



Unaudited Interim Condensed Consolidated
Financial Statements of

**ANDLAUER HEALTHCARE
GROUP INC.**

For the three months ended March 31, 2025 and 2024

Andlauer Healthcare Group Inc.

Interim Condensed Consolidated Balance Sheets

As at March 31, 2025 and December 31, 2024

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

Assets	Note	March 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		\$ 44,103	\$ 40,483
Trade and other receivables		108,358	110,447
Income taxes receivable		4,908	2,670
Inventories		5,729	8,934
Prepaid expenses and other		8,008	6,373
Due from related parties	17	2	18
		<u>171,108</u>	<u>168,925</u>
Non-current assets			
Long-term deposits and other		1,221	1,289
Property, plant and equipment	5	191,922	188,124
Equity-accounted joint venture	3	15,274	-
Goodwill and intangible assets	6	327,963	333,668
Deferred income taxes	13	5,143	4,910
		<u>511,423</u>	<u>517,271</u>
Total Assets		\$ 712,631	\$ 696,916
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 47,604	\$ 44,500
Revolving credit facility	7	30,000	30,000
Term facility	7	24,915	-
Due to related parties	17	303	-
Current portion of lease liabilities	14	32,744	31,729
		<u>135,566</u>	<u>106,229</u>
Long-term liabilities			
Lease liabilities	14	94,938	94,586
Deferred income taxes	13	38,066	39,783
Due to related parties	17	-	291
Term facility	7	-	24,895
		<u>133,004</u>	<u>159,465</u>
Total Liabilities		268,570	265,784
Equity			
Common share capital	9	672,481	673,868
Contributed surplus	11	7,444	6,978
Accumulated other comprehensive income		33,609	33,821
Merger reserve	2	(488,916)	(488,916)
Retained earnings		219,443	205,381
		<u>444,061</u>	<u>431,132</u>
Commitments and contingencies	16		
Subsequent event	19		
Total Liabilities and Equity		\$ 712,631	\$ 696,916

See accompanying notes to the unaudited interim condensed consolidated financial statements.

On behalf of the Board:

“Peter Jelley”
Director

“Thomas G. Wellner”
Director

Andlauer Healthcare Group Inc.

Interim Condensed Consolidated Statements of Income and Comprehensive Income

For the three months ended March 31, 2025 and 2024

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

	Note	March 31, 2025	March 31, 2024
Revenue	12	\$ 166,088	\$ 161,138
Operating expenses			
Cost of transportation and services		84,769	82,466
Direct operating expenses		26,633	26,273
Selling, general and administrative expenses		15,183	12,816
Depreciation and amortization	5, 6	17,937	18,340
		<u>144,522</u>	<u>139,895</u>
Operating income		21,566	21,243
Gain on deconsolidation of subsidiary	3	5,020	-
Share of profit of equity-accounted joint venture, net of tax	3	292	-
Interest expense	15	(1,956)	(1,579)
Interest income		323	695
Other income		203	9
		<u>25,448</u>	<u>20,368</u>
Income before income taxes		25,448	20,368
Current income tax expense	13	7,020	7,512
Deferred income tax recovery	13	(1,797)	(2,067)
		<u>5,223</u>	<u>5,445</u>
Net income		\$ 20,225	\$ 14,923
Net earnings per share			
Basic earnings per share	10	\$ 0.52	\$ 0.36
Diluted earnings per share	10	\$ 0.51	\$ 0.35
Other comprehensive income			
Net income		\$ 20,225	\$ 14,923
Foreign currency translation adjustment		(212)	5,537
Other comprehensive (loss) income for the period		<u>(212)</u>	<u>5,537</u>
Total comprehensive income for the period		\$ 20,013	\$ 20,460

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Andlauer Healthcare Group Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the three months ended March 31, 2025 and 2024

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

	Number of shares (thousands) (note 9)	Share capital (note 9)	Accumulated other compre- hensive income	Merger reserve (note 2)	Contributed surplus (note 11)	Retained earnings	Total equity
Balance at December 31, 2024	39,251	\$ 673,868	\$ 33,821	\$ (488,916)	\$ 6,978	\$ 205,381	\$ 431,132
Net income and comprehensive loss for the period	-	-	(212)	-	-	20,225	20,013
Share-based compensation (note 11)	7	39	-	-	466	-	505
Shares repurchased for cancellation (note 9)	(73)	(1,426)	-	-	-	(1,404)	(2,830)
Transaction costs (note 9)	-	-	-	-	-	(57)	(57)
Dividends (note 9)	-	-	-	-	-	(4,702)	(4,702)
Balance at March 31, 2025	39,185	\$ 672,481	\$ 33,609	\$ (488,916)	\$ 7,444	\$ 219,443	\$ 444,061
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 period	-	-	5,537	-	-	14,923	20,460
Share-based compensation (note 11)	16	90	-	-	318	-	408
Shares repurchased for cancellation (note 9)	(159)	(3,176)	-	-	-	(3,105)	(6,281)
Dividends (note 9)	-	-	-	-	-	(4,132)	(4,132)
Balance at March 31, 2024	41,324	\$ 715,704	\$ 19,731	\$ (488,916)	\$ 6,626	\$ 226,880	\$ 480,025

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Andlauer Healthcare Group Inc.
Interim Condensed Consolidated Statements of Cash Flow
For the three months ended March 31, 2025 and 2024

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

	Note	March 31, 2025	March 31, 2024
Operating activities			
Net income for the period		\$ 20,225	\$ 14,923
Changes not involving cash:			
Gain on deconsolidation of subsidiary	3	(5,020)	-
Depreciation and amortization		17,937	18,340
Amortization of capitalized financing costs	7	20	37
Share of profit of equity-accounted joint venture, net of tax	3	(292)	-
Share-based compensation	11	505	408
Deferred income tax recovery	13	(1,797)	(2,067)
(Gain) loss on disposal of property, plant and equipment		(188)	22
		<u>31,390</u>	<u>31,663</u>
Changes in non-cash operating working capital:			
Trade and other receivables		(1,907)	2,283
Inventories		2,904	25
Accounts payable and accrued liabilities		4,235	(1,601)
Income taxes		(1,946)	43
Net change in other operating working capital balances		(1,639)	783
Cash flows from operating activities		<u>33,037</u>	<u>33,196</u>
Financing activities			
Dividends	9	(4,702)	(4,132)
Principal repayments on lease liabilities	14	(8,453)	(7,184)
Net change in related party balances		18	188
Shares repurchased for cancellation	9	(2,830)	(6,281)
Transaction costs recorded in equity	9	(57)	-
Cash flows used in financing activities		<u>(16,024)</u>	<u>(17,409)</u>
Investing activities			
Purchase of property, plant and equipment		(6,842)	(7,978)
Proceeds on disposal of property, plant and equipment		191	281
Purchase of intangible assets	6	(621)	(332)
Cash contributed on deconsolidation of subsidiary	3	(6,128)	-
Cash flows used in investing activities		<u>(13,400)</u>	<u>(8,029)</u>
Net increase in cash and cash equivalents		3,614	7,758
Effect of foreign currency translation on cash and cash equivalents		7	660
Cash and cash equivalents, beginning of period		<u>40,483</u>	<u>59,740</u>
Cash and cash equivalents, end of period		<u>\$ 44,103</u>	<u>\$ 68,158</u>

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

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 53.1% 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 unaudited interim condensed consolidated financial statements (“consolidated financial statements”) have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Under International Financial Reporting Standards (“IFRS”), additional disclosures are required in the annual financial statements and therefore, these consolidated financial statements and accompanying notes should be read in conjunction with the notes to the Company’s audited consolidated financial statements for the years ended December 31, 2024 and 2023.

These consolidated financial statements have been prepared using consistent accounting policies and methods used in the preparation of the Company’s annual audited consolidated financial statements except as disclosed in note 3 in connection with our equity-accounted joint venture.

These consolidated financial statements were authorized for issue by the Board of Directors effective May 1, 2025.

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.

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.

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

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.

(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.

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, 2024.

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

3. Equity-accounted joint venture and deconsolidation

Effective March 1, 2025, the Company entered into a joint venture to combine its packaging subsidiary, Nova Pack Ltd. ("Nova Pack"), with NowPac Inc. ("NowPac"), a privately-owned Toronto-based company specializing in contract packaging services for the healthcare sector.

Accuristix Inc., a subsidiary of AHG, entered into an arrangement with the NowPac shareholders (the "JV") whereby Nova Pack acquired 100% of the issued and outstanding shares of NowPac in consideration for cash of \$5,762 (funded from the \$6,128 cash and cash equivalents remaining in Nova Pack prior to deconsolidation) and the issuance of a 50% equity interest in Nova Pack. Accuristix recorded its investment in the JV at fair value of \$14,982, comprising 50% of the fair value of the enterprise. Accuristix recognized a gain of \$5,020 on deconsolidation of its investment in Nova Pack in accordance with IFRS 10. In connection with the shareholders agreement, Accuristix has a call option and the former NowPac shareholders have a put option which each become exercisable after March 1, 2028.

The following table summarizes the fair value of Nova Pack on March 1, 2025, prior to deconsolidation, and has been measured on a provisional basis:

	March 1 2025
Cash and cash equivalents	\$ 6,128
Trade and other receivables	3,968
Inventories	300
Prepaid expenses and other	70
Property, plant and equipment	243
Goodwill	803
Accounts payable and accrued liabilities	(1,125)
Income taxes payable	(296)
Deferred income taxes	(129)
Net book value of subsidiary deconsolidated	\$ 9,962
Gain on deconsolidation	5,020
Fair value	\$ 14,982

Nova Pack, together with its new wholly owned subsidiary, NowPac, is governed by a four-person board comprising of two management representatives of Accuristix and two management representatives of the former NowPac shareholders. Neither Accuristix nor the former NowPac shareholders control Nova Pack. Accordingly, AHG accounts for its investment in the joint venture as an equity-accounted investee.

Under the equity method of accounting, an equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the joint venture. The Company's 50% share of total comprehensive income, net of tax, for the one-month period ended March 31, 2025, was \$292.

During the three months ended March 31, 2025, transaction costs of \$321 have been expensed in selling, general and administrative expenses in the consolidated statements of income and comprehensive income in relation to this investment.

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

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 March 31, 2025 and 2024 and for the three months then ended:

	Specialized Transportation	Healthcare Logistics	Corporate	Eliminations	Total
As at March 31, 2025 and for the three months then ended					
Revenue	\$ 135,640	\$ 46,638	\$ 1,842	\$ (18,032)	\$ 166,088
Segment income before tax	16,666	9,893	(1,111)	-	25,448
Interest income	550	89	1,411	(1,727)	323
Interest expense	(1,284)	(299)	(373)	-	(1,956)
Depreciation and amortization	(13,792)	(4,082)	(63)	-	(17,937)
Segment net income	12,411	8,556	(742)	-	20,225
Segment total assets	550,927	213,095	582,232	(633,623)	712,631
Additions of ROU assets	9,798	35	-	-	9,833
Capital expenditures	3,312	3,524	6	-	6,842
Segment total liabilities	107,596	89,489	37,600	33,885	268,570
As at March 31, 2024 and for the three months then ended					
Revenue	\$ 132,128	\$ 42,860	\$ 855	\$ (14,705)	\$ 161,138
Segment income before tax	16,420	3,941	7	-	20,368
Interest income	433	231	1,697	(1,666)	695
Interest expense	(1,220)	(359)	-	-	(1,579)
Depreciation and amortization	(14,299)	(4,041)	-	-	(18,340)
Segment net income	12,095	2,992	(164)	-	14,923
Segment total assets	533,129	176,443	670,843	(693,242)	687,173
Additions of ROU assets	4,160	2	-	-	4,162
Capital expenditures	7,535	443	-	-	7,978
Segment total liabilities	153,833	72,686	6,363	(25,734)	207,148

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

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 three months ended March 31, 2025 and 2024.

5. Property, plant and equipment

	Facilities ¹	Furniture and fixtures	Leasehold improvements	Logistics and transportation equipment ¹	Total
Cost					
Balance at December 31, 2024	\$ 194,142	\$ 6,844	\$ 27,825	\$ 249,011	\$ 477,822
Additions	8,585	27	3,955	4,108	16,675
Deconsolidation of subsidiary	-	-	-	(1,176)	(1,176)
Dispositions	-	-	-	(1,071)	(1,071)
Foreign currency adjustments	(8)	(1)	(3)	(40)	(52)
Balance at March 31, 2025	\$ 202,719	\$ 6,870	\$ 31,777	\$ 250,832	\$ 492,198
Accumulated depreciation					
Balance at December 31, 2024	\$ 120,767	\$ 5,494	\$ 19,400	\$ 144,037	\$ 289,698
Depreciation for the period	4,748	88	836	6,925	12,597
Deconsolidation of subsidiary	-	-	-	(933)	(933)
Dispositions	-	-	-	(1,068)	(1,068)
Foreign currency adjustments	(2)	-	(1)	(15)	(18)
Balance at March 31, 2025	\$ 125,513	\$ 5,582	\$ 20,235	\$ 148,946	\$ 300,276
Net carrying amounts					
At December 31, 2024	\$ 73,375	\$ 1,350	\$ 8,425	\$ 104,974	\$ 188,124
At March 31, 2025	\$ 77,206	\$ 1,288	\$ 11,542	\$ 101,886	\$ 191,922

¹ Facilities and certain logistics and transportation equipment assets are ROU assets, capitalized in accordance with IFRS 16. Refer to note 14.

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

6. Goodwill and intangible assets

	Goodwill	Customer relationships	Brand	Software	Total
Cost					
Balance at December 31, 2024	\$ 199,146	\$ 172,035	\$ 44,760	\$ 14,820	\$ 430,761
Additions	-	-	-	621	621
Deconsolidation of subsidiary	(803)	-	-	-	(803)
Foreign currency adjustments	(96)	(92)	(27)	(1)	(216)
Balance at March 31, 2025	\$ 198,247	\$ 171,943	\$ 44,733	\$ 15,440	\$ 430,363
Accumulated amortization					
Balance at December 31, 2024	\$ -	\$ 75,239	\$ 14,798	\$ 7,056	\$ 97,093
Amortization for the period	-	3,915	1,116	309	5,340
Foreign currency adjustments	-	(26)	(7)	-	(33)
Balance at March 31, 2025	\$ -	\$ 79,128	\$ 15,907	\$ 7,365	\$ 102,400
Net carrying amounts					
At December 31, 2024	\$ 199,146	\$ 96,796	\$ 29,962	\$ 7,764	\$ 333,668
At March 31, 2025	\$ 198,247	\$ 92,815	\$ 28,826	\$ 8,075	\$ 327,963

7. Credit facilities

	March 31, 2025	December 31, 2024
Revolving credit facility	\$ 30,000	\$ 30,000
Term facility	25,000	25,000
	55,000	55,000
Less: capitalized financing costs	(85)	(105)
Credit facilities	\$ 54,915	\$ 54,895

Recorded in the consolidated balance sheets as follows:

	March 31, 2025	December 31, 2024
Revolving credit facility	\$ 30,000	\$ 30,000
Term facility	24,915	24,895
Credit facilities	\$ 54,915	\$ 54,895

The movement in credit facilities from December 31, 2024 is as follows:

	Credit Facilities
Balance at December 31, 2024	\$ 54,895
Non-cash movements	
Amortization of capitalized financing costs	20
Balance at March 31, 2025	\$ 54,915

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

7. Credit facilities (continued)

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. There is no repayment schedule for either the revolving credit facility or the term facility, except at maturity. The credit facilities will mature and be due and payable on March 1, 2026.

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 March 31, 2025, the credit facilities comprise term CORRA loans drawn at an interest rate of 4.7% (December 31, 2024 – 5.3%).

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 March 31, 2025 and December 31, 2024, 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 three months ended March 31, 2025 was \$659 (March 31, 2024 – \$416).

8. 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 7). 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.

9. 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 March 31, 2025, all of the multiple voting shares and 10,200 subordinate voting shares are owned by AMG.

Andlauer Healthcare Group Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

9. Share capital (continued)

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, 2024	20,808	18,443	39,251	\$ 312,119	\$ 361,749	\$ 673,868
Shares issued in connection with the exercise of options (note 11)	-	6	6	-	36	36
Shares issued in connection with the settlement of restricted share units (note 11)	-	1	1	-	3	3
Shares repurchased for cancellation in connection with the Company's normal course issuer bid (2024)	-	(73)	(73)	-	(1,426)	(1,426)
Balance at March 31, 2025	20,808	18,377	39,185	\$ 312,119	\$ 360,362	\$ 672,481

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. For the three months ended March 31, 2025, a total of 72,700 subordinate voting shares, comprising approximately 0.4% of the number of subordinate voting shares outstanding, have been purchased and cancelled pursuant to the NCIB at an average price of \$38.92 per share, for a total purchase price of approximately \$2,830. The excess of the purchase price paid over the average carrying value of the subordinate voting shares purchased and cancelled, in the amount of \$1,404, was recognized as a share repurchase premium and a reduction to retained earnings. Transaction costs of \$57 have been charged to retained earnings in connection with the NCIB.

Normal course issuer bid (2023)

On March 24, 2023, the Company commenced a NCIB for up to a maximum of 1,856,857 of its subordinate voting shares, or approximately 10% of its public float as of March 23, 2023, over the 12-month period commencing on March 29, 2023. The bid terminated on March 28, 2024. For the three months ended March 31, 2024, a total of 159,350 subordinate voting shares, comprising approximately 0.8% of the number of subordinate voting shares outstanding, have been 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.

Dividends to subordinate voting and multiple voting shareholders

During the three months ended March 31, 2025, the Company declared total dividends of \$4,702, or \$0.12 per common share (March 31, 2024 – \$4,132, or \$0.10 per common share), on subordinate voting and multiple voting shares. These amounts were included in accounts payable and accrued liabilities as at March 31, 2025 and 2024, respectively, and were paid on April 15, 2025 and 2024, respectively, to common shareholders of record on March 31, 2025 and March 28, 2024, respectively.

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10. 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)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income	\$ 20,225	\$ 14,923
Weighted average number of common shares	39,237	41,384
Earnings per share – basic	\$ 0.52	\$ 0.36

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)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income	\$ 20,225	\$ 14,923
Weighted average number of common shares	39,237	41,384
Dilutive effects:		
Stock options	487	641
Restricted share units	53	30
Deferred share units	71	57
Weighted average number of diluted common shares	39,848	42,112
Earnings per share – diluted	\$ 0.51	\$ 0.35

11. 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, 10 thousand were exercised during the three months ended March 31, 2025 (March 31, 2024 – 25 thousand) while 768 thousand remain outstanding and are exercisable (March 31, 2024 – 1,018 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 during the three months ended March 31, 2025 (March 31, 2024 – nil) and nil were forfeited (March 31, 2024 – 2 thousand), while 57 thousand remain outstanding with 13 thousand being exercisable (March 31, 2024 – 61 thousand with nil being exercisable).

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11. Share-based payment arrangements (continued)

Stock option plan (equity settled) (continued)

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. These options vest over four years on a straight-line basis beginning December 11, 2025.

Of the options outstanding at March 31, 2025, a total of 535 thousand (March 31, 2024 – 635 thousand) are held by non-executive directors; 172 thousand (March 31, 2024 – 204 thousand) are held by executive officers; with the remaining 169 thousand (March 31, 2024 – 240 thousand) held by management personnel.

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

(in thousands of options and in dollars)	<u>March 31, 2025</u>		<u>March 31, 2024</u>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	887	\$ 18.23	1,106	\$ 16.41
Exercised	(10)	15.00	(25)	15.00
Forfeited	(1)	39.73	(2)	\$ 39.73
Ending balance	876	\$ 18.24	1,079	\$ 16.40
Options exercisable	781	\$ 15.41	1,018	\$ 15.00

The table below summarizes stock options outstanding and exercisable at March 31, 2025:

(in thousands of options and in dollars)	<u>Options Outstanding</u>		<u>Options Exercisable</u>
	Number of options	Weighted average remaining contractual life (in years)	Number of options
Exercise price			
\$ 15.00	768	4.70	768
39.73	57	8.70	13
43.08	51	9.70	-
	876	5.25	781

The Company recognized compensation expense of \$150 for the three months ended March 31, 2025 (March 31, 2024 – \$114), with corresponding increases to contributed surplus in connection with the vesting of options.

During the three months ended March 31, 2025, 10 thousand options (March 31, 2024 – 25 thousand) were exercised on a cashless basis resulting in 6 thousand (March 31, 2024 – 16 thousand) subordinate voting common shares being issued from treasury and in the surrender of 4 thousand (March 31, 2024 – 9 thousand) options used to fund the cashless option exercise. The volume weighted average price used to calculate the cashless exercise in accordance with the Company's Omnibus Equity Incentive Plan was \$39.36 per share (March 31, 2024 – \$42.77 per share) at the time of exercise resulting in a \$36 net increase in share capital (March 31, 2024 – \$90). 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 \$36 reduction to contributed surplus (March 31, 2024 – \$90) at a weighted average option value of \$3.60 per share.

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11. Share-based payment arrangements (continued)

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 three months ended March 31, 2025 the Company recognized a compensation expense of \$217, including \$6 for dividend equivalents reinvested, with a corresponding increase to contributed surplus (March 31, 2024 – \$156, including \$4 for dividend equivalents).

During the three months ended March 31, 2025, less than 1 thousand RSUs were settled resulting in less than 1 thousand subordinate voting common shares being issued from treasury. 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. The transfer of the RSU value of the options exercised resulted in a \$3 reduction to contributed surplus at a RSU fair value of \$39.96 per share, and a corresponding increase of \$3 to share capital.

The table below summarizes the changes in the outstanding RSUs:

(in thousands of RSUs and in dollars)	March 31, 2025		March 31, 2024	
	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price
Opening balance	53	\$ 41.08	30	\$ 39.95
Reinvested	1	39.10	-	-
Settled	(1)	39.96	-	-
Ending balance	53	\$ 41.08	30	\$ 39.95
RSUs vested	5	\$ 39.96	-	\$ 39.95

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 three months ended March 31, 2025, the Company recognized a compensation expense of \$138, with corresponding increases to contributed surplus (March 31, 2024 – \$138).

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11. Share-based payment arrangements (continued)

Director deferred share units (“DSUs”) program (equity settled) (continued)

The table below summarizes the changes in the outstanding DSUs:

(thousands of DSUs)	March 31, 2025	March 31, 2024
Opening balance	71	57
Granted	3	3
Ending balance	74	60

12. 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	March 31, 2025	March 31, 2024
Logistics and distribution	\$ 42,559	\$ 37,918
Packaging solutions	4,079	4,942
Healthcare Logistics segment	46,638	42,860
Ground transportation	108,475	106,388
Air freight forwarding	8,362	7,995
Dedicated and last mile delivery	18,803	17,745
Intersegment revenue	(16,190)	(13,850)
Specialized Transportation segment	119,450	118,278
Total revenue	\$ 166,088	\$ 161,138

Primary geographical markets	March 31, 2025	March 31, 2024
Canada	\$ 142,577	\$ 131,736
United States	23,511	29,402
Total revenue	\$ 166,088	\$ 161,138

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13. Income taxes

a) Amounts recognized in income or loss

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Current income tax expense:		
Current taxes on income for the reporting period	\$ 7,286	\$ 7,216
Current taxes relating to previous periods and other adjustments	(266)	296
	7,020	7,512
Deferred income tax recovery:		
Recognition of tax benefits related to income for the period	(339)	(18)
Origination and reversal of temporary differences	(1,636)	(1,761)
Deferred taxes relating to previous years and other adjustments	178	(288)
	(1,797)	(2,067)
Income tax expense reported to the statements of income and comprehensive income	\$ 5,223	\$ 5,445

Total cash outflow for actual taxes paid for the three months ended March 31, 2025 was \$8,849 (March 31, 2024 – \$7,360).

b) Reconciliation of effective tax rate

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Income before income taxes	\$ 25,448	\$ 20,368
Consolidated Canadian federal and provincial income tax rate	26.5%	26.5%
Income tax expense based on statutory rate	6,744	5,398
(Decrease) increase in income taxes resulting from non-deductible items or other adjustments	(18)	47
Temporary differences related to Investment in Joint Venture not recognized	(1,415)	-
Taxes relating to previous years and other adjustments	(88)	-
Total income tax expense	\$ 5,223	\$ 5,445

c) Deferred taxes

	March 31, 2025	December 31, 2024
Deferred tax assets	\$ 5,143	\$ 4,910
Deferred tax liabilities	(38,066)	(39,783)
Net deferred tax liability	\$ (32,923)	\$ (34,873)

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13. Income taxes (continued)

d) Movement in deferred tax balances

	March 31, 2025	Recognized in income or loss	Deconsolida- -tion of Subsidiary	Foreign currency adjustments	December 31, 2024
Plant and equipment	\$ (9,085)	\$ 465	\$ 131	\$ 3	\$ (9,684)
Accounts payable and accrued liabilities	1,324	174	1		1,149
Intangibles	(30,045)	1,276	(5)	21	(31,337)
Benefit of losses carried forward	3,261	339	2	-	2,920
Leases	1,410	(392)	-	-	1,802
Transaction costs	212	(65)	-		277
Net deferred tax liability	\$ (32,923)	\$ 1,797	\$ 129	\$ 24	\$ (34,873)

	December 31, 2024	Recognized in income or loss	Foreign currency adjustments	March 31, 2024
Plant and equipment	\$ (9,684)	\$ 2,597	\$ (310)	\$ (11,971)
Accounts payable and accrued liabilities	1,149	113	(7)	1,043
Intangibles	(31,337)	2,889	(1,346)	(32,880)
Benefit of losses carried forward	2,920	298	-	2,622
Leases	1,802	(2,194)	53	3,943
Transaction costs	277	(675)	-	952
Net deferred tax liability	\$ (34,873)	\$ 3,028	\$ (1,610)	\$ (36,291)

	March 31, 2024	Recognized in income or loss	Foreign currency adjustments	December 31, 2023
Plant and equipment	\$ (11,971)	\$ 955	\$ (139)	\$ (12,787)
Accounts payable and accrued liabilities	1,043	174	1	868
Intangibles	(32,880)	1,280	(580)	(33,580)
Benefit of losses carried forward	2,622	91	-	2,531
Leases	3,943	(166)	30	4,079
Transaction costs	952	(267)	-	1,219
Net deferred tax liability	\$ (36,291)	\$ 2,067	\$ (688)	\$ (37,670)

e) Unrecognized deferred tax liabilities

As at March 31, 2025, temporary differences of \$45,702 (December 31, 2024 – \$40,390) exist in connection with wholly-owned investments in subsidiaries and the joint venture; and the related potential deferred tax liability of \$6,056 (December 31, 2024 – \$5,352) has not been recognized. The Company controls the dividend policies of its subsidiaries and is able to veto the payment of dividends of its joint venture and as such 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.

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13. Income taxes (continued)

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 \$11,987 that begin to expire in 2039.

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.

14. 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 three months ended March 31, 2025 is 5.03% (year ended December 31, 2024 – 5.35%). 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 three months ended March 31, 2025 is 5.21% for Specialized Transportation and 7.24% for Healthcare Logistics (year ended December 31, 2024 – 5.56% for Specialized Transportation; 6.20% for Healthcare Logistics).

Right-of-use assets – Facilities	As at and for the three months ended March 31, 2025	As at and for the year ended December 31, 2024
Opening balance	\$ 73,377	\$ 62,141
Add: additions	8,585	29,412
Less: depreciation	(4,748)	(18,624)
Foreign currency adjustments	(6)	448
Ending balance	\$ 77,208	\$ 73,377

Right-of-use assets – Logistics and transportation equipment	As at and for the three months ended March 31, 2025	As at and for the year ended December 31, 2024
Opening balance	\$ 46,059	\$ 35,629
Add: additions	1,248	24,104
Less: derecognition of ROU assets	-	(165)
Less: depreciation	(3,684)	(13,973)
Foreign currency adjustments	(106)	464
Ending balance	\$ 43,517	\$ 46,059

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14. Leases (continued)

Net carrying amounts of right-of-use assets included in property, plant and equipment	March 31, 2025	December 31, 2024
Facilities	\$ 77,208	\$ 73,377
Logistics and transportation equipment	43,517	46,059
Balance	\$ 120,725	\$ 119,436

Lease liabilities – Facilities	As at and for the three months ended March 31, 2025	As at and for the year ended December 31, 2024
Opening balance	\$ 82,342	\$ 71,501
Add: additions	8,585	29,412
Add: interest expense	698	2,899
Less: principal repayments	(5,000)	(19,036)
Less: interest payments	(698)	(2,899)
Foreign currency adjustments	(6)	465
Ending balance	\$ 85,921	\$ 82,342

Lease liabilities – Logistics and transportation equipment	As at and for the three months ended March 31, 2025	As at and for the year ended December 31, 2024
Opening balance	\$ 43,973	\$ 31,580
Add: additions	1,248	24,104
Add: interest expense	599	2,002
Less: derecognition of ROU assets	-	(165)
Less: principal repayments	(3,453)	(12,007)
Less: interest payments	(599)	(2,002)
Foreign currency adjustments	(7)	461
Ending balance	\$ 41,761	\$ 43,973

Cash lease principal payments	Three months ended March 31, 2025	Year ended December 31, 2024
Repayments of lease principal	\$ (8,453)	\$ (31,043)
Total lease payments	\$ (8,453)	\$ (31,043)

Lease liabilities	March 31, 2025	December 31, 2024
Facilities	\$ (85,921)	\$ (82,342)
Logistics and transportation equipment	(41,761)	(43,973)
Balance	\$ (127,682)	\$ (126,315)

Lease liabilities included in consolidated balance sheets	March 31, 2025	December 31, 2024
Current	\$ (32,744)	\$ (31,729)
Non-current	(94,938)	(94,586)
Balance	\$ (127,682)	\$ (126,315)

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14. Leases (continued)

Maturity analysis for lease liabilities – contractual undiscounted cash flows	March 31, 2025	December 31, 2024
Less than one year	\$ 35,618	\$ 36,403
One to 5 years	84,902	87,838
More than 5 years	17,647	18,855
Total undiscounted lease liabilities	\$ 138,167	\$ 143,096

Amounts recognized in the consolidated statements of income and comprehensive income in connection with interest expense for lease liabilities for the three months ended March 31, 2025 was \$1,297 (March 31, 2024 – \$1,163). Total cash outflow for leases for the three months ended March 31, 2025 was \$9,750 (March 31, 2024 – \$8,347).

15. Interest expense

Interest expense recognized in income and comprehensive income	March 31, 2025	March 31, 2024
Leases	\$ 1,297	\$ 1,163
Credit facilities	659	416
Total interest expense	\$ 1,956	\$ 1,579

Interest expense recognized in the consolidated statements of income and comprehensive income equates to total interest paid for the three months ended March 31, 2025 and 2024.

16. Commitments and contingencies

- 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.
- As at March 31, 2025, the Company had outstanding letters of guarantee in the amount of \$394 (December 31, 2024 – \$394).
- 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 \$4,675 (December 31, 2024 – \$5,509).
- The Company has made commitments to purchase equipment totalling approximately \$2,070 (December 31, 2024 – \$3,010).

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17. Related parties

During the period, 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.

MA&S Developments Inc. is partially owned by AMG and rents a short-term parking facility for trucks and trailers to the Company in Mississippi. The Company also rents short-term parking from arm's length providers.

Ready Staffing Solutions Inc., a company partially 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.

	March 31, 2025	March 31, 2024
Revenue		
Transportation services		
1708998 Ontario Limited (Medical Courier Services)	\$ 45	\$ 51
Expenses		
Transportation services		
1708998 Ontario Limited (Medical Courier Services)	46	52
Contract labour services		
Ready Staffing Solutions Inc.	1,664	1,547
Equipment rent		
Andlauer Properties and Leasing Inc.	480	642
Facility rent		
Andlauer Properties and Leasing Inc.	773	547
9143-5271 Quebec Inc.	416	387
MA&S Developments Inc.	24	-
Travel services		
C-GHBS Inc.	27	-

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17. Related parties (continued)

	March 31, 2025	December 31, 2024
Trade receivables due from related parties		
Andlauer Properties and Leasing Inc.	\$ 13	\$ 13
1708998 Ontario Limited (Medical Courier Services)	19	13
	32	26
Due from related parties		
Andlauer Management Group Inc.	2	18
Total due from related parties	\$ 34	\$ 44
Trade payables due to related parties		
Ready Staffing Solutions Inc.	\$ 512	\$ 181
1708998 Ontario Limited (Medical Courier Services)	16	17
Andlauer Properties and Leasing Inc.	110	93
Andlauer Management Group Inc.	-	11
	638	302
Due to related parties		
Andlauer Properties and Leasing Inc.	303	291
Total due to related parties	\$ 941	\$ 593

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 three-month periods ended:

	March 31, 2025	March 31, 2024
Key management compensation		
Salaries and benefits	\$ 1,032	\$ 1,011
Share-based payment arrangements	156	120
Director deferred share units	138	138
Total key management compensation	\$ 1,326	\$ 1,269

18. 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.

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18. Capital management (continued)

	March 31, 2025	December 31, 2024
Total lease liabilities	\$ 127,682	\$ 126,315
Credit facilities	54,915	54,895
Less: cash and cash equivalents	(44,103)	(40,483)
Net debt	138,494	140,727
Last twelve months' net income	69,770	64,468
Last twelve months' interest income	(1,780)	(2,152)
Last twelve months' interest expense	7,962	7,585
Last twelve months' income tax expense	23,508	23,730
Last twelve months' depreciation and amortization	70,531	70,934
EBITDA	169,991	164,565
Net leverage ratio	0.81	0.86

19. Subsequent event

On April 23, 2025, the Company entered into a definitive agreement with affiliates of UPS (collectively "UPS") under which UPS will acquire all of the issued and outstanding shares of the Company for \$55.00 per share in cash (the "Transaction").

The completion of the Transaction will be subject to approval by the shareholders of the Company, court and regulatory approvals and clearances, as well as other customary closing conditions. Subject to the satisfaction of such conditions, the Transaction is expected to be completed in the second half of 2025.