation adjustment		19,627	(5,448)
Other comprehensive income (loss) for the year		19,627	(5,448)
Total comprehensive income for the year		**$ 84,095**	**$ 60,692**

See accompanying notes to consolidated financial statements.

Andlauer Healthcare Group Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(In thousands of Canadian dollars, except shares, share price and earnings per share)

	Number of shares (thousands) (note 12)	**Share capital** (note 12)	**Accumulated other compre-hensive income**	**Merger reserve** (note 2)	**Contributed surplus** (note 14)	**Retained earnings**	**Total equity**
Balance at December 31, 2023	41,467	$ 718,790	$ 14,194	$ (488,916)	$ 6,308	$ 219,194	$ 469,570
Net income and comprehensive income for the year	-	-	19,627	-	-	64,468	84,095
Share-based compensation (note 14)	210	2,711	-	-	670	-	3,381
Shares repurchased for cancellation (note 12)	(2,426)	(47,633)	-	-	-	(59,040)	(106,673)
Transaction costs (note 12)	-	-	-	-	-	(2,518)	(2,518)
Dividends (note 12)	-	-	-	-	-	(16,723)	(16,723)
Balance at December 31, 2024	**39,251**	**$ 673,868**	**$ 33,821**	**$ (488,916)**	**$ 6,978**	**$ 205,381**	**$ 431,132**
Balance at December 31, 2022	41,914	$ 727,835	$ 19,642	$ (488,916)	$ 5,806	$ 176,625	$ 440,992
Net income and comprehensive loss for the year	-	-	(5,448)	-	-	66,140	60,692
Share-based compensation (note 14)	28	426	-	-	502	-	928
Shares repurchased for cancellation (note 12)	(475)	(9,471)	-	-	-	(9,369)	(18,840)
Dividends (note 12)	-	-	-	-	-	(14,202)	(14,202)
Balance at December 31, 2023	**41,467**	**$ 718,790**	**$ 14,194**	**$ (488,916)**	**$ 6,308**	**$ 219,194**	**$ 469,570**

See accompanying notes to consolidated financial statements.

Andlauer Healthcare Group Inc.
Consolidated Statements of Cash Flow
For the years ended December 31, 2024 and 2023
(In thousands of Canadian dollars, except shares, share price and earnings per share)

	Note	December 31, 2024	December 31, 2023
Operating activities			
Net income for the year		$ 64,468	$ 66,140
Changes not involving cash:			
Depreciation and amortization		70,934	68,149
Amortization of capitalized financing costs	10	200	262
Share-based compensation	14	3,381	928
Deferred income tax recovery	16	(5,095)	(4,429)
(Gain) loss on disposal of property, plant and equipment		(458)	308
		133,430	131,358
Changes in non-cash operating working capital:			
Trade and other receivables		(6,602)	(4,109)
Inventories		(3,544)	(2,011)
Accounts payable and accrued liabilities		2,272	(1,011)
Income taxes		(1,201)	(17,662)
Net change in other operating working capital balances		47	(2,146)
Cash flows from operating activities		**124,402**	**104,419**
Financing activities			
Proceeds from revolving credit facility	10	40,000	-
Repayment of revolving credit facility	10	(10,000)	-
Repayment of term facility		-	(25,000)
Capitalized financing costs	10	(124)	-
Dividends	12	(16,723)	(14,202)
Principal repayments on lease liabilities	17	(31,043)	(27,952)
Net change in related party balances		839	(188)
Shares repurchased for cancellation	12	(106,673)	(18,840)
Transaction costs recorded in equity	12	(2,518)	-
Cash flows used in financing activities		**(126,242)**	**(86,182)**
Investing activities			
Purchase of property, plant and equipment		(17,559)	(23,523)
Proceeds on disposal of property, plant and equipment		1,523	1,744
Purchase of intangible assets	8	(2,819)	(2,069)
Cash flows used in investing activities		**(18,855)**	**(23,848)**
Net decrease in cash and cash equivalents		**(20,695)**	**(5,611)**
Effect of foreign currency translation on cash and cash equivalents		1,438	(504)
Cash and cash equivalents, beginning of year		**59,740**	**65,855**
Cash and cash equivalents, end of year		**$ 40,483**	**$ 59,740**

See accompanying notes to consolidated financial statements.

1. Reporting entity

Andlauer Healthcare Group Inc. ("AHG", or the "Company") was incorporated under the Ontario Business Corporations Act with its head office located at 100 Vaughan Valley Blvd. in Woodbridge, Ontario. AHG's subordinate voting shares are listed on the Toronto Stock Exchange under the stock symbol "AND". AHG specializes in third party logistics and transportation solutions for the healthcare sector in Canada and the United States.

In addition to the shares issued to the public, Andlauer Management Group Inc. ("AMG") holds 20.8 million multiple voting shares and 10,200 subordinate voting shares of AHG, representing approximately 53.0% of the issued and outstanding shares and 81.9% of the voting power attached to all of the shares. AMG is owned and controlled by Michael Andlauer, Chief Executive Officer, Chief Operating Decision Maker ("CODM"), and a director of AHG.

2. Basis of presentation

a) Statement of compliance

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

b) Basis of measurement

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for share based compensation and business combinations, which were recorded at fair value. Material accounting policies are presented in note 3 to these consolidated financial statements and have been consistently applied in each of the periods presented. These consolidated financial statements were authorized for issue by the Board of Directors effective February 26, 2025.

Common control transaction

These consolidated financial statements comprise the results of AHG and Andlauer Healthcare Logistics Inc. (formerly Associated Logistics Solutions Inc.), Credo Canada Systems Inc., Andlauer Specialized Transportation Inc. (formerly 2186940 Ontario Inc.), Skelton Canada Inc., and their respective subsidiaries. Prior to the Company's initial public offering ("IPO") on December 11, 2019, certain of AHG's subsidiaries (Andlauer Healthcare Logistics Inc., Credo Canada Systems Inc., Andlauer Specialized Transportation Inc. and their respective subsidiaries at that time – collectively, the "AHG Entities") were owned 100% by AMG. Pursuant to a share purchase agreement between AHG and AMG, and in connection with a corporate reorganization immediately prior to the IPO, AHG acquired a 100% ownership interest in the AHG Entities based on the value of consideration of $577,625. Total net parent investment immediately prior to the IPO was $88,709. A merger reserve of $488,916 is recorded to reflect the difference in carrying value of the net assets acquired and the consideration paid since AHG and the AHG Entities were all related parties under common control of AMG at the time of the acquisition. Business combinations involving entities under common control are outside the scope of IFRS 3 Business Combinations. AHG accounted for this common control transaction using book value accounting, based on the book values recognized in the financial statements of the underlying entities.

2. Basis of presentation (continued)

c) Basis of consolidation

(i) Business combinations

The Company accounts for acquired businesses using the acquisition method of accounting by recording assets acquired and liabilities assumed at their respective fair values. The Company measures goodwill as the fair value of the consideration transferred, including the fair value of liabilities resulting from contingent consideration arrangements, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at fair value as of the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. During the year ended December 31, 2024, the Company has restructured and/or renamed certain subsidiaries with no meaningful impact on operations.

The Company's wholly-owned subsidiaries include:

Entity	Incorporation Jurisdiction
2721275 Ontario Limited	Ontario
Accuristix Healthcare Logistics Inc.	Ontario
Accuristix Inc.	Ontaro
Andlauer Healthcare Group (USA), Inc.	Delaware
Andlauer Healthcare Logistics Inc.	Ontario
Andlauer Specialized Transportation Inc.	Ontario
ATS Healthcare Inc.	Canada
Credo Systems Canada Inc.	Ontario
Logistics Support Unit (LSU) Inc.	Canada
McAllister Courier Inc.	Ontario
MEDDS Winnipeg – A Medical Delivery Service Corporation	Manitoba
Nova Pack Ltd.	Ontario
Skelton Canada Inc.	Ontario
Skelton Truck Lines, LLC	Delaware
Skelton U.S.A. Inc.	Ontario
T.F. Boyle Transportation, Inc.	Massachusetts
TDS Logistics Ltd.	Ontario

(iii) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

2. Basis of presentation (continued)

d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand. The functional currency of Canadian operations is the Canadian dollar and the functional currency of U.S. operations is the U.S. dollar.

e) Judgments and estimates

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated financial statements, significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2023. Information about significant judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Determining the expected credit losses ("ECLs") related to trade accounts receivable;
- Note 7 – Estimating the useful life of the Company's property, plant and equipment and determining estimates and assumptions related to impairment tests for long-lived assets;
- Note 8 – Estimating the useful life of the Company's intangible assets and determining estimates and assumptions related to impairment tests for intangibles and goodwill;
- Note 14 – Determining the valuation of share-based compensation arrangements;
- Note 16 – Determining estimates and assumptions in measuring deferred tax assets and liabilities;
- Note 17 – Estimating the Company's incremental borrowing rate in connection with measuring lease liabilities; and
- Note 19 – Recognition and measurement of provisions and contingencies.

3. Material accounting policies

Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of each entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate in effect at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the rate in effect on the transaction date. Income and expense items denominated in foreign currency are translated at the date of the transactions. Gains and losses are included in income or loss.

In preparing the Company's consolidated financial statements, the financial statements of each foreign entity are translated into Canadian dollars. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on business combinations, are translated to Canadian dollars at exchange rates as at the balance sheet date. Revenues and expenses of foreign operations are translated to Canadian dollars at exchange rates that approximate those on the date of the underlying transaction. Foreign exchange differences are recognized in other comprehensive income or loss and accumulated in equity in accumulated other comprehensive income or loss.

3. Material accounting policies (continued)

Foreign currency translation (continued)

If the Company or any of its subsidiaries disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the accumulated foreign currency translation gains or losses related to the foreign operation are recognized in net income or loss.

Revenue

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those products or services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following is a description of the Company's performance obligations for the transportation and logistics reportable segments.

a) Specialized Transportation

The Company's transportation segment generates revenue from providing specialized ground transportation, air freight forwarding and dedicated and last mile transportation services for its customers. Certain additional services may be provided to customers as part of their transportation contracts, such as temperature control and other incidental services. The transaction price is based on the consideration specified in the customer's contract. A contract exists when a customer under a transportation contract submits a shipment document for the transport of goods from origin to destination. The performance obligations within each contract are satisfied as the shipments move from origin to destination. Transportation revenue is recognized proportionally as a shipment moves from origin to destination and the related costs are recognized as incurred. Performance obligations are short-term, with transit days less than one week. Generally, customers are billed upon shipment of the freight, and remit payment according to approved payment terms.

b) Healthcare Logistics

The Company's healthcare logistics segment generates revenue from providing supply chain services for its customers, including logistics and distribution services and packaging solutions. The Company's contracts typically include a single performance obligation that is satisfied over time as customers simultaneously receive and consume the benefits of the Company's services. For this performance obligation, the Company recognizes revenue at the invoiced amount, which is billed on a fixed price per unit of logistics activities provided in the month, since this amount corresponds directly to the Company's performance and the value to the customer. In some cases, the Company's contracts include other performance obligations related to managing transportation and other customer services which are included in the logistics and distribution of products. These services are typically priced at their stand-alone selling prices and are recognized over time as the customer simultaneously receives and consumes the benefits of the Company's services. The Company acts as an agent on behalf of its customers for a limited number of contracts in which certain products are purchased and sold on a pass-through basis. In such cases, net billings are included in revenue.

Contracts with customers that contain multiple performance obligations require the Company to allocate the contractual transaction price to the identified distinct performance obligations. The allocation of the transaction price requires management to determine the standalone selling price for each distinct performance obligation. These services are recognized as revenue when they are provided to the customer.

3. Material accounting policies (continued)

Revenue (continued)

b) Healthcare Logistics (continued)

Customers are typically billed on a weekly basis for transactional transportation services, and on a monthly basis for logistics and distribution services, and remit payment according to approved payment terms. Payment terms may range under certain contracts but are typically 30 days. The Company recognizes unbilled revenue for transportation service revenue that has been recognized but is not yet billed. The Company will also recognize deferred revenue when customers are billed in advance for transportation and logistics and distribution services.

Property, plant and equipment

Property, plant and equipment is accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, the costs of dismantling and removing the assets and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in net income or loss.

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Depreciation Method
Facilities	Straight-line over the term of the lease
Furniture and fixtures	7 years straight line
Leasehold improvements	5-15 year straight-line subject to the shorter of remaining lease term or useful life
Logistics and transportation equipment	3 to 10 years straight line, except for storage vaults which are amortized straight line over 40 years

Property, plant and equipment acquired or constructed during the year but not placed into use during the year are not depreciated until put into use.

3. Material accounting policies (continued)

Goodwill and intangible assets

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets consist of customer relationships, brands, and internally generated software.

Customer relationships and brands that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

For internally generated software, expenditure on research activities is recognized in income or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in income or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Goodwill is not amortized.

Customer relationships and brands are amortized on a straight-line basis over their estimated useful lives of between 5 and 10 years.

Internally generated software is amortized on a straight-line basis over 10 years. Internally generated software developed during the year but not placed into use during the year is not amortized until placed into use.

Impairment

The carrying amounts of the Company's non-financial assets other than inventoried supplies and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated on December 31 of each year as part of the annual impairment test. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs (usually an operating segment of the Company), that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a prorated basis.

3. Material accounting policies (continued)

Impairment (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses and impairment reversals are recognized in income or loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represents substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. For the leases of land and buildings in which it is a lessee, the Company has elected to account for the lease and non-lease components separately.

a) For arrangements in which the Company is a lessee

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined by the estimated lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. Material accounting policies (continued)

Leases (continued)

a) For arrangements in which the Company is a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b) Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c) For arrangements in which the Company is a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income', which is combined with, and nets against, other expenses on the Company's consolidated statements of income and comprehensive income.

3. Material accounting policies (continued)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

Financial assets

Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

The Company’s financial assets are comprised of cash and cash equivalents, trade and other receivables, due from related parties, and long-term deposits. On initial recognition, the Company classifies these financial assets as measured at amortized cost, when both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income or loss. Any gain or loss on derecognition is recognized in income or loss.

3. Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Accordingly, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in income or loss.

Financial liabilities are classified at amortized cost

The Company's financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in income or loss. Any gain or loss on derecognition is also recognized in income or loss.

Transaction costs

Transaction costs that are incremental and directly attributable to the acquisition or issue of a financial asset or financial liability are recorded as follows:

- Financial assets or financial liabilities at fair value through profit and loss – expensed to net income or loss as incurred;
- Financial assets or liabilities recorded at amortized cost – included in the carrying value of the financial asset or financial liability and amortized over the expected life of the financial instrument using the effective interest method; and
- Equity instruments recorded at fair value through other comprehensive income – included in the initial cost of the underlying asset.

Inventories

Inventories, which consist of repair parts, materials and supplies, are carried at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis and includes all costs of purchase and any other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Vaccine inventory temporarily held for principals

The Company offers a consolidation service and acts as an agent on behalf of certain vaccine manufacturer clients ("principals") where end customers (primarily travel and vaccine clinics) place a single order for vaccines sold by multiple manufacturers. The Company temporarily holds, but does not obtain control of, a limited amount of vaccine inventory for resale at prices and other terms of sale specified by principals participating in the consolidated vaccine distribution program. Gross billings in connection with the sale of vaccines are entirely offset by the cost of purchases of vaccines resulting in nil net revenue for the Company related to the sale of such vaccines.

3. Material accounting policies (continued)

Segmented reporting

The Company is organized into two reportable segments: Specialized Transportation and Healthcare Logistics. In the Specialized Transportation segment, the Company provides specialized temperature-controlled services to healthcare customers. The Company's transportation products include ground transportation (comprising less-than-truckload and courier services), air freight forwarding, and dedicated and last mile delivery.

In the Healthcare Logistics segment, the Company provides contract logistics services for customers, including logistics and distribution (comprising warehousing and inventory management, order fulfillment, reverse logistics, and transportation management), and packaging (comprising reusable thermal packaging solutions and trade customization services).

Certain of the Company's operating units provide services to other Company operating units outside of their reportable segment. Billings for such services are based on negotiated rates, which approximates fair value, and are reflected as revenues of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenues and expenses are eliminated in the Company's consolidated results. The Company's chief executive officer is the Chief Operating Decision Maker ("CODM") for the Company. The CODM regularly reviews financial information at the reporting segment level in order to make decisions about resources to be allocated to the segments and to assess their performance. Segment results that are reported to the CODM include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. The Company evaluates performance based on the various financial measures of its two reporting segments.

Share-based compensation

The Company has an omnibus equity incentive plan and records all share-based compensation, including grants of deferred share units, restricted share units and employee stock options, at their respective fair values. The fair value of stock options granted to employees and directors is estimated at the date of grant using the Black Scholes option pricing model. The Company recognizes share-based compensation expense over the vesting period, over the life of the tranche of shares being considered. The Company also estimates forfeitures at the time of grant and revises its estimate, if necessary, in subsequent periods if actual forfeitures differ from these estimates. Any consideration paid by employees on exercising stock options and the corresponding portion previously credited to contributed surplus are credited to share capital. If a cashless exercise is undertaken, the employee or director will surrender a number of options in order to fund the cashless exercise and a further amount, representing the difference between the market price and the exercise price of the shares may be adjusted to share capital unless the Company chooses to sell the shares in the amount required to fund the cashless exercise. The Company's stock option plan is equity-settled.

The Black-Scholes option pricing model used by the Company to calculate option values was developed to estimate the fair value. This model also requires assumptions, including expected option life, volatility, risk-free interest rate and dividend yield, which greatly affect the calculated values.

3. Material accounting policies (continued)

Share-based compensation (continued)

Expected option life is determined using the time-to-vest-plus-historical-calculation-from-vest-date method that derives the expected life based on a combination of each tranche's time to vest plus the actual or expected life of an award based on the past activity or remaining time to expiry on outstanding awards. Expected forfeiture is derived from historical patterns. Expected volatility is determined using comparable companies for which the information is publicly available, adjusted for factors such as industry, stage of life cycle, size and financial leverage. The risk-free interest rate is determined based on the rate at the time of grant and cancellation for zero-coupon Canadian government securities with a remaining term equal to the expected life of the option. Dividend yield is based on the stock option's exercise price and expected annual dividend rate at the time of grant.

Accounting standards issued but not yet effective

Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted, and are related to:

- settling financial liabilities using electronic payments systems; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- management-defined performance measures (”MPMs”) are disclosed in a single note in the financial statements.
- enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of income, statement of cash flow and the additional disclosure required for MPMs.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

4. Segment reporting

The Company is organized into operating segments, which aggregate into two reportable segments: Specialized Transportation and Healthcare Logistics. The operating segments are managed independently as they require different technology and capital resources. For each of the operating segments, the Company's CODM reviews internal management reports, evaluating the metrics as summarized in the tables that follow.

The Company evaluates performance based on the various financial measures of its operating segments. Performance is measured based on segment income or loss before tax. This measure is included in the internal management reports that are reviewed by the Company's CEO and refers to "Income before income taxes" in the consolidated statements of income and comprehensive income. Segment income or loss before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the same industries.

The following table identifies selected financial data as at December 31, 2024 and 2023 and for the years then ended:

	Specialized Transportation	Healthcare Logistics	Corporate	Eliminations	Total
As at December 31, 2024 and for the year then ended					
Revenue	$ 530,284	$ 179,868	$ 5,805	$ (65,480)	$ 650,477
Segment income before tax	68,020	19,536	642	-	88,198
Interest income	1,262	740	6,514	(6,364)	2,152
Interest expense	(5,156)	(1,327)	(1,102)	-	(7,585)
Depreciation and amortization	(54,862)	(16,011)	(61)	-	(70,934)
Segment net income	49,841	14,286	341	-	64,468
Segment total assets	539,626	201,532	591,578	(635,820)	696,916
Additions of ROU assets	32,338	19,969	1,209	-	53,516
Capital expenditures	15,043	2,463	53	-	17,559
Segment total liabilities	108,496	86,480	39,120	31,688	265,784
As at December 31, 2023 and for the year then ended					
Revenue	$ 528,590	$ 175,929	$ 7,136	$ (63,703)	$ 647,952
Segment income before tax	67,061	19,308	4,238	-	90,607
Interest income	1,343	796	6,643	(5,612)	3,170
Interest expense	(10,831)	(1,915)	(1,071)	5,610	(8,207)
Depreciation and amortization	(52,867)	(15,282)	-	-	(68,149)
Segment net income	48,993	14,114	3,033	-	66,140
Segment total assets	526,282	174,107	680,970	(698,933)	682,426
Additions of ROU assets	17,224	263	-	-	17,487
Capital expenditures	19,012	4,511	-	-	23,523
Segment total liabilities	164,617	73,343	6,320	(31,424)	212,856

(In thousands of Canadian dollars, except shares, share price and earnings per share)

4. Segment Reporting (continued)

The Company's Healthcare Logistics segment purchases transportation services from its Specialized Transportation segment. Fees for these services are based on negotiated rates, which approximate fair value, and are reflected as revenues of the Specialized Transportation segment. Rates are adjusted from time to time based on market conditions. The Company also charges fees for services and costs incurred from its corporate office to subsidiaries. Intersegment revenues and expenses and related intersegment payables and receivables are eliminated in the Company's consolidated results.

The Company does not have any customers that individually represent more than 10% of revenue for the years ended December 31, 2024 and 2023.

5. Trade and other receivables

	December 31, 2024	December 31, 2023
Trade receivables	$ 110,815	$ 102,799
Trade receivables due from related parties (note 20)	26	54
Impairment loss	(394)	(647)
Trade and other receivables	**$ 110,447**	**$ 102,206**

Estimates are used in determining the impairment loss related to trade receivables. These estimates are based on management's best assessment of the ECL of the related receivable balance, which involves estimates around the cash flows that are expected to be received. There is no impairment loss recorded against trade receivables due from related parties.

6. Inventories

Inventories consist of:

	December 31, 2024	December 31, 2023
Packaging inventory	$ 426	$ 389
Thermal packaging products and parts	871	1,241
Transportation equipment parts and supplies	1,676	1,023
Vaccines temporarily held for principals	5,961	2,676
Inventories	**$ 8,934**	**$ 5,329**

During the year ended December 31, 2024, the Company purchased a total of $46,045 in inventory (2023 - $33,830) and $42,500 was recognized as an expense (2023 - $31,821) during the year and included in direct operating expenses.

7. Property, plant and equipment

Effective January 1, 2024, the Company revised the estimated useful lives and related depreciation methods of certain tangible assets reflecting a reassessment of their expected usefulness to the Company, and recent experience related to their economic lives.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

7. Property, plant and equipment (continued)

These changes are summarized as follows:

Asset	Depreciation method prior to January 1, 2024	Depreciation method effective January 1, 2024
Furniture and fixtures	20-30% declining balance	7 years straight line
Logistics and transportation equipment	Primarily 20-30% declining balance, except for storage vaults which are amortized straight line over 40 years, and certain transportation equipment which is amortized straight line over periods of 3-7 years	3 to 10 years straight line, except for storage vaults which are amortized straight line over 40 years

The changes in estimates were made on a prospective basis. The full year impact of the changes in estimates resulted in a net reduction of depreciation expense of $947.

Reconciliation of the net carrying amounts for each class of property, plant and equipment is summarized below:

	Facilities[1]	Furniture and fixtures	Leasehold improvements	Logistics and transportation equipment[1]	Total
Cost					
Balance at December 31, 2022	$ 161,746	$ 9,186	$ 23,695	$ 188,122	$ 382,749
Additions	2,477	344	3,408	34,781	41,010
Dispositions	-	-	-	(4,284)	(4,284)
Foreign currency adjustments	(144)	(8)	(59)	(796)	(1,007)
Balance at December 31, 2023	164,079	9,522	27,044	217,823	418,468
Additions	29,412	377	1,558	39,728	71,075
Dispositions	-	(3,094)	(1,007)	(11,880)	(15,981)
Foreign currency adjustments	651	39	230	3,340	4,260
Balance at December 31, 2024	**$ 194,142**	**$ 6,844**	**$ 27,825**	**$ 249,011**	**$ 477,822**
Accumulated depreciation					
Balance at December 31, 2022	$ 84,046	$ 7,178	$ 13,800	$ 101,845	$ 206,869
Depreciation for the year	17,934	416	2,625	27,009	47,984
Dispositions	-	-	-	(2,232)	(2,232)
Foreign currency adjustments	(40)	(1)	(8)	(304)	(353)
Balance at December 31, 2023	101,940	7,593	16,417	126,318	252,268
Depreciation for the year	18,624	549	3,898	27,429	50,500
Dispositions	-	(2,657)	(975)	(11,119)	(14,751)
Foreign currency adjustments	203	9	60	1,409	1,681
Balance at December 31, 2024	**$ 120,767**	**$ 5,494**	**$ 19,400**	**$ 144,037**	**$ 289,698**
Net carrying amounts					
At December 31, 2023	**$ 62,139**	**$ 1,929**	**$ 10,627**	**$ 91,505**	**$ 166,200**
At December 31, 2024	**$ 73,375**	**$ 1,350**	**$ 8,425**	**$ 104,974**	**$ 188,124**

[1] Facilities and certain logistics and transportation equipment assets are ROU assets, capitalized in accordance with IFRS 16. Refer to note 17.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

7. Property, plant and equipment (continued)

The Company has applied judgement in estimating the useful life of property, plant and equipment and to determine the lease terms for ROU lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and ROU assets recognized. In applying such judgement, management relies on historical experience and other factors, including the current economic environment, which management believes is reasonable under the circumstances.

8. Goodwill and intangible assets

	Goodwill	Customer relationships	Brand	Software	Total
Cost					
Balance at December 31, 2022	$ 192,908	$ 166,069	$ 42,977	$ 9,880	$ 411,834
Additions	-	-	-	2,069	2,069
Foreign currency adjustments	(2,348)	(2,245)	(671)	(8)	(5,272)
Balance at December 31, 2023	190,560	163,824	42,306	11,941	408,631
Additions	-	-	-	2,819	2,819
Foreign currency adjustments	8,586	8,211	2,454	60	19,311
Balance at December 31, 2024	**$ 199,146**	**$ 172,035**	**$ 44,760**	**$ 14,820**	**$ 430,761**
Accumulated amortization					
Balance at December 31, 2022	$ -	$ 43,172	$ 5,647	$ 5,317	$ 54,136
Amortization for the year	-	15,056	4,284	825	20,165
Foreign currency adjustments	-	(453)	(136)	-	(589)
Balance at December 31, 2023	-	57,775	9,795	6,142	73,712
Amortization for the year	-	15,197	4,326	911	20,434
Foreign currency adjustments	-	2,267	677	3	2,947
Balance at December 31, 2024	**$ -**	**$ 75,239**	**$ 14,798**	**$ 7,056**	**$ 97,093**
Net carrying amounts					
At December 31, 2023	**$ 190,560**	**$ 106,049**	**$ 32,511**	**$ 5,799**	**$ 334,919**
At December 31, 2024	**$ 199,146**	**$ 96,796**	**$ 29,962**	**$ 7,764**	**$ 333,668**

The Company performs annual goodwill impairment testing. The Company assesses goodwill at the operating segment level, which is the lowest level within the Company at which goodwill is monitored for internal management purposes. The table below sets out goodwill allocated to operating segments:

Operating segment/reportable segment	December 31, 2024	December 31, 2023
Healthcare Logistics	$ 31,872	$ 31,872
Specialized Transportation	167,274	158,688
Total goodwill	**$ 199,146**	**$ 190,560**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

8. Goodwill and intangible assets (continued)

The results of the annual impairment testing determined that the recoverable amounts of each of the Healthcare Logistics operating segment and the Specialized Transportation segment exceeded their respective carrying amounts. The recoverable amount of the Company's operating segments was determined using the value in use methodology, which involves discounting estimated future cash flows. Management believes that discounting estimated future cash flows results in a reasonable valuation for each segment. In assessing value in use, the estimated future cash flows have been discounted to their present values using pre-tax discount rates of 9.0% (2023 – 9.3%) for the Healthcare Logistics segment and 10.6% (2023 – 10.5%) for the Specialized Transportation segment, which approximate the Company's weighted average cost of capital for each segment; and expected growth rates for the healthcare sector of between 3.0% and 5.0%. Management has determined that no impairment has arisen in connection with the CGUs that gave rise to goodwill through the business combinations. Accordingly, no impairment loss has been recognized in each of the years ended December 31, 2024 and 2023.

The Company performs an assessment for indicators of impairment for customer relationships, brands and software at each reporting period. If an indicator of impairment exists, the Company would perform an impairment test to determine the recoverable amount. No such indicators of impairment were identified at any of the reporting periods covered by these financial statements.

9. Accounts payable and accrued liabilities

	December 31, 2024	December 31, 2023
Trade payables and accrued liabilities	$ 43,045	$ 40,379
Trade payables due to related parties (note 20)	302	450
Deferred revenue (note 15)	1,153	966
Accounts payable and accrued liabilities	**$ 44,500**	**$ 41,795**

10. Credit facilities

	December 31, 2024	December 31, 2023
Revolving credit facility	$ 30,000	$ -
Term facility	25,000	25,000
	55,000	25,000
Less: capitalized financing costs	(105)	(181)
Credit facilities	**$ 54,895**	**$ 24,819**

Recorded in the consolidated balance sheets as follows:

	December 31, 2024	December 31, 2023
Revolving credit facility	$ 30,000	$ -
Term facility	24,895	24,819
Credit facilities	**$ 54,895**	**$ 24,819**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

10. Credit facilities (continued)

The movement in credit facilities from December 31, 2023 is as follows:

	Credit Facilities
Balance at December 31, 2023	$ 24,819
Changes from financing cash flows	
Issuance of borrowings – revolving credit facility	40,000
	64,819
Less: capitalized financing costs	(124)
	64,695
Repayment of revolving credit facility	(10,000)
	54,695
Non-cash movements	
Amortization of capitalized financing costs	200
Balance at December 31, 2024	**$ 54,895**

The Company is party to credit facilities with a syndicate of lenders. The credit facilities comprise a revolving credit facility in the aggregate principal amount of up to $100,000 and a term facility in the aggregate principal amount of up to $25,000. The credit facilities will mature and be due and payable on March 1, 2026. There is no repayment schedule for either the revolving credit facility or the term facility, except at maturity; however, the Company classifies the revolving credit facility in current liabilities because of its intention to reduce drawn amounts with cash flow from operations within twelve months. Financing costs of $124, which apply to the credit facilities in aggregate, were capitalized in the term facility during the year ended December 31, 2024 in connection with an extension of the term by one year and were added to $621 of historical financing costs, which continue to be amortized.

The credit facilities are available to be drawn in Canadian dollars by way of prime rate loans, Canadian overnight repo rate average ("CORRA") loans, letters of credit and, prior to June 28, 2024, bankers' acceptances, and in U.S. dollars by way of base rate loans, and letters of credit, in each case, plus the applicable margin in effect from time to time. At December 31, 2024, the credit facilities comprise term CORRA loans drawn at an interest rate of 5.3% (December 31, 2023 – bankers' acceptances at an interest rate of 6.9%).

The credit facilities are guaranteed by each of the Company's material subsidiaries and are secured by (i) a first priority lien over all personal property of the Company, subject to certain exclusions and permitted liens, (ii) charges over certain material leased real property interests, and (iii) a first ranking pledge of 100% of the securities of any subsidiary owned by the Company.

The credit facilities are subject to customary negative covenants and include financial covenants requiring the Company to maintain at all times a maximum net leverage ratio and a minimum interest coverage ratio, tested on a quarterly basis. At December 31, 2024 and December 31, 2023, the Company was in compliance with all of its covenants under the credit facilities.

Amounts recognized in the consolidated statements of income and comprehensive income in connection with interest expense on the credit facilities for the year ended December 31, 2024 was $2,684 (2023 – $2,977).

(In thousands of Canadian dollars, except shares, share price and earnings per share)

11. Financial instruments and financial risk management

Accounting classifications and fair values

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, long-term deposits and other, accounts payable and accrued liabilities and its credit facilities (refer to note 10). The Company believes that the carrying amount of each of these items is a reasonable approximation of fair value given the short-term nature of the financial instruments.

As the credit facilities bear interest at a floating rate subject to fluctuations in the bank prime rate the carrying value of the debt approximates fair value.

Financial risk factors

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk, and currency risk. Senior management monitors risk levels and reviews risk management activities as they determine to be necessary.

Credit risk

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its financial assets, namely cash and cash equivalents, trade and other receivables and long-term deposits. The Company does not typically obtain collateral or other security to support the trade and other receivables subject to credit risk but mitigates this risk by performing credit check procedures for new customers and monitoring credit limits for existing customers. Thereby, the Company deals only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The maximum exposure to credit risk for cash and cash equivalents, trade and other receivables and long-term deposits approximate the amount recorded on the consolidated balance sheets.

Trade and other receivables aging is set out below:

	December 31, 2024	December 31, 2023
Current (not past due)	$ 67,114	$ 64,975
0-30 days past due	26,464	23,394
31-60 days past due	7,404	5,663
More than 61 days past due	1,886	3,466
Gross	102,868	97,498
Unbilled revenue	7,973	5,355
Impairment loss (note 5)	(394)	(647)
Trade and other receivables, net	**$ 110,447**	**$ 102,206**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's exposure to liquidity risk is dependent on the collection of trade and other receivables or raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

11. Financial instruments and financial risk management (continued)

Liquidity risk (continued)

As of December 31, 2024, $30,000 (2023 - $nil) has been drawn on the $100,000 revolving credit facility, and $25,000 (2023 - $25,000) has been drawn on the $25,000 term facility. There is no repayment schedule for the term facility except at maturity. The credit facilities are repayable in full on March 1, 2026.

The Company's accounts payable and accrued liabilities are due and payable in the short-term.

Interest rate risk

The Company has revolving and term credit facilities that bear interest at a floating rate subject to fluctuations in the bank prime rate. Changes in the bank prime lending rate can cause fluctuations in interest payments and cash flows. The Company does not use derivative financial instruments to mitigate the effect of this risk. The facilities under this agreement are available to be drawn in Canadian dollars by way of prime rate loans, CORRA loans and letters of credit, and in U.S. dollars by way of base rate loans and letters of credit, in each case, plus the applicable margin in effect from time to time. At December 31, 2024, the credit facilities comprises term CORRA loans drawn at an interest rate of 5.3% (2023 – 6.9%).

During the year, interest rates have fluctuated as the Governing Council of the Bank of Canada continues to target 2-3% inflation. However, there has been no significant impact on the Company's financial condition or results of operations as a result of fluctuating interest rates.

Currency risk

The Company enters into foreign currency purchase and sale transactions and has assets and liabilities that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company uses derivative instruments to reduce its exposure to foreign currency risk on an exceptional basis. During the years ended December 31, 2024 and 2023, no derivative instruments were used by the Company.

Excluding its foreign subsidiaries, the Company has the following US dollar foreign currency denominated balances at December 31, 2024 and 2023:

Currency risk	**December 31, 2024**	**December 31, 2023**
Cash	$ 17,134	$ 12,595
Trade and other receivables	13,182	14,625
Accounts payable and accrued liabilities	6,701	4,679

12. Share capital

The Company is authorized to issue an unlimited number of subordinate voting common shares, an unlimited number of multiple voting common shares, and an unlimited number of preferred shares, issuable in series. The subordinate voting shares and multiple voting shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution, or wind-up. Holders of multiple voting shares are entitled to four votes per multiple voting share, and holders of subordinate voting shares are entitled to one vote per subordinate voting share on all matters upon which holders of shares are entitled to vote.

As of December 31, 2024, all of the multiple voting shares and 10,200 subordinate voting shares are owned by AMG. The following table summarizes the number of common shares issued:

	Number of common shares (in thousands)			Share capital (in thousands of dollars)		
	Multiple voting common shares	Subordinate voting common shares	Total common shares	Multiple voting common shares	Subordinate voting common shares	Total share capital
Balance at December 31, 2023	21,840	19,627	41,467	$ 327,600	$ 391,190	$ 718,790
Shares issued in connection with the exercise of options (note 14)	-	209	209	-	2,662	2,662
Shares issued in connection with the settlement of restricted share units (note 14)	-	1	1	-	49	49
Shares repurchased for cancellation in connection with the Company's normal course issuer bid (2023)	-	(159)	(159)	-	(3,176)	(3,176)
Shares repurchased for cancellation in connection with the Company's normal course issuer bid (2024)	-	(267)	(267)	-	(5,228)	(5,228)
Multiple voting shares converted to subordinate voting shares in connection with the Company's substantial issuer bid	(1,032)	1,032	-	(15,481)	15,481	-
Shares repurchased for cancellation in connection with the Company's substantial issuer bid	-	(2,000)	(2,000)	-	(39,229)	(39,229)
Balance at December 31, 2024	**20,808**	**18,443**	**39,251**	**$ 312,119**	**$ 361,749**	**$ 673,868**
Balance at December 31, 2022	21,840	20,074	41,914	$ 327,600	$ 400,235	$ 727,835
Shares issued in connection with the settlement of DSUs (note 14)	-	8	8	-	314	314
Shares issued in connection with the exercise of options (note 14)	-	20	20	-	112	112
Shares repurchased for cancellation in connection with the Company's normal course issuer bid	-	(475)	(475)	-	(9,471)	(9,471)
Balance at December 31, 2023	**21,840**	**19,627**	**41,467**	**$ 327,600**	**$ 391,190**	**$ 718,790**

12. Share capital (continued)

Normal course issuer bid (2023)

On March 29, 2023, the Company commenced a normal course issuer bid ("NCIB") which terminated on March 28, 2024. For the period from March 29, 2023 to December 31, 2023, a total of 474,740 subordinate voting shares, comprising approximately 2.4% of the number of subordinate voting shares outstanding, were purchased and cancelled pursuant to the NCIB at an average price of $39.67 per share, for a total purchase price of approximately $18,840. The excess of the purchase price paid over the average carrying value of the subordinate voting shares purchased and cancelled, in the amount of $9,369, was recognized as a share repurchase premium and a reduction to retained earnings. For the period from January 1, 2024 to March 28, 2024, a total of 159,350 subordinate voting shares, comprising approximately 0.8% of the number of subordinate voting shares outstanding, were purchased and cancelled pursuant to the NCIB at an average price of $39.42 per share, for a total purchase price of approximately $6,281. The excess of the purchase price paid over the average carrying value of the subordinate voting shares purchased and cancelled, in the amount of $3,105, was recognized as a share repurchase premium and a reduction to retained earnings.

Substantial issuer bid

On May 15, 2024, the Company commenced a substantial issuer bid ("SIB") under which the Company offered to purchase for cancellation up to 2,000,000 subordinate voting shares of the Company at a price of $45.00 per share for an aggregate purchase price not exceeding $90,000. The offer closed on June 19, 2024. Andlauer Management Group Inc. participated in the SIB and converted 1,032,045 multiple voting shares to subordinate voting shares, at their book value of $15.00 per share, which were taken up in the SIB. In aggregate, the Company purchased and cancelled 2,000,000 shares for total consideration of $90,000. The excess of the purchase price paid over the average carrying value of the subordinate voting shares purchased and cancelled, in the amount of $50,771, was recognized as a share repurchase premium and a reduction to retained earnings. Transaction costs, including federal taxes on share buybacks, of $2,239 have been charged to retained earnings in connection with the SIB.

Normal course issuer bid (2024)

On July 2, 2024, the Company commenced a NCIB for up to a maximum of 1,770,429 of its subordinate voting shares, or approximately 10% of its public float as of June 26, 2024 over the 12-month period concluding on July 1, 2025, or such earlier time as the Company completes its purchases pursuant to the bid or provides notice of termination. In connection with the NCIB, the Company established an automatic securities purchase plan with its designated broker that contains specified parameters regarding how its subordinate voting shares may be purchased under the NCIB during self-imposed blackout periods. As of December 31, 2024, a total of 266,534 subordinate voting shares, comprising approximately 1.4% of the number of subordinate voting shares outstanding, have been purchased and cancelled pursuant to the NCIB at an average price of $38.99 per share, for a total purchase price of approximately $10,392. The excess of the purchase price paid over the average carrying value of the subordinate voting shares purchased and cancelled, in the amount of $5,164, was recognized as a share repurchase premium and a reduction to retained earnings. Transaction costs of $174 have been charged to retained earnings in connection with the NCIB.

For the year ended December 31, 2024, transaction costs of $105, comprising federal taxes on share buybacks, have been charged to retained earnings in connection with share buybacks under the 2023 and 2024 NCIBs, net of shares issued in connection with share-based payment arrangements during the year.

Dividends to subordinate voting and multiple voting shareholders

During the year ended December 31, 2024, the Company declared total dividends of $16,723, or $0.42 per common share (December 31, 2023 – $14,202, or $0.34 per common share), on subordinate voting and multiple voting shares. Included in accounts payable and accrued liabilities as at December 31, 2024 is $4,318 (December 31, 2023 – $3,732) for dividends paid on January 15, 2025 and January 15, 2024, to common shareholders of record on December 31, 2024 and 2023, respectively.

13. Earnings per share

Basic earnings per share

The basic earnings per share and the weighted average number of common shares outstanding have been calculated as follows:

(in thousands of dollars and number of shares)	December 31, 2024	December 31, 2023
Net income	$ 64,468	$ 66,140
Weighted average number of common shares	40,278	41,833
Earnings per share – basic	**$ 1.60**	**$ 1.58**

Diluted earnings per share

The basic earnings per share and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares have been calculated as follows:

(in thousands of dollars and number of shares)	December 31, 2024	December 31, 2023
Net income	$ 64,468	$ 66,140
Weighted average number of common shares	40,278	41,833
Dilutive effects:		
Stock options	512	656
Restricted share units	33	2
Deferred share units	62	52
Weighted average number of diluted common shares	40,885	42,543
Earnings per share – diluted	**$ 1.58**	**$ 1.55**

14. Share-based payment arrangements

Stock option plan (equity settled)

The Company offers a stock option plan for the benefit of certain of its employees. Each stock option entitles its holder to receive one subordinate voting common share upon exercise. The exercise price payable for each option is determined by the Board of Directors at the date of grant. The options vest in equal installments over four years and the expense is recognized following the treasury method as each installment is fair valued separately and recorded over the respective vesting periods.

On December 11, 2019, the Board of Directors approved a grant of 1.65 million options. Of these options, 265 thousand were exercised during the year ended December 31, 2024 (December 31, 2023 – 31 thousand) while 778 thousand remain outstanding and are exercisable (December 31, 2023 – 1,043 thousand).

On December 11, 2023, the Board of Directors approved a grant of 63 thousand options which were granted to executive officers and management personnel in connection with its long-term incentive plan. Of these options, 1 thousand were exercised and 4 thousand were forfeited during the year ended December 31, 2024 (December 31, 2023 - nil).

On November 15, 2024, the Board of Directors approved a grant of 51 thousand options which were granted to executive officers and management personnel in connection with its long-term incentive plan. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model using the weighted average assumptions set out in the table below:

	November 15, 2024	December 11, 2023	December 11, 2019
Exercise price	$ 43.00	$ 39.73	$ 15.00
Average expected option life	6.3 years	6.3 years	7.0 years
Risk-free interest rate	3.16%	3.48%	1.59%
Expected stock price volatility	34.81%	33.66%	24.77%
Average dividend yield	0.99%	0.93%	1.33%
Weighted average fair value per option of options granted	**$ 14.85**	**$ 14.37**	**$ 3.60**

Of the options outstanding at December 31, 2024, a total of 535 thousand (December 31, 2023 – 635 thousand) are held by non-executive directors; 172 thousand (December 31, 2023 – 223 thousand) are held by executive officers; with the remaining 180 thousand (December 31, 2023 – 248 thousand) held by management personnel.

The table below summarizes the changes in the outstanding stock options:

	December 31, 2024		December 31, 2023	
(in thousands of options and in dollars)	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	1,106	$ 16.41	1,074	$ 15.00
Granted	51	43.00	63	$ 39.73
Exercised	(266)	15.09	-	-
Forfeited	(4)	39.73	(31)	15.00
Ending balance	887	$ 18.23	1,106	$ 16.41
Options exercisable	**792**	**$ 15.47**	**1,043**	**$ 15.00**

14. Share-based payment arrangements (continued)

Stock option plan (equity-settled) (continued)

The table below summarizes stock options outstanding and exercisable at December 31, 2024:

(in thousands of options and in dollars)	Options Outstanding		Options Exercisable
Exercise price	Number of options	Weighted average remaining contractual life (in years)	Number of options
$ 15.00	778	4.95	778
39.73	58	8.95	14
43.00	51	9.95	-
	887	**5.50**	**792**

The Company recognized compensation expense of $474 for the year ended December 31, 2024 (December 31, 2023 – $301), with corresponding increases to contributed surplus in connection with the vesting of options.

During the year ended December 31, 2024, 266 thousand options were exercised (113 thousand on a cash basis and 153 thousand on a cashless basis) resulting in 209 thousand subordinate voting common shares being issued from treasury and in the surrender of 57 thousand options used to fund the cashless option exercise. The volume weighted average price used to calculate the cashless exercises in accordance with the Company's Omnibus Equity Incentive Plan was $39.64 per share at the time of exercise resulting in a $2,662 net increase in share capital. When options are exercised, the option value that was originally recognized is transferred from contributed surplus to share capital. The transfer of the option value of the options exercised resulted in a $975 reduction to contributed surplus at a weighted average option value of $3.66 per share.

Restricted share units ("RSUs") program (equity settled)

On December 11, 2023, the Board of Directors approved a grant of 30 thousand RSUs which were granted to executive officers and management personnel in connection with its long-term incentive plan. The fair value of the RSUs is determined to be the share price fair value at the date of the grant. The RSUs vest in equal installments over four years and the expense is recognized as a share-based compensation expense, through contributed surplus over the vesting period. The fair value of the RSUs granted was $39.95 per unit.

On November 15, 2024, the Board of Directors approved a grant of 26 thousand RSUs which were granted to executive officers and management personnel in connection with its long-term incentive plan. The fair value of the RSUs is determined to be the share price fair value at the date of the grant. The RSUs vest in equal installments over four years and the expense is recognized as a share-based compensation expense, through contributed surplus over the vesting period. The fair value of the RSUs granted was $42.19 per unit.

RSUs accrue dividend equivalents as of each dividend payment date in respect of which normal cash dividends are paid on subordinate voting common shares and are reinvested in RSUs.

For the year ended December 31, 2024 the Company recognized a compensation expense of $659, including $6 for dividend equivalents reinvested, with a corresponding increase to contributed surplus (December 31, 2023 – $34, including $nil for dividend equivalents).

14. Share-based payment arrangements (continued)

Restricted share units ("RSUs") program (equity settled) (continued)

During the year ended December 31, 2024, 2 thousand RSUs were settled resulting in 1 thousand subordinate voting common shares being issued from treasury and 1 thousand RSUs surrendered to fund applicable employee withholding taxes. When RSUs are settled, the fair value that was originally recognized is transferred from contributed surplus to share capital, net of applicable withholding taxes for certain employees, and to relevant tax authorities. The transfer of the RSU value of the options exercised resulted in a $68 reduction to contributed surplus at a RSU fair value of $39.95 per share, and a corresponding increase of $49 to share capital, net of $19 surrendered to fund the payment of withholding taxes.

The table below summarizes the changes in the outstanding RSUs:

	December 31, 2024	
(in thousands of RSUs and in dollars)	Number of RSUs	Weighted average grant date fair value
Opening balance	30	$ 39.95
Granted	26	42.19
Reinvested	1	41.44
Settled	(2)	39.95
Forfeited	(2)	39.95
Ending balance	53	$ 41.08
RSUs vested	**5**	**$ 39.96**

Director deferred share units ("DSUs") program (equity settled)

Each non-executive director receives at least 50% of their annual director retainer in DSUs. DSUs vest when granted but are not redeemable for settlement until the director ceases to be a member of the Board. The number of DSUs issued is calculated for each director as the director's quarterly retainer divided by the volume weighted average trading price on the TSX for the five trading days prior to such issuance. For the year ended December 31, 2024, the Company recognized a compensation expense of $580, with corresponding increases to contributed surplus (December 31, 2023 – $593).

On June 5 and 12, 2023, an aggregate of 8 thousand DSUs were settled by the issuance of subordinate voting shares of the Company from treasury in connection with the retirement of a director resulting in a reduction of $314 to contributed surplus and a corresponding increase in share capital.

The table below summarizes the changes in the outstanding DSUs:

(thousands of DSUs)	December 31, 2024	December 31, 2023
Opening balance	57	51
Granted	14	14
Settled	-	(8)
Ending balance	**71**	**57**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

15. Revenue

a) **Revenue streams**

The Company generates revenue primarily from the provision of supply chain transportation and logistics services to its customers. The Company's contracts are typically satisfied over a short period of time. Consequently, the Company applies the practical expedient and does not disclose information related to its remaining performance obligations.

b) **Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments (note 4), and revenue disaggregated by primary geographical markets. All of the revenue generated in the United States comprises ground transportation revenue.

Major products/service lines	**December 31, 2024**	**December 31, 2023**
Logistics and distribution	$ 162,925	$ 159,168
Packaging solutions	16,943	16,761
Healthcare Logistics segment	**179,868**	**175,929**
Ground transportation	424,507	429,174
Air freight forwarding	31,929	30,595
Dedicated and last mile delivery	73,848	68,821
Intersegment revenue	(59,675)	(56,567)
Specialized Transportation segment	**470,609**	**472,023**
Total revenue	**$ 650,477**	**$ 647,952**

Primary geographical markets	**December 31, 2024**	**December 31, 2023**
Canada	$ 541,776	$ 520,983
United States	108,701	126,969
Total revenue	**$ 650,477**	**$ 647,952**

c) **Deferred revenue**

One of the Company's specialized transportation operating segments bills customers for transportation services based on the pick-up date. When shipments remain in transit at the end of a period, the Company defers revenue until the shipments are delivered. The Company does not regularly bill customers in advance for logistics and distribution services. Consequently, fluctuations in deferred revenue will occur year over year and will depend on specifically negotiated payment terms resulting from customer billing requests or concerns related to credit risk. To date, the changes in deferred revenue have been largely insignificant. As at December 31, 2024 there was $1,153 (2023 – $966) recorded in accounts payable and accrued liabilities (note 9). Revenue recognized in 2024 of $966 (2023 – $1,137) was included in the opening deferred revenue balance at the beginning of the period.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

16. Income taxes

a) Amounts recognized in income or loss

	December 31, 2024	December 31, 2023
Current income tax expense:		
Current taxes on income for the reporting year	$ 28,412	$ 29,022
Current taxes relating to previous periods and other adjustments	413	(126)
	28,825	28,896
Deferred income tax recovery:		
(Recognition) utilization of tax benefits related to income (loss) for the year	(348)	252
Origination and reversal of temporary differences	(4,469)	(4,841)
Deferred taxes relating to previous years and other adjustments	(278)	160
	(5,095)	(4,429)
Income tax expense reported to the statements of income and comprehensive income	**$ 23,730**	**$ 24,467**

Total cash outflow for actual taxes paid for the year ended December 31, 2024 was $29,920 (2023 – $46,124).

b) Reconciliation of effective tax rate

	December 31, 2024	December 31, 2023
Income before income taxes	$ 88,198	$ 90,607
Consolidated Canadian federal and provincial income tax rate	26.5%	26.5%
Income tax expense based on statutory rate	23,372	24,011
Increase in income taxes resulting from non-deductible items or other adjustments	430	609
Impact of varying statutory tax rates of subsidiaries	(207)	(187)
Taxes relating to previous years and other adjustments	135	34
Total income tax expense	**$ 23,730**	**$ 24,467**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

16. Income taxes (continued)

c) Deferred taxes

	December 31, 2024	December 31, 2023
Deferred tax assets	$ 4,910	$ 5,285
Deferred tax liabilities	(39,783)	(42,955)
Net deferred tax liability	**$ (34,873)**	**$ (37,670)**

d) Movement in deferred tax balances

	December 31, 2024	Recognized in income or loss	Foreign currency adjustments	December 31, 2023
Plant and equipment	$ (9,684)	$ 3,552	$ (449)	$ (12,787)
Accounts payable and accrued liabilities	1,149	287	(6)	868
Intangibles	(31,337)	4,169	(1,926)	(33,580)
Benefit of losses carried forward	2,920	389	-	2,531
Leases	1,802	(2,360	83	4,079
Transaction costs	277	(942)	-	1,219
Net deferred tax liability	**$ (34,873)**	**$ 5,095**	**$ (2,298)**	**$ (37,670)**

	December 31, 2023	Recognized in income or loss	Foreign currency adjustments	December 31, 2022
Plant and equipment	$ (12,787)	$ 872	$ 144	$ (13,803)
Accounts payable and accrued liabilities	868	50	(1)	819
Intangibles	(33,580)	4,879	588	(39,047)
Benefit of losses carried forward	2,531	(252)	-	2,783
Leases	4,079	(85)	(30)	4,194
Transaction costs	1,219	(1,035)	-	2,254
Net deferred tax liability	**$ (37,670)**	**$ 4,429**	**$ 701**	**$ (42,800)**

e) Unrecognized deferred tax liabilities

As at December 31, 2024, temporary differences of $40,390 (December 31, 2023 – $40,390) exist in connection with wholly-owned investments in subsidiaries; and the related potential deferred tax liability of $5,352 (December 31, 2023 – $5,352) has not been recognized. The Company controls the dividend policies of its subsidiaries and controls the timing of payment of such dividends. Accordingly, the Company controls the timing of reversal of the related taxable temporary differences; and management is satisfied that they will not reverse in the foreseeable future.

f) Non-capital loss carryforwards

The Company recognized deferred tax assets in connection with certain losses for the current year on the basis that it will have sufficient future taxable profit.

The Company has total non-capital tax loss carry forwards of $10,710 that begin to expire in 2039.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

16. Income taxes (continued)

g) **Uncertainty over income tax treatments**

The calculation of current and deferred income taxes requires management to make certain judgements regarding the tax rules in jurisdictions where the Company performs activities. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

17. Leases

The Company leases buildings and equipment in the operation of its Transportation and Logistics businesses. The Company is required to estimate the incremental borrowing rates used to discount lease liabilities if the interest rate implicit in the lease is not readily determined. The Company estimates its incremental borrowing rates for portfolios of leases with similar characteristics, such as similar risk profiles, same or similar types of security, and similar lease terms. Building lease terms range from 5 to 10 years. Facilities lease liabilities are calculated using the Company's incremental borrowing rate based on the specific lease commitments and term for each facility. The average incremental borrowing rate for facilities for the year ended December 31, 2024 is 5.35% (year ended December 31, 2023 – 5.76%). Equipment lease terms range from 1 to 7 years. Equipment lease liabilities are calculated using the operating segment's average incremental borrowing rate on an equipment lease portfolio basis for that period. The average incremental borrowing rate for equipment for the year ended December 31, 2024 is 5.56% for Specialized Transportation and 6.20% for Healthcare Logistics (year ended December 31, 2023 – 5.94% for Specialized Transportation; 5.74% for Healthcare Logistics).

Right-of-use assets – Facilities	**As at and for the year ended December 31, 2024**	**As at and for the year ended December 31, 2023**
Opening balance	$ 62,141	$ 77,701
Add: additions	29,412	2,477
Less: depreciation	(18,624)	(17,934)
Foreign currency adjustments	448	(103)
Ending balance	**$ 73,377**	**$ 62,141**

Right-of-use assets – Logistics and transportation equipment	**As at and for the year ended December 31, 2024**	**As at and for the year ended December 31, 2023**
Opening balance	$ 35,629	$ 32,333
Add: additions	24,104	15,010
Less: derecognition of ROU assets	(165)	-
Less: depreciation	(13,973)	(11,691)
Foreign currency adjustments	464	(23)
Ending balance	**$ 46,059**	**$ 35,629**

Net carrying amounts of right-of-use assets included in property, plant and equipment	**December 31, 2024**	**December 31, 2023**
Facilities	$ 73,377	$ 62,141
Logistics and transportation equipment	46,059	35,629
Balance	**$ 119,436**	**$ 97,770**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

17. Leases (continued)

Lease liabilities – Facilities	**As at and for the year ended December 31, 2024**	**As at and for the year ended December 31, 2023**
Opening balance	$ 71,501	$ 86,925
Add: additions	29,412	2,477
Add: interest expense	2,899	3,085
Less: principal repayments	(19,036)	(17,794)
Less: interest payments	(2,899)	(3,085)
Foreign currency adjustments	465	(107)
Ending balance	**$ 82,342**	**$ 71,501**

Lease liabilities – Logistics and transportation equipment	**As at and for the year ended December 31, 2024**	**As at and for the year ended December 31, 2023**
Opening balance	$ 31,580	$ 26,804
Add: additions	24,104	15,010
Add: interest expense	2,002	1,321
Less: derecognition of ROU assets	(165)	-
Less: principal repayments	(12,007)	(10,158)
Less: interest payments	(2,002)	(1,321)
Foreign currency adjustments	461	(76)
Ending balance	**$ 43,973**	**$ 31,580**

Cash lease principal payments	**Year ended December 31, 2024**	**Year ended December 31, 2023**
Repayments of lease principal	$ (31,043)	$ (27,952)
Total lease payments	**$ (31,043)**	**$ (27,952)**

Lease liabilities	**December 31, 2024**	**December 31, 2023**
Facilities	$ (82,342)	$ (71,501)
Logistics and transportation equipment	(43,973)	(31,580)
Balance	**$ (126,315)**	**$ (103,081)**

Lease liabilities included in consolidated balance sheets	**December 31, 2024**	**December 31, 2023**
Current	$ (31,729)	$ (27,697)
Non-current	(94,586)	(75,384)
Balance	**$ (126,315)**	**$ (103,081)**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

17. Leases (continued)

Maturity analysis for lease liabilities – contractual undiscounted cash flows	December 31, 2024	December 31, 2023
Less than one year	$ 36,403	$ 32,285
One to 5 years	87,838	76,377
More than 5 years	18,855	5,636
Total undiscounted lease liabilities	**$ 143,096**	**$ 114,298**

Amounts recognized in the consolidated statements of income and comprehensive income in connection with interest expense for lease liabilities for the year ended December 31, 2024 was $4,901 (2023 – $4,406). Total cash outflow for leases for the year ended December 31, 2024 was $35,944 (2023 –$32,358).

18. Interest expense

Interest expense recognized in income and comprehensive income	December 31, 2024	December 31, 2023
Leases	$ 4,901	$ 4,406
Credit facilities	2,684	2,977
Other	-	824
Total interest expense	**$ 7,585**	**$ 8,207**

Interest expense recognized in the consolidated statements of income and comprehensive income equates to total interest paid for the years ended December 31, 2024 and 2023.

19. Commitments and contingencies

a) The Company is, from time to time, involved in claims, legal proceedings and complaints arising in the normal course of business and provisions for such claims have been recorded where appropriate. The Company does not believe the final determination of these claims will have an adverse material effect on its consolidated financial statements.

b) As at December 31, 2024, the Company had outstanding letters of guarantee in the amount of $394 (December 31, 2023 – $365).

c) The Company has made commitments to lease fleet equipment, with the terms to begin upon delivery of the equipment. Commitments range from 72 to 84 months and total $5,509 (December 31, 2023 – $12,926).

d) The Company has made commitments to purchase equipment totalling approximately $3,010 (December 31, 2023 – $4,848).

20. Related parties

During the year, the Company entered into transactions with related parties that were incurred in the normal course of business. The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. All outstanding balances with these related parties are to be settled in cash within two months of the reporting date. None of the balances are secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

The Company is indirectly controlled by Michael Andlauer, the Chief Executive Officer and CODM. Included in these consolidated financial statements are the following transactions and balances with companies related either directly or indirectly to Mr. Andlauer.

The Company recovers certain facilities lease costs from Andlauer Management Group Inc. ("AMG"). The Company also provides certain shared services (primarily accounting services) to AMG.

Andlauer Properties and Leasing Inc. ("APLI") is a subsidiary of AMG and leases certain facilities and logistics and transportation equipment to the Company. The Company also leases facilities and logistics and transportation equipment from arm's length providers. The Company provides certain shared services (primarily accounting services) to APLI.

9143-5271 ("9143") Quebec Inc. is a subsidiary of AMG and leases a facility in Quebec to the Company. The Company provides certain shared services (primarily accounting services) to 9143.

Ready Staffing Solutions Inc., a company owned by Mr. Andlauer's spouse, provides the Company with temporary agency employee services – providing hourly dock labour for handling operations, principally in the GTA. The Company also purchases temporary agency employee services from arm's length providers.

1708998 Ontario Limited (Medical Courier Services) ("MCS") is a subsidiary owned 80% by AMG and provides transportation services to the Company, providing extended reach for shipments where the Company does not have facilities or equipment. The Company also provides certain shared services (primarily accounting services) to MCS.

Med Express is a subsidiary owned 50% by AMG and provides transportation services to the Company, providing extended reach for shipments where the Company does not have facilities or equipment.

Logiserv Inc. ("Logiserv") is partially owned by Cameron Joyce, a member of AHG's board of directors. Logiserv provides warehouse racking and racking components as well as warehouse racking installation, maintenance and repair services. The Company also purchases warehouse racking installation, maintenance and repairs, and warehouse racking and racking components from arm's length providers.

C-GHBS Inc. is a subsidiary of AMG and provides air travel services to the Company.

(In thousands of Canadian dollars, except shares, share price and earnings per share)

20. Related parties (continued)

	December 31, 2024	December 31, 2023
Revenue		
Transportation services		
1708998 Ontario Limited (Medical Courier Services)	$ 192	$ 215
Shared service recovery		
Andlauer Properties and Leasing Inc.	-	19
Andlauer Management Group Inc.	-	14
9143-5271 Quebec Inc.	-	32
1708998 Ontario Limited (Medical Courier Services)	-	24
Expenses		
Transportation services		
1708998 Ontario Limited (Medical Courier Services)	173	151
Med Express Ltd.	-	20
Contract labour services		
Ready Staffing Solutions Inc.	6,264	6,503
Equipment rent		
Andlauer Properties and Leasing Inc.	2,147	2,237
Facility rent		
Andlauer Properties and Leasing Inc.	2,257	2,239
9143-5271 Quebec Inc.	1,549	1,544
Maintenance services		
Logiserv Inc.	15	-
Travel services		
C-GHBS Inc.	142	58
Capital Expenditures		
Purchases of logistics and transportation equipment		
Logiserv Inc.	46	-

(In thousands of Canadian dollars, except shares, share price and earnings per share)

20. Related parties (continued)

	December 31, 2024	December 31, 2023
Trade receivables due from related parties		
Andlauer Properties and Leasing Inc.	$ 13	$ 13
1708998 Ontario Limited (Medical Courier Services)	13	41
	26	54
Due from related parties		
Andlauer Management Group Inc.	18	1
Total due from related parties	**$ 44**	**$ 55**
Trade payables due to related parties		
Ready Staffing Solutions Inc.	$ 181	$ 150
1708998 Ontario Limited (Medical Courier Services)	17	13
Andlauer Properties and Leasing Inc.	93	287
Andlauer Management Group Inc.	11	-
	302	450
Due to related parties		
Andlauer Properties and Leasing Inc.	291	206
Total due to related parties	**$ 593**	**$ 656**

Key management personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and include the Company's CEO, four named executive officers comprising key management and the Board of Directors.

Key management personnel compensation comprised the following for the years ended:

Key management compensation	December 31, 2024	December 31, 2023
Salaries and benefits	$ 4,046	$ 4,061
Share-based payment arrangements	516	196
Director deferred share units	580	593
Total key management compensation	**$ 5,142**	**$ 4,850**

(In thousands of Canadian dollars, except shares, share price and earnings per share)

21. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends and distributions to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Company monitors capital using a net leverage ratio, calculated as net debt divided by the last twelve months' earnings before interest, taxes, depreciation and amortization ("EBITDA"). The Company seeks to keep its net leverage ratio below 3.0 in the ordinary course of business.

	December 31, 2024	December 31, 2023
Total lease liabilities	$ 126,315	$ 103,081
Credit facilities	54,895	24,819
Less: cash and cash equivalents	(40,483)	(59,740)
Net debt	140,727	68,160
Last twelve months' net income	64,468	66,140
Last twelve months' interest income	(2,152)	(3,170)
Last twelve months' interest expense	7,585	8,207
Last twelve months' income tax expense	23,730	24,467
Last twelve months' depreciation and amortization	70,934	68,149
EBITDA	164,565	163,793
Net leverage ratio	0.86	0.42