

HERITAGE TRUST COMPANY INC.

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2025



Baker Tilly WM LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Heritage Trust Company Inc.:

Opinion

We have audited the financial statements of Heritage Trust Company Inc. (the "entity"), which comprise the balance sheet as at December 31, 2025, and the statement of earnings (loss), statement of retained earnings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
March 16, 2026

HERITAGE TRUST COMPANY INC.

STATEMENT OF EARNINGS (LOSS)

For the year ended December 31, 2025

	2025	2024
	\$	\$
Revenue		
Consulting fees	1,204,630	1,053,393
Interest income	<u>23,498</u>	<u>38,300</u>
	<u>1,228,128</u>	<u>1,091,693</u>
Expenses		
Advertising and promotion	217,613	100,275
Amortization	2,512	1,946
Consulting fees	42,390	18,829
Insurance	52,254	34,738
Interest and bank charges	8,130	4,268
Office	192,506	137,995
Professional fees	62,722	89,832
Salaries and benefits	718,568	541,109
Software licensing costs	<u>30,036</u>	<u>30,419</u>
	<u>1,326,731</u>	<u>959,411</u>
Earnings (loss) before income taxes	(98,603)	132,282
Income tax expense	-	14,500
Net earnings (loss)	(98,603)	117,782

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

HERITAGE TRUST COMPANY INC.

STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 2025

	2025	2024
	\$	\$
Balance, beginning	199,985	102,203
Net earnings (loss)	(98,603)	117,782
Dividends paid	-	(20,000)
Balance, ending	101,382	199,985

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

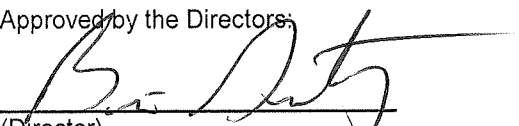
HERITAGE TRUST COMPANY INC.


BALANCE SHEET

December 31, 2025

	2025	2024
	\$	\$
Assets		
Current		
Cash	120,701	14,140
Short-term deposits (Note 3)	866,877	855,227
Accounts receivable	380,626	463,614
Prepaid expenses	21,394	18,230
Income taxes receivable	14,500	-
	<u>1,404,098</u>	<u>1,351,211</u>
Property and equipment (Note 5)	5,895	5,011
	<u>1,409,993</u>	<u>1,356,222</u>
Liabilities		
Current		
Accounts payable and accrued liabilities(Note 6)	68,088	73,087
Income taxes payable	-	14,500
Government remittances payable	1,082	2,450
	<u>69,170</u>	<u>90,037</u>
Advances from related parties (Note 6)	239,241	66,000
	<u>308,411</u>	<u>156,037</u>
Shareholders' Equity		
Share capital (Note 7)	1,000,200	1,000,200
Retained earnings	101,382	199,985
	<u>1,101,582</u>	<u>1,200,185</u>
	<u>1,409,993</u>	<u>1,356,222</u>

Approved by the Directors:


(Director)


(Director)

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

HERITAGE TRUST COMPANY INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025	2024
	\$	\$
Cash flows related to operating activities		
Net earnings (loss)	(98,603)	117,782
Adjustment for item which does not affect cash:		
Amortization	<u>2,512</u>	<u>1,946</u>
	(96,091)	119,728
Changes in non-cash working capital:		
Accounts receivable	82,988	(289,825)
Prepaid expenses	(3,164)	(3,850)
Income taxes	(29,000)	14,500
Accounts payable and accrued liabilities	(4,999)	(53,371)
Government remittances payable	<u>(1,368)</u>	<u>2,450</u>
	<u>(51,634)</u>	<u>(210,368)</u>
Cash flows related to investing activities		
Purchase of short-term deposits	(11,650)	(844,270)
Proceeds on maturity of short-term deposits	-	806,785
Purchase of property and equipment	(3,396)	-
Repayment from shareholder	-	12,804
Repayment from (advances to) related party	<u>-</u>	<u>12,848</u>
	<u>(15,046)</u>	<u>(11,833)</u>
Cash flows related to financing activities		
Advances from related party	173,241	-
Issuance of share capital	-	250,000
Dividends paid	<u>-</u>	<u>(20,000)</u>
	<u>173,241</u>	<u>230,000</u>
Net increase in cash	106,561	7,799
Cash, beginning	<u>14,140</u>	<u>6,341</u>
Cash, ending	120,701	14,140

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

HERITAGE TRUST COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Nature of business

Heritage Trust Company Inc. ("the company") was incorporated on September 27, 2017 under the Business Corporations Act of British Columbia. The company's primary business activity is estate administration.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Property and equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated annually over the estimated useful life of the asset, as follows:

Asset	Rate
Office equipment	20% declining balance
Computer software	100% declining balance

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value.

Revenue recognition

The company recognizes revenue from consulting fees when services are rendered and reasonable assurance exists regarding the consideration to be received and the ultimate collection.

The company recognizes interest income on a time proportion basis.

Income taxes

Income taxes are accounted for using the future income taxes method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases, as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized.

HERITAGE TRUST COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

2. Significant accounting policies (continued)

Financial instruments

Arm's Length Transactions

Measurement of financial instruments

The company measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions.

The company subsequently measures all of its financial assets and financial liabilities at amortized cost.

Related Party Transactions

Measurement of related party financial instruments

The company measures all related party financial instruments recognized in these financial statements at either the cost of the related party financial instrument, or at the cost of the consideration exchanged for the related party financial instrument. Measurement is based on the nature of the financial instrument, and depends on whether the instrument has repayment terms. The company has no related party financial instruments required to be measured at fair value.

When the instrument has repayment terms, the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor.

When the related party financial instrument has no repayment terms, the cost of the instrument is determined using the consideration transferred or received.

Related party financial instruments initially measured at cost are subsequently measured using the cost method.

Transaction Costs

Transaction costs related to the acquisition or issuance of financial instruments subsequently measured at fair value and to instruments originated or exchanged in a related party transaction are recognized in net earnings when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition or issuance of the instrument, and the adjustment is recognized in net earnings over the life of the instrument using the straight-line method.

Impairment

Financial assets measured at amortized cost and related party financial assets measured using the cost method are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in net earnings. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

HERITAGE TRUST COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting period. Actual results could differ from those estimates.

Change in accounting policy

The Company has adopted CPA Handbook Accounting Guideline 20 ("AcG-20") Customer's Accounting for Cloud Computing Arrangements. AcG-20 has been adopted effective January 1, 2023, the beginning of the earliest comparative period in these financial statements.

AcG-20 provides guidance on the accounting for certain expenditures on software and other computing resources, and permits an accounting policy choice to expense these costs as incurred. The Company has elected to apply this simplified classification to its software licensing costs.

The Company has applied the amendments retrospectively, in accordance with the transitional provisions.

The adoption of the amendments had no impact on the Company's financial statements other than disclosure of the amount expensed for the period (see software licensing costs on the statement of earnings).

3. Short-term deposits

The short-term deposits are held with Royal Bank of Canada. The short-term deposits consist of two guaranteed investment certificates ("GIC"). The first redeemable GIC is in the amount of \$606,877 (including accrued interest), bears interest at 2.20% per annum and matures on November 27, 2026. The second redeemable GIC is in the amount of \$260,000 (including accrued interest), bears interest at a variable rate (Prime rate minus 2.95%) and matures on February 27, 2026. This GIC was renewed subsequent to the year end.

The short-term deposits held by the company are in accordance with the investment and lending policy approved by the board. This policy is made pursuant to Section 136 of the Financial Institutions Act and the office of the Superintendent of Financial Institutions Guidelines B-1.

Under the Financial Institutions Act, the company is required to maintain a certain capital base in relation to the amounts of assets that the company holds in trust. The company holds the short-term deposits to satisfy this requirement which must be at least 0.5% of assets under management, as defined.

HERITAGE TRUST COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. Cash in trust

Funds held in trust on behalf of clients in the amount of \$33,138,537 at December 31, 2025 (2024: \$29,234,761) are kept separate from the company's accounts and are not reflected in the financial statements.

5. Property and equipment

	Cost	Accumulated amortization	2025 Net carrying amount	2024 Net carrying amount
	\$	\$	\$	\$
Office equipment	11,417	5,522	5,895	5,011
Computer software	4,071	4,071	-	-
	<u>15,488</u>	<u>9,593</u>	<u>5,895</u>	<u>5,011</u>

6. Related party transactions

Related parties include shareholders and directors of the company as well as any companies that are controlled by shareholders or directors of the company.

At December 31, 2025, accounts payable and accrued liabilities of \$nil (2024: \$10,030) were due to a company that is controlled by shareholders of the company and \$nil (2024: \$10,821) was due to a shareholder.

The advances from related parties do not bear interest, have no fixed terms of repayment and are unsecured.

During the year, the company paid or accrued rent (presented in office expense) in the amount of \$84,600 (2024: \$65,623) and salaries reimbursements in the amount of \$3,333 (2024: \$212,160) to a company controlled by shareholders of the company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

HERITAGE TRUST COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

7. Share capital

Authorized:

Unlimited	Voting common shares without par value
Unlimited	Class A non-voting preferred shares with a par value of \$50 each, and redeemable at \$50 each
Unlimited	Class B non-voting preferred shares with a par value of \$0.01 each, and redeemable at \$0.01 each

		2025	2024
		\$	\$
Issued:			
200	Common shares	200	200
20,000	(2024 - 20,000) Class A preferred shares	<u>1,000,000</u>	<u>1,000,000</u>
		<u>1,000,200</u>	<u>1,000,200</u>

The Class A preferred shares have an aggregate redemption amount of \$1,000,000 (2024: \$1,000,000). There are no scheduled redemptions of preferred shares during the next five years.

8. Financial instruments

Items that meet the definition of a financial instrument include cash, short-term deposits, accounts receivable, advances to shareholder, advances to related, party accounts payable and accrued liabilities, accounts payable and accrued liabilities - related party, advances from shareholder and advances from related party.

Financial instrument transactions, such as collecting receivables, settling payables, and repaying debt obligations may result in exposure to significant financial risks and concentrations of risk.

For the year ended December 31, 2025, the company was not exposed to significant risks arising from its financial instruments. There have been no changes to the significant risks from the prior year.