Union Water Supply System Inc.
Annual Shareholders Meeting

Wednesday, September 16th, 2026
9:00 am
Kingsville Arena, 1741 Jasperson Ave

ANNUAL GENERAL SHAREHOLDERS MEETING AGENDA

A. Call to Order:

B. Land Acknowledgement

The Union Water Supply System Inc. Board of Directors acknowledges the Three Fires Confederacy (Ojibwe, Potawatomie and Odawa) and the Traditional ancestral, unceded territory of Caldwell First Nation; the original people of Point Pelee, Pelee Island and its surrounding waters. We recognize and respect the First Nations who are stewards of the land and waters of Turtle Island and who have embraced this stewardship since time immemorial. We would also like to acknowledge all the moccasins who have walked the lands of Turtle Island.

C. Welcoming Remarks

D. Disclosure of Pecuniary Interest

E. Introduction of the Proxies for the 2026 Shareholder Meeting

F. Approval of Minutes

Minutes of the Annual General Shareholders Meeting held on September 24, 2025
Pages 3 - 6

G. Business Arising out of the Minutes

H. Items for Consideration

I. UWSS Inc. Administration's Annual Report 2025

Pages 7 - 20

J. Appointment of Auditor

K. Report of the Auditor and Approval of the 2025 Annual Financial Statements

Pages 21 - 40

L. Adjournment:

/kmj

UWSS Inc.
Board of Directors
Shareholders Meeting

Wednesday, September 24, 2025
9:00 am
Roma Club, Leamington

MINUTES

Directors	Hilda MacDonald Kim DeYong Sherry Bondy Kirk Walstedt Dennis Rogers Mike St. Amant - absent Lori Atkinson Tom Kissner - absent Sebastian Schmoranz - absent John Tofflemire Wayne Wharram Larry Verbeke
Also in Attendance: For UWSS	Rodney Bouchard, UWSS Inc. Chief Executive Officer Khristine Johnson, UWSS Inc. Office Administrator Andrew Plancke, UWSS Inc. Senior Manager Infrastructure Erin McKee, UWSS Inc. HR Generalist
Guest	William Willis, Willis Business Law – UWSS Legal Counsel Sabrina Nazzani, Capital Assist (Valuation) Inc. – CFO Calvin Dawson, Kaitlin D'Aversa – Baker Tilly Trillium LLP – Auditors (arrived later in meeting)
Municipal Staff Present	Rob Mackie – Town of Essex Jason Barlow – Municipality of Lakeshore Peter Neufeld, Laura Rauch, Shannon Belleau – Municipality of Leamington

Call to Order: **9:04 am**

Land Acknowledgement: As read by Hilda MacDonald

Welcoming Remarks: None

Disclosures of Pecuniary Interest: None

Approval of the Minutes the Shareholders Meeting of August 14, 2024

No. UWSS-SH-01-25

Motion to approve: Proxy Bondy

Seconding the motion: Proxy Rogers

That the Minutes of the UWSS Inc. General Shareholders Meeting held on August 14, 2024 are approved.

Carried

Business Arising out of the Minutes

There is a small error in the minutes wherein Kirk Walstedt should be associated with the Municipality of Lakeshore and not Leamington. The recording secretary will make the correction.

Introduction of the Proxies for 2025 Shareholder Meeting

Representing the Town of Essex:	Sherry Bondy
Representing the Town of Kingsville:	Dennis Rogers
Representing the Municipality of Lakeshore:	Kirk Walstedt
Representing the Municipality of Leamington:	Hilda MacDonald

Items for Consideration:

The CEO welcomes everyone and directs attention to the inaugural UWSS Inc. Administration's Annual Report 2024 provided in their packages. He thanks all staff members for taking the time to assist him in preparing this report. The report highlights all of the important milestones for 2024, the first full year as a corporation. He speaks to some of the challenges and a lot of the successes.

The CEO notes that many areas within the UWSS Inc. corporate structure are moving along nicely; this includes the creation of both the Governance and the Finance & Audit Committees, which are streamlining reporting to the Board of Directors; legal counsel has been retailed through Willis Business Law, and financial expertise through Capital Assist Valuation, as well as the retention of Baker Tilly Trillium LLP for auditing services.

He then reminds members of some of the capital projects that were able to move forward due in part to the funding secured, namely DAF #2 and the commencement of Reservoir #3. Also, moving along are various studies, most notably the redundancy project with

Windsor Utilities Commission. There is also a new contract being negotiated with OCWA as well as new community engagements with the Hydration Station.

Sherry Bondy inquires if this will be the format of this report going forward. The CEO indicates in general that this will be the format but hopes to continually improve the components within it.

No. UWSS-SH-02-25

Moved by: Proxy Rogers

Seconded by: Proxy Bondy.

That report UWSS Inc. Administration's Annual Report 2024 is received.

Carried

Appointment of Auditor

Report of the Auditor and Approval of Annual Financial Statements

The CEO introduces the auditors from Baker Tilly, of the Leamington office, Calvin Dawson and Kaitlin D'Aversa.

Mr. Dawson then takes over noting that this was a challenging year for the audit with a full change over to International Financial Reporting Standards (IFRS) vs the Generally Accepted Accounting Principles (GAAP). He reminds members that because of this change the financial statements might look somewhat different than they are used to. He then moves through the reports making note of important areas, such as assets and liabilities, as well as the financial position of UWSS Inc. as of December 31, 2024.

He directs members to the notes, as there are a lot of disclosures to present, but everything is in order. He thanks the administrative staff at UWSS Inc. and notes that even though some notes were presented at the July 16th, 2025 board meeting, no substantial changes have been made since that time.

No. UWSS-SH-03-25

Moved by: Proxy Walstedt

Seconded by: Proxy Rogers

That the draft audited Financial Statements for UWSS Inc. dated December 31, 2024 are approved.

Carried.

The CEO asks for a motion to allow the firm of Baker Tilly LLP to act as auditors for UWSS Inc. for the next year.

No. UWSS-SH-04-25

Moved by: Proxy Bondy

Seconded by: Proxy Rogers

That the firm of Baker Tilly Trillium LLP, Leamington office, are confirmed as auditors for the Union Water Supply System Inc. for the next year.

Carried

Adjournment:

No. UWSS-SH-05-25

Moved by: Proxy Rogers

Seconded by: Proxy Walstedt

Time adjourned: 9:22 am

Date of Next Meeting: to be determined

/kmj

UNION WATER SUPPLY SYSTEM INC.

ADMINISTRATION'S ANNUAL REPORT 2025

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2025 Overview

RODNEY BOUCHARD
General Manager &
Chief Executive Officer

Land Acknowledgement

Union Water Supply System Inc. acknowledges the Three Fires Confederacy (Ojibwe, Potawatomie and Odawa) and the Traditional ancestral, unceded territory of Caldwell First Nation; the original people of Point Pelee, Pelee Island and its surrounding waters. We recognize and respect the First Nations who are stewards of the land and waters of Turtle Island and who have embraced this stewardship since time immemorial. We would also like to acknowledge all the moccasins who have walked the lands of Turtle Island.

In 2025, Union Water Supply System Inc. (UWSS Inc.) continued to focus on providing reliable water service, maintaining its infrastructure, and planning for future needs.

Construction continued on Reservoir #3 and its new Transfer Pumping Station at the Ruthven Water Treatment Plant, which will add 30 million litres of treated water storage when complete. DAF #2 was commissioned and placed into active operation, strengthening pretreatment capabilities and improving the plant's ability to manage challenging raw water conditions. Design work also progressed on the Water Treatment Plant expansion, which will add filtration capacity and UV disinfection.

Maintenance and improvements to existing infrastructure continued throughout the year, including equipment servicing, repairs, inspections, and other work to support reliable day-to-day operations and the long-term condition of the system.

Regulatory compliance and water quality remained important areas of focus. UWSS Inc. successfully completed its DWQMS reaccreditation audit and addressed the corrective actions identified through the January 2025 MECP inspection, resulting in a final inspection rating of 100%.

While flows decreased from 2024, 2025 demand remained 4.4% above the previous four-year average and continued the upward trend observed since 2018. Residential growth, agricultural expansion, and economic activity across the service area continue to influence water demand.

Looking ahead, continued investment in infrastructure, asset management, technology, and system improvements will help UWSS Inc. maintain reliable service and meet the future water needs of the communities it serves.

Infrastructure

Building for Today. Planning for Tomorrow.

In 2025, UWSS Inc. continued to advance a substantial portfolio of critical infrastructure projects and planning studies aimed at expanding system capacity, modernizing operations, strengthening resiliency, improving water quality, and supporting long-term growth. Capital expenditure figures for these projects are reported in the Financials section.

Major 2025 Infrastructure Projects

Reservoir #3

Water Storage Expansion

- +30 million L of treated water storage
- 56 million L of total on-site storage when complete
- Construction continued on Reservoir #3 and its new Transfer Pumping Station at the Ruthven Water Treatment Plant. The project will more than double available on-site treated water storage, strengthening system resiliency and supporting future growth, peak demand, and changing operating conditions.

Capital investment continues to strengthen the Union Water Supply System — from additional water storage and treatment capacity to emergency power, digital tools, and long-term resiliency planning.

Infrastructure

Dissolved Air Floatation Unit - DAF #2
(Clarifier #4 Conversion)
Operational - July 2025

- DAF #2 was commissioned and placed into active operation in July, strengthening the Water Treatment Plant's pretreatment capabilities. As part of the Water Quality Master Plan, the new Dissolved Air Flotation process improves the plant's ability to manage challenging raw water conditions, including high turbidity, cold-water conditions, flow fluctuations, and algae blooms. This investment supports consistent treated water quality under changing raw water conditions.

Water Treatment Plant Expansion
Expanding Treatment Capacity
Future Capacity: 209 ML/day

- Design work continued on a major expansion of the Water Treatment Plant that will add filtration capacity and UV disinfection. The project now incorporates the scope of the previously planned Coagulant Storage Expansion, creating a more integrated approach to the plant's future treatment requirements.
- Target completion: Late 2028 / early 2029

Infrastructure

Other Key Infrastructure Projects

PROJECT	2025 HIGHLIGHT
Residual Management Ponds	8,500+ metric tonnes of sludge removed and disposed of from the south residual pond.
High Lift Pump #10	New pump acquisition and installation advanced, with pump pre-selection completed.
High Lift Pumps #5 & #6	Pumps refurbished and reinstalled, with final adjustments and commissioning underway.
WTP Façade Improvements & Elevator Design	Engineering advanced, with the project scope refined to focus on façade improvements and elevator design.
Backup Power System Upgrades	New standby generators procured, providing 2 MW at High Lift and 1.25 MW at Low Lift to strengthen emergency power resiliency.
Electrical Upgrades	Analysis completed to support the review and replacement of aging electrical equipment at the High Lift and Low Lift pumping stations.
Cottam Watermain Replacement	Planning advanced for approximately 12 km of new 600 mm watermain.
Master Water Meter Chamber Improvements	Multi-year program planned to improve 16 billing meter chambers.
Kingsville Tower Utility Building	Construction and installation of the utility building completed in 2025.
New Dechlorination System	New system advanced in response to Ministry corrective action NC-2, supporting improved wastewater discharge compliance.

Planning & Engineering

Investing in Knowledge, Technology & Resiliency

Infrastructure investment goes beyond construction. In 2025, UWSS Inc. continued to advance engineering studies, digital integration, research, and long-term resiliency initiatives that will guide future decisions.

UWSS Water Model

An updated hydraulic model of the UWSS was completed with CIMA+. The final report was received and circulated, providing an updated foundation for system planning and operational decision-making.

Resiliency & Redundancy

UWSS Inc. and Windsor Utilities Commission continued joint planning with CIMA+ to identify opportunities to strengthen system redundancy, reliability, and resilience.

Digital System Integration

Continued integrating Hydrant AI, GIS and SCADA platforms to improve access to infrastructure information and support asset and operational management.

Microplastics Research

In partnership with the University of Toronto, UWSS Inc. continued research into microplastics within the distribution system.

Lake Erie Raw Water Research

The UWSS/RIPPLE initiative continued collecting Lake Erie raw water data in partnership with the University of Windsor and GLEIR, supporting ongoing source-water and water quality research.

Looking Ahead

Together, these projects and initiatives are helping UWSS Inc. build capacity, strengthen resiliency, improve water quality, and prepare the system for the needs of tomorrow.

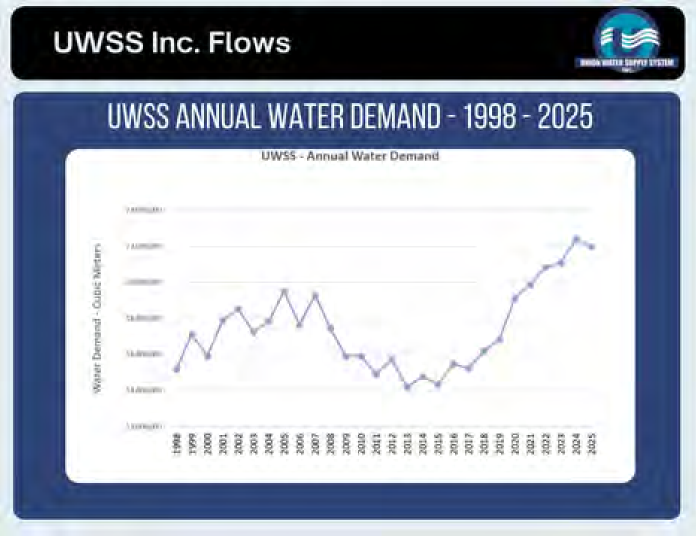
Operations & Maintenance

Throughout 2025, Operations and Maintenance activities focused on maintaining the reliability, safety, and performance of the drinking water treatment and distribution system. Work included preventive and corrective maintenance, instrumentation replacement and calibration, pump and motor servicing, process equipment repairs, electrical improvements, facility maintenance, and infrastructure inspections.

The maintenance program addressed both routine equipment needs and larger asset-related requirements across the treatment facilities, water towers, pumping systems, and associated process equipment.

2025 Water Demand

Flows were down 435 ML (1.94%) in 2025 compared to 2024. Despite this year-over-year decrease, 2025 demand remained 4.4% above the previous four-year average, continuing the sustained upward trend observed since 2018. This trend reflects continued residential growth, agricultural expansion, and economic activity within the service area.



2025 Operations & Maintenance Highlights

Maintaining Critical Infrastructure

Routine and preventive maintenance kept essential systems operating safely and reliably throughout the year.

Protecting Water Quality

Maintenance and monitoring of treatment systems supported consistent water quality and reliable process performance.

Improving Equipment Reliability

Repairs, replacements, and targeted upgrades addressed equipment needs and supported reliable system operation.

Proactive Asset Management

Inspections and condition assessments helped identify emerging needs and guide maintenance priorities.

Operations & Maintenance

2025 Key Maintenance Activities

Focus Area	2025 Activities
Instrumentation & Controls	Replaced level transmitters and level sensors; serviced pressure gauges; maintained flow monitoring equipment; repaired and serviced chlorine analyzers; maintained control valve actuators.
Pumping & Mechanical	Completed pump repairs and rebuilds, including pump motors and components; replaced/serviced a sump pump; serviced the DAF pump head; completed emergency repairs to chlorine sampling and pumping equipment.
Treatment Systems	Maintained chlorination and filtration equipment; serviced carbon filtration components; completed maintenance on the DAF system; repaired and maintained process valves and actuators.
Electrical Systems	Completed plant lighting replacements and improvements; performed maintenance on transformer and main-plant electrical equipment; serviced electrical components supporting treatment operations.
Water Towers & Storage	Replaced or serviced water-level monitoring equipment; maintained reservoir access hatches; serviced water tower generators; completed an ROV inspection of the Albuna Water Tower.
Preventive & Condition-Based Maintenance	Performed equipment inspections, vibration analysis, condition assessments, and targeted component replacements to identify maintenance needs and support long-term asset reliability.

Asset Reliability & Looking Ahead

A proactive maintenance approach in 2025 helped identify equipment needs before they became larger operational issues. Moving forward, O&M will continue using condition assessments, preventive maintenance, and lifecycle planning to prioritize critical assets, address emerging needs, and support reliable long-term service.

Regulatory Compliance

UWSS Inc. maintained full regulatory compliance under Ontario's Safe Drinking Water Act and O. Reg. 170/03, as reported in the 2025 Annual Performance Report.

- **Microbiological Safety:** All 52 treated water microbiological samples met requirements, with no detections of E. coli or total coliforms.
- **Water Quality:** No exceedances of Maximum Acceptable Concentrations (MAC) or ½ MAC were identified for any tested inorganic or organic parameters.
- **Lead Monitoring:** Schedule 15.1 testing confirmed alkalinity levels of 79–80 mg/L and pH levels of 7.25–7.45, with no exceedances.
- **Incident Reporting:** No Spills Action Centre notifications for the UWSS Distribution System were required during the 2025 reporting period.
- **MECP Inspection:** Achieved a 100% final inspection rating following the successful completion of corrective actions identified during the January 23, 2025 inspection.

DWQMS Audits & Reaccreditation

UWSS Inc. successfully completed its DWQMS reaccreditation audit in 2025, resulting in the issuance of a renewed Certificate of Accreditation. UWSS Inc. also completed both internal and external DWQMS audits during the year. No major or minor non-conformances were identified through any of the audits; all findings were limited to Opportunities for Improvement (OFIs), as summarized below.

Audit	Result
Internal DWQMS Audit	1 OFI
External DWQMS Audit — Stage 1 System Audit	No OFIs
External DWQMS Audit — Stage 2 On-Site Reaccreditation Audit	2 OFIs

MECP Inspection

The Ministry of the Environment, Conservation and Parks (MECP) conducted a detailed inspection of the Union Water Supply System on January 23, 2025, covering the 2024 review period. The inspection identified four non-compliances and two recommendations, primarily related to operator certification and documentation, wastewater discharge quality, and disinfection procedures.

UWSS Inc. implemented the required corrective actions, including operator training and documentation improvements, enhancements to the dechlorination system, and strengthened disinfection procedures.

All identified items were successfully addressed, resulting in a final inspection rating of 100%.

Regulatory Compliance

Water Quality at a Glance

Water quality monitoring continued throughout 2025 in accordance with Ontario’s drinking water requirements. Routine sampling and analysis demonstrated consistent treated water quality across the system.

PARAMETER	SAMPLES	2025 RANGE / AVERAGE	UNIT
Treated Water – Turbidity	8,760	0.01 – 1.263	NTU
Treated Water – Chlorine	8,760	1.03 – 2.00	mg/L
Distribution – Chlorine	193	0.70 – 1.77	mg/L
Raw Water – E. coli	52	<10 – 100	CFU
Raw Water – Total Coliform	52	<10 – 2,280	CFU
Treated Water – E. coli / Coliform	52	0 – 0	CFU
Distribution – E. coli / Coliform	56	0 – 0	CFU
THM – Annual Average	4	19.5	µg/L
HAA – Annual Average	4	8.6	µg/L

0 E. coli / Coliform

No E. coli or total coliform was detected in treated water or UWSS distribution system samples during 2025.

All reported results met applicable Ontario Drinking Water Quality Standards. No exceedances were reported for the monitored inorganic parameters, organic parameters, nitrate/nitrite, sodium, or lead/alkalinity/pH testing.

Communications

In 2025, UWSS Inc. continued to strengthen communication and engagement with the communities it serves through public information, digital communication, infrastructure project updates, community events, and opportunities for public participation.

Communication & Engagement Highlights

Expanded Digital Communications: Launched UWSS Inc.'s Instagram account and continued sharing timely information through its website, social media, local media, and public information sessions.

Public Consultation: Engaged residents on major infrastructure initiatives, including Reservoir #3 and the proposed UWSS–Windsor Utilities Commission water system interconnection.

Community Engagement: The UWSS Inc. Community Hydration Station supported local events throughout the summer, promoting safe tap water and reusable bottles.

Youth & Education: Continued school and student engagement through facility tours, educational visits, Take Our Kids to Work Day, and the OneWater program.

Community Support: Supported the Kingsville Community Food Bank and provided water supply assistance to Wheatley and Harrow during periods of need.

Media & Public Awareness: CEO Rodney Bouchard was featured by CBC in a national report discussing the challenges water utilities face in responding to evolving PFAS guidelines.

Organizational Development: Strengthened internal HR practices through the development and implementation of new HR policies and a comprehensive salary review process, supporting consistency, transparency, and alignment across the organization.

Building Connections

Through expanded digital communication, public consultation, community initiatives, education, and community partnerships, UWSS Inc. continued to build awareness, encourage participation, and strengthen relationships across the communities it serves.

Financials

Financial Overview

UWSS Inc. maintained a strong financial position at December 31, 2025. Financial performance for the fiscal year ending December 31, 2025, was favourable to budget by approximately $2.2 million due primarily to higher water supply service revenue and lower operating expenditures than budgeted.

Revenues

Total revenues for the year were $17.9 million, comprising primarily from:

- **Water supply services** – $17.0 million, which contributed a favourable 7% variance to budget due primarily to a modest increase in water demand and a reduction in water losses.
- **Investment interest income** – $0.8 million, which was unfavourable to budget, primarily due to lower prevailing interest rates.

Operating Expenditures

Operating expenditures, excluding depreciation, totalled $8.6 million, representing 48% of total revenues. Major expenditures were primarily comprised of the following:

- **Water maintenance service** – $4.6 million, representing a 4% favourable variance to budget, primarily attributable to lower-than-budgeted retroactive regulatory salary adjustments mandated in Ontario.
- **Utilities** – $1.7 million, consistent with budget.
- **Wages and benefits** – $656,198, representing an 11% favourable variance to budget due to lower-than-budgeted salaries and benefits for additional personnel.
- **Repairs and maintenance** – $272,065, representing an unfavourable variance to budget, primarily due to unbudgeted residual pond maintenance costs.
- **Professional services** – $244,317, representing a 60% favourable variance to budget, primarily attributable to the capitalization of engineering costs on projects, partially offset by higher legal costs related to corporate contract negotiations and governance requirements.
- **Operational programs and studies** – $194,402, representing a 66% favourable variance to budget due to the deferral of certain operational programs and studies during the year.
- **Administrative fees** – $192,904, representing a 58% unfavourable variance to budget due to the higher municipal salary and benefit costs relative to the original budget.

Overall, operating expenditures, excluding depreciation, were approximately $1.1 million below the 2025 approved budget.

Capital Expenditures

Cash and debt-funded capital expenditures totalled $33 million in 2025. Notable projects completed or advanced include:

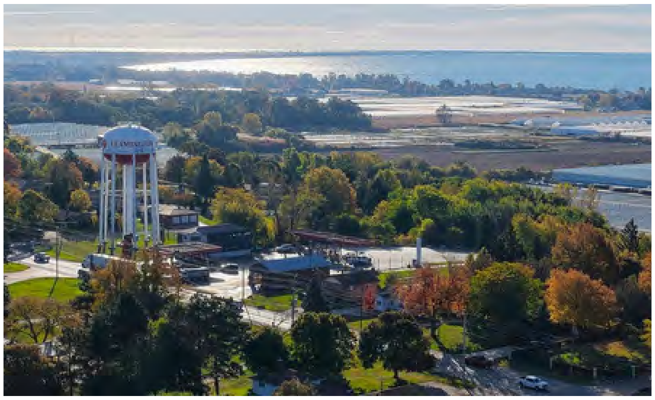
- Reservoir #3 ($19 million);
- Dissolved Air Flotation Unit (DAF) #2 ($12 million);
- Back up generators ($885,000);
- Dechlorination ($554,000).

A detailed discussion of the major capital projects is discussed in the Infrastructure section of this report.

Financial Position

At December 31, 2025, UWSS Inc. continued to maintain a strong financial position, supported by cash, operating reserves, and capital reserves totalling $24.7 million. Accounts payable and accrued liabilities were approximately $10.1 million and related primarily to the Reservoir #3 project.

As at year-end, UWSS Inc. had drawn $28.0 million on its operating line to support the Reservoir #3 and DAF #2 capital projects.



UNION WATER SUPPLY SYSTEM INC.

Financial Statements

December 31, 2025

Baker Tilly Trillium LLP

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Dorchester • Aylmer

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Water Supply System Inc.

Opinion

We have audited the financial statements of Union Water Supply System Inc. (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 report. We are independent of the Company in accordance with 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.

Going Concern

In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are not a guarantee as to the Company’s ability to continue as a going concern.

(continues)

Independent Auditor's Report to the To the Shareholders of Union Water Supply System Inc. *(continued)*

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 IASB, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’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 Company’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 Company 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.

(continues)

Independent Auditor's Report to the To the Shareholders of Union Water Supply System Inc. *(continued)*

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

- Significant deficiencies in internal;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

Chartered Professional Accountants
Licensed Public Accountants
Leamington, Ontario
September 16, 2026

UNION WATER SUPPLY SYSTEM INC.

Statement of Financial Position

As at December 31, 2025

(Expressed in Canadian dollars)

	2025	2024
ASSETS		
CURRENT		
Cash	$ 24,736,568	$ 21,214,424
Accounts receivable *(Note 4)*	2,315,991	1,567,504
HST receivable	4,487,937	851,688
Prepaid expenses	123,923	168,719
	31,664,419	23,802,335
PROPERTY, PLANT AND EQUIPMENT	92,724,109	59,183,874
	$124,388,528	$ 82,986,209
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities *(Note 5)*	$ 10,134,697	$ 3,955,943
Short-term debt *(Note 6)*	28,045,380	-
	38,180,077	3,955,943
RESTORATION PROVISION *(Note 7)*	1,262,198	1,232,615
RETIREMENT PROVISION	327,900	282,400
	39,770,175	5,470,958
COMMITMENTS *(Note 8)*		
EQUITY		
Share capital		
Authorized:		
An unlimited number of Class A special tracking shares		
Issued:		
10,000 Class A special tracking shares *(Note 9)*	100	100
Contributed surplus	71,798,346	71,798,346
Retained earnings	12,819,907	5,716,805
	84,618,353	77,515,251
	$124,388,528	$ 82,986,209

ON BEHALF OF THE BOARD

______________________________ *Director*

______________________________ *Director*

See accompanying notes to financial statements

UNION WATER SUPPLY SYSTEM INC.

Statement of Changes in Equity

Year Ended December 31, 2025

(Expressed in Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total Equity
December 31, 2023 *(unaudited)*	$ 100	$ -	$ -	$ 100
Transfer of net assets from UWSS *(Note 10)*	-	71,798,346	-	71,798,346
Net income and comprehensive income	-	-	5,716,805	5,716,805
December 31, 2024	100	71,798,346	5,716,805	77,515,251
Net income and comprehensive income	-	-	7,103,102	7,103,102
December 31, 2025	$ 100	$ 71,798,346	$ 12,819,907	$ 84,618,353

See accompanying notes to financial statements

UNION WATER SUPPLY SYSTEM INC.

Statement of Comprehensive Income

For the Year Ended December 31, 2025

(Expressed in Canadian dollars)

	2025	2024
REVENUES		
Water supply and services *(Note 10)*	$ 16,953,707	$ 15,185,316
Interest	767,279	1,225,233
Rent	127,406	57,798
	17,848,392	16,468,347
EXPENSES		
Accretion	29,583	28,889
Administration fees *(Note 10)*	192,904	192,048
Advertising and promotion	4,726	3,301
Bad debts	41,454	-
Board honoraria and mileage *(Note 10)*	43,804	70,338
Carbon dioxide	44,417	150,098
Depreciation	2,159,827	2,065,054
Insurance	44,119	33,387
Interest and bank charges	969	941
Interest on long-term debt	-	758,539
Meetings and conventions	27,276	14,501
Non-recurring project cost	114,609	39,192
Office and computer supplies	209,079	98,270
Operating programs and studies	194,402	145,234
Professional services	244,317	460,122
Property taxes *(Note 10)*	180,998	177,311
Repairs and maintenance *(Note 10)*	272,065	426,106
Telephone	19,248	16,337
Travel	10,106	6,557
Utilities	1,666,252	1,612,038
Wages and benefits *(Note 10)*	656,198	334,496
Water maintenance service and testing (OCWA) *(Note 8)*	4,588,937	4,118,783
	10,745,290	10,751,542
NET INCOME AND COMPREHENSIVE INCOME	$ 7,103,102	$ 5,716,805

See accompanying notes to financial statements

UNION WATER SUPPLY SYSTEM INC.
Statement of Cash Flows
For the Year Ended December 31, 2025
(Expressed in Canadian dollars)

	2025	2024
OPERATING ACTIVITIES		
Net income and comprehensive income	$ 7,103,102	$ 5,716,805
Items not affecting cash:		
Depreciation expense	2,159,827	2,065,054
Accretion expense	29,583	28,889
Post retirement benefit expense	45,500	-
	9,338,012	7,810,748
Changes in non-cash working capital:		
Accounts receivable	(748,487)	241,730
HST receivable	209,553	(414,074)
Prepaid expenses	44,796	(152,761)
Accounts payable and accrued liabilities	64,886	(465,440)
	(429,252)	(790,545)
	8,908,760	7,020,203
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(29,586,194)	(3,445,897)
HST receivable on property, plant and equipment	(3,845,802)	(437,614)
Cash acquired on transfer of net assets from UWSS	-	24,337,083
Change in amount due from shareholders	-	100
	(33,431,996)	20,453,672
FINANCING ACTIVITIES		
Proceeds from short-term debt	28,045,380	-
Repayment of long-term debt	-	(6,259,451)
	28,045,380	(6,259,451)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,522,144	21,214,424
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,214,424	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 24,736,568	$ 21,214,424
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	$ 767,279	$ 1,225,233
Interest paid	$ 397,842	$ 759,480
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	$ 24,736,568	$ 21,214,424

See accompanying notes to financial statements

1. CORPORATE INFORMATION AND DESCRIPTION OF BUSINESS

Union Water Supply System Inc. ("the Company") was incorporated under the Ontario Business Corporations Act on February 24, 2023 and is a Municipal Services Corporation as set out in Ontario Regulation 599/06 of the Municipal Act, 2001. The Company's principal activity is the operation of the municipal drinking water treatment and distribution system providing treated drinking water to its municipal shareholders.

The Company's head office is located at 1615 Union Ave, Ruthven, ON, N0P 2G0.

The Company has four shareholders which are the Corporation of the Municipality of Leamington, the Corporation of the Town of Kingsville, the Corporation of the Town of Essex, and the Corporation of the Municipality of Lakeshore, collectively the "municipal shareholders".

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS).

The material accounting policies adopted to prepare these financial statements are set out below in *Note 3*.

The financial statements for the year ended December 31, 2025, were authorized for issue by the Board of Directors on XXXX.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except when certain financial instruments have been measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(continues)

2. BASIS OF PREPARATION *(continued)*

Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The Company bases its estimates and judgments on historical experience, current conditions and various other reasonable assumptions. Significant estimates and judgments include:

- The estimated useful lives of property, plant and equipment (Schedule); and,
- The recoverability of property, plant and equipment including estimates of future costs to retire physical assets, selection of a discount rate (Note 7).

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Revenue recognition

Revenue from the treatment and distribution of water (water supply and services revenue) is recognized when the water is delivered to municipal shareholders. Revenue is recognized when performance obligations are met and when collection of the resulting receivable is probable.

Interest income is accrued on a time basis by reference to the principal outstanding and Effective Interest Rate (EIR) applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Rent revenue is recognized on the straight line basis.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and on-demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible into a known amount of cash.

(continues)

UNION WATER SUPPLY SYSTEM INC.

Notes to Financial Statements

Year Ended December 31, 2025

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(c) Property, plant and equipment

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

The Company capitalizes the costs directly attributable to procuring and constructing property, plant and equipment, which include labour and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Borrowing costs that are directly attributable to acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. For the years presented in these financial statements there were $397,000 (2024 - $NIL) in borrowing costs.

Property and equipment are assessed at each reporting date to determine whether any indication of impairment exists. When an indicator of impairment exists, the recoverable amount is estimated and any excess of carrying amount over recoverable amount is recognized in profit or loss. The recoverable amount is the higher of value in use and fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its estimated useful life, with the exception of land which is not depreciated. Assets in the course of construction are not depreciated until they are commissioned. The estimated useful lives are as follows:

Land improvements	25 to 50 years
Buildings	20 to 50 years
Machinery and equipment	3 to 50 years
Linear assets	10 to 90 years
Website development	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(continues)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(d) Income taxes

The Company is not subject to income tax by virtue of paragraph 149(1)(d.5) of the Income Tax Act (Canada). Accordingly, no income taxes are recognized in these financial statements.

(e) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle an obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to that liability.

Restoration provision

The restoration provision is recorded at the present value of expected costs to settle the obligations using estimated cash flows and are recognized as a part of the cost of the related asset. The carrying value of the liability is reviewed annually with changes to the timing or amount of the original estimate of cash outflows recorded as an adjustment to the liability and related item of property, plant and equipment. The discount rate used was 2.4%.

(continues)

UNION WATER SUPPLY SYSTEM INC.

Notes to Financial Statements

Year Ended December 31, 2025

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(f) Financial instruments

Financial assets and liabilities are initially recognized in the statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured at amortized cost at each subsequent reporting period using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the instrument, and interest income is reported in profit or loss. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recognized in profit or loss or in other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

Financial liabilities classified as subsequently measured at amortized cost are measured using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the instrument. Interest expense is reported in profit or loss.

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on reasonable and supportable forward-looking information available.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

(continues)

UNION WATER SUPPLY SYSTEM INC.
Notes to Financial Statements
Year Ended December 31, 2025
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(g) New and revised IFRS issued but not yet effective

At the date of authorization of these financial statements, several new, but not yet effective, IFRS and amendments to existing IFRS and Interpretations of the IFRS Interpretations Committee ("IFRIC") have been published by the International Accounting Standard Board. None of these IFRS or amendments to existing IFRS have been adopted early by the Company and no interpretations have been issued that are applicable and need to be taken into consideration by the Company at the reporting date. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements but carries forward many of the requirements from IAS 1. The standard introduces new defined subtotals to be presented in the Company's statement of comprehensive income, disclosure of any management-defined performance measures related to the statement of comprehensive income and requirements for grouping of information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted, and will apply retrospectively. The Company is currently in the process of assessing the impact of IFRS 18 (and applicable amendments to other standards) on the financial statements and notes to the financial statements.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date. The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets (for contingent features). The Company does not expect any material impact on their financial statements.

(Expressed in Canadian dollars)

4. ACCOUNTS RECEIVABLE

The Company's accounts receivable are summarized as follows:

	2025	2024
The Corporation of the Municipality of Leamington	$ 1,824,078	$ 1,170,295
The Corporation of the Town of Kingsville	346,190	324,182
Trade and other receivables	145,723	73,027
	$ 2,315,991	$ 1,567,504

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are summarized as follows:

	2025	2024
Trade and other payables	$ 9,028,105	$ 3,520,894
The Corporation of the Municipality of Leamington	83,192	-
The Corporation of the Town of Kingsville	88,623	-
The Corporation of the Town of Essex	31,352	5,945
The Corporation of the Municipality of Lakeshore	12,264	76,351
Key management personnel	-	18,953
Ontario Clean Water Agency	891,161	333,800
	$ 10,134,697	$ 3,955,943

6. CREDIT FACILITY

The Company has a credit facility, which includes a letter of credit that can be drawn upon to a maximum of $30,000. Amounts drawn on the letter of credit bear interest at 1.50%. At year-end, no amount was drawn on this letter of credit.

The credit facility also includes an operating line that can be drawn upon to a maximum of $60,000,000, which bears interest at the financial institution's prime interest rate minus 1%. At year-end, the Company has drawn a total of $28,050,000 on the operating line. Subsequent to year-end, the Company has drawn a total of $35,300,000 on the operating line. The prime interest rate was 4.45% at year-end.

The security held is an indemnity agreement in favour of OMERS Administration Corporation in the amount of $30,000.

UNION WATER SUPPLY SYSTEM INC.

Notes to Financial Statements

Year Ended December 31, 2025

(Expressed in Canadian dollars)

7. RESTORATION PROVISION

The Company has recorded a provision for the removal and disposal of asbestos within buildings owned by the Company, the decommissioning of a water tower and removal of underground fuel and septic tanks. The outflows for rehabilitation work are expected to be incurred from 2032 to 2063.

	2025	2024
Restoration provision, beginning of year	$ 1,232,615	$ -
Recognition on transfer of net assets from UWSS	-	1,203,726
Accretion expense	29,583	28,889
Restoration provision, end of year	$ 1,262,198	$ 1,232,615

8. COMMITMENTS

Construction Contract

The Company is committed to a $66,250,000 construction contract for a new reservoir with an expected completion date of December 15, 2026. The remaining unpaid commitment on the contract, as at December 31, 2025, is $36,600,000. The Company plans to fund the project through credit facilities with Windsor Family Credit Union, with the remainder, if any, being funded through operations.

Service Contract

The Company has entered into a service contract with Ontario Clean Water Agency (OCWA) for operation of the Company's water system infrastructure and for regulatory complinace. The contract expires December 31, 2030 and the remaining commitment is $28,500,000.

9. CLASS A SPECIAL TRACKING SHARES

The Company has issued 10,000 Class A special tracking shares, without par value, at a subscription price of one cent ($0.01) per share. The Class A special tracking shares are voting shares that entitle one vote per share held.

The transfer of shares in the Company is prohibited except as permitted by the By-Laws of the Company. Every four years, the shares are redistributed based on water consumption. The holders of the Class A special shares are entitled to receive the remaining property of the Company on dissolution. To the extent that there are retained earnings in the Company, the holders of the Class A special tracking shares are entitled to receive to the extent declared, and the Company shall pay, thereon, dividends in an amount determined by the Board of Directors from time to time, and in accordance with a policy to be approved by the shareholder municipalities.

Share capital activity for the periods presented is as follows:

(continues)

(Expressed in Canadian dollars)

9. CLASS A SPECIAL TRACKING SHARES *(continued)*

	2025		2024	
	Shares	Amount	Shares	Amount
Class A Special Tracking Shares				
Shares outstanding at the beginning of the period	10,000	$ 100	10,000	$ 100
Shares outstanding at the end of the period	10,000	$ 100	10,000	$ 100

10. RELATED PARTY TRANSACTIONS

The Corporation is related to its municipal shareholders, The Corporation of the Municipality of Leamington, The Corporation of the Town of Kingsville, The Corporation of the Town of Essex, and The Corporation of the Municipality of Lakeshore. Key management personnel are comprised of the directors and executive officers. The following is a summary of the Company's related party transactions, not otherwise disclosed elsewhere in the financial statements:

	2025	2024
Revenue from water supply and services to municipal shareholders:		
The Corporation of the Municipality of Leamington	$ 9,041,555	$ 8,029,265
The Corporation of the Town of Kingsville	5,872,574	5,397,386
The Corporation of the Town of Essex	766,658	646,028
The Corporation of the Municipality of Lakeshore	386,549	411,815
Administration fees paid municipal shareholders	$ 192,904	$ 192,048
Remuneration paid to key management personnel	235,060	206,172
Net assets of UWSS transferred from municipal shareholders	-	71,798,346
Property taxes incurred from municipal shareholders	180,998	177,311
Watermain repairs incurred from municipal shareholders	24,991	103,900
Bad debt incurred from municipal shareholders	41,454	-

11. MANAGEMENT OF CAPITAL

The Company defines capital as its equity and any borrowings from its corporate credit facilities, less cash and cash equivalents totaling $87,500,000. The Company's strategy for funding general development efforts and investing in projects is a mix of internally generated cash flows and borrowings from corporate credit facilities.

UNION WATER SUPPLY SYSTEM INC.

Notes to Financial Statements

Year Ended December 31, 2025

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS

The Company is exposed to significant credit risk and concentration through its financial instruments. The Company was not exposed to significant liquidity risk or market risk at December 31, 2025. The following analysis provides information about the Company's risk exposure and concentration as of December 31, 2025.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its cash and accounts receivable. The Company does not obtain collateral or other security to support the cash and accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The maximum credit risk to which the company is exposed is $27,053,000 (2024 - $22,782,000), at December 31, 2025.

As at December 31, 2025, 95% (2024 - 95%) of the trade accounts receivable balance is receivable from two (2024 - two) customers. The customers are municipalities which have been transacting with the company since inception and none of these customer balances have been written-off or are credit-impaired at the reporting date. Management has considered available forward-looking information and no allowance is required. As at December 31, 2025, all of the Company's cash is on deposit at one financial instruction. The company manages this risk by contracting with what it considers to be a creditworthy financial institution.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument might be adversely affected by a change in the interest rates. The Company is exposed to interest rate risk primarily through its interest-bearing bank account and floating interest rate credit facility. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating activities. The Company does not use derivative financial instruments to manage this risk.

13. FINANCIAL ASSETS AND LIABILITIES

	2025	2024
Financial assets		
Amortized cost		
Cash	$ 24,736,568	$ 21,214,424
Accounts receivable	2,315,991	1,567,504
Total	$ 27,052,559	$ 22,781,928
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	$ 10,134,696	$ 3,955,944
Short-term debt	28,045,380	-

(continues)

13. FINANCIAL ASSETS AND LIABILITIES *(continued)*

	2025	2024
Financial liabilities		
Total	$ 38,180,076	$ 3,955,944

Included in accounts payable and accrued liabilities are amounts payable for property, plant and equipment additions of $8,500,000.

UNION WATER SUPPLY SYSTEM INC.
SCHEDULE OF PROPERTY PLANT AND EQUIPMENT
Year Ended December 31, 2025
(Expressed in Canadian dollars)

PROPERTY, PLANT, AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Linear assets	Website development	Construction in progress	Total
Cost								
Balance, December 31, 2023 *(unaudited)*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Recognition on transfer of net assets from UWSS	487,382	192,446	20,662,878	17,026,606	16,473,097	-	554,509	55,396,918
Additions	2,210	-	274,817	1,285,936	109,383	40,400	4,139,264	5,852,010
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2024	489,592	192,446	20,937,695	18,312,542	16,582,480	40,400	4,693,773	61,248,928
Additions	-	75,877	146,906	15,840,795	165,938	-	19,470,545	35,700,062
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2025	$ 489,592	$ 268,324	$ 21,084,601	$ 34,153,337	$ 16,748,418	$ 40,400	$ 24,164,318	$ 96,948,990
Accumulated depreciation								
Balance, December 31, 2023 *(unaudited)*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	-	7,602	736,247	870,873	442,252	8,080	-	2,065,054
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2024	-	7,602	736,247	870,873	442,252	8,080	-	2,065,054
Depreciation	-	8,532	766,242	930,321	446,652	8,080	-	2,159,827
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2025	$ -	$ 16,134	$ 1,502,489	$ 1,801,194	$ 888,904	$ 16,160	$ -	$ 4,224,881
Carrying amount, December 31, 2025	$ 489,592	$ 252,190	$ 19,582,112	$ 19,406,158	$ 15,859,514	$ 24,240	$ 37,110,303	$ 92,724,109