AMM TRADING COMPANY LTD.

(Operating as Trading Company)

Financial Statements

Year Ended August 31, 2026

AMM TRADING COMPANY LTD.
(Operating as Trading Company)
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Year Ended August 31, 2026

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CHARTERED PROFESSIONAL ACCOUNTANTS
BUSINESS & TECHNOLOGY CONSULTANTS
EXCHANGE GROUP

INDEPENDENT AUDITORS' REPORT

To the Members of AMM Trading Company Ltd. (Operating as Trading Company)

Qualified Opinion

We have audited the financial statements of AMM Trading Company Ltd. (the Company), which comprise the statement of financial position as at August 31, 2026, and the statements of income - unrestricted net assets, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2026, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence regarding commission revenue, as external verification of third-party transaction volumes was unavailable, preventing us from confirming the completeness and accuracy of recorded commission revenues. Because we were unable to satisfy ourselves concerning commission revenue using alternative audit procedures, we were unable to determine whether any adjustments were necessary to commission revenue, accounts receivable, or annual surplus for the year ended August 31, 2026.

During the course of the audit it was determined that the amount previously recognized as a self-insurance loss pool liability should have been classified as net assets. This is because the member communities have no rights to the excess funds in the self-insurance loss pool should they withdraw, thus the amounts are not owed as liability, but are net assets of the Company. A prior period adjustment has been made to properly classify these amounts in the previous year comparative figures. Given that this amount is now recognized as net assets, a liability should be recorded for claims that have occurred but which may not be paid until a future date. Previously, this had not been a required separate liability as any claims were recognized as a reduction of the self-insurance loss pool liability, but given that the self-insurance is loss pool is now properly recognized as net assets, a separate liability should be recognized representing an estimate of claims incurred as of year end but which have not been paid. As a result, we cannot determine if any adjustments are required to self-insurance loss pool net annual surplus (deficit) and self-insurance loss pool net assets for the years ended August 31, 2025 and August 31, 2026.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 not-for-profit organizations, and for such internal control as management

(continues)

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 relating 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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.

Exchange

Chartered Professional Accountants Inc.
Winnipeg, Manitoba
October 23, 2026

AMM TRADING COMPANY LTD.
(Operating as Trading Company)
Statement of Financial Position
August 31, 2026

	2026	2025 *(Restated)*
ASSETS		
CURRENT		
Cash	**$ 1,920,392**	$ 1,279,390
Accounts receivable	**2,544,954**	2,649,065
Inventory *(Note 2)*	**16,111**	22,881
Prepaid expenses	**23,200**	43,825
	4,504,657	3,995,161
SEGREGATED FUNDS		
Self-insurance Loss Pool *(Note 5)*	**36,126,080**	31,238,376
	$ 40,630,737	$ 35,233,537
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 1,434,003**	$ 1,784,677
Goods and services tax payable	**113,142**	559
Provincial sales tax payable	**1,685**	36,316
Due to Association of Manitoba Municipalities *(Note 7)*	**1,429,947**	4,113,652
	2,978,777	5,935,204
NET ASSETS		
Unrestricted	**-**	(2,414,643)
Accumulated unrealized gains *(Note 2)*	**3,077,930**	2,202,839
Self-insurance loss pool *(Notes 5, 9)*	**34,574,030**	29,510,137
	37,651,960	29,298,333
	$ 40,630,737	$ 35,233,537

APPROVED ON BEHALF OF THE BOARD

Katherine Valentino _____ *President*

_____ *Executive Director*

See notes to financial statements

AMM TRADING COMPANY LTD.
(Operating as Trading Company)
Statement of Income - Unrestricted Net Assets
Year Ended August 31, 2026

	2026	2025
SALES	**$ 16,560,040**	$ 19,639,889
COST OF SALES	**16,451,887**	19,375,217
GROSS PROFIT *(0.65%; 2025 - 1.35%)*	**108,153**	264,672
INSURANCE ADMINISTRATION FEES *(Note 4)*	**1,669,584**	1,348,560
INVESTMENT INCOME *(Note 6)*	**782,486**	1,846,474
COMMISSIONS	**406,515**	82,080
	2,858,585	3,277,114
EXPENSES		
Advertising and promotion	**835**	-
Freight expense	**7,935**	39,356
Inventory write-off	**1,764**	-
Membership rebate	**1,000,000**	1,000,000
Risk management and HR services	**100,925**	102,100
	1,111,459	1,141,456
OPERATING INCOME	**1,855,279**	2,400,330
OTHER INCOME (EXPENSES)		
Management fees *(Note 7)*	**(1,180,000)**	(1,039,125)
Contributions from (to) Association of Manitoba Municipalities reserves *(Note 7)*	**1,683,705**	(1,800,000)
Freight income	**55,659**	75,144
	559,364	(2,763,981)
NET ANNUAL SURPLUS	**$ 2,414,643**	$ (363,651)

See notes to financial statements

AMM TRADING COMPANY LTD.

(Operating as Trading Company)

Statement of Changes in Net Assets

Year Ended August 31, 2026

	Unrestricted	Accumulated Unrealized Gains (Note 2)	Self-insurance loss pool (Note 5)	2026	2025 *(Restated)*
NET ASSETS - BEGINNING OF YEAR *(Note 9)*	**$ (2,414,643)**	**$ 2,202,839**	**$ 29,510,137**	**$ 29,298,333**	$ 30,583,442
Net annual surplus (deficit)	**2,412,244**	**-**	**-**	**2,412,244**	(1,494,676)
Realized gains (losses)	**2,399**	**-**	**-**	**2,399**	1,131,025
Adjustment to market	**-**	**875,091**	**-**	**875,091**	(280,133)
Self-insurance loss pool net annual surplus (deficit) *(Note 9)*	-	-	**5,063,893**	**5,063,893**	(641,325)
NET ASSETS - END OF YEAR	**$ -**	**$ 3,077,930**	**$ 34,574,030**	**$ 37,651,960**	$ 29,298,333

See notes to financial statements

AMM TRADING COMPANY LTD.

(Operating as Trading Company)

Statement of Cash Flow - Unrestricted Net Assets

Year Ended August 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Net annual surplus (deficit)	**$ 2,414,643**	$ (363,651)
Changes in non-cash working capital:		
Accounts receivable	**104,111**	350,997
Inventory	**6,770**	8,775
Accounts payable and accrued liabilities	**(350,674)**	(1,064,735)
Prepaid expenses	**20,625**	1,175
Prepaid expenses - long-term	**-**	20,625
Goods and services tax payable	**112,583**	(103,129)
PST payable (receivable)	**(34,631)**	(15,767)
	(141,216)	(802,059)
Cash flow from (used by) operating activities	**2,273,427**	(1,165,710)
INVESTING ACTIVITIES		
Due to Association of Manitoba Municipalities	**(2,683,705)**	1,800,000
Net sales (purchases) of segregated funds	**(4,012,613)**	(186,792)
Cash flow from (used by) investing activities	**(6,696,318)**	1,613,208
FINANCING ACTIVITY		
Net contributions (to) from self insurance loss pool	**5,063,893**	(641,326)
INCREASE (DECREASE) IN CASH	**641,002**	(193,828)
CASH - BEGINNING OF YEAR	**1,279,390**	1,473,218
CASH - END OF YEAR	**$ 1,920,392**	$ 1,279,390
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	**$ 921,648**	$ 851,984

See notes to financial statements

AMM TRADING COMPANY LTD.

(Operating as Trading Company)

Notes to Financial Statements

Year Ended August 31, 2026

1. DESCRIPTION OF BUSINESS

AMM Trading Company Ltd. (the "Company") offers member municipalities group discounts on various products and services. The Company is exempt from income tax on its earnings under Section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The combined financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Inventory includes all costs to purchase and to bring the inventories to their present location and condition. Cost is determined using the FIFO method for inventory items. Inventory consists of supplies available for resale to customers.

Revenue recognition

The Company's sales are normally recognized when the products are shipped or services are performed, at which time title passes to the customer.

The Company's Insurance Administration Fees and Investment revenues are recognized when earned and collection is reasonably assured.

The Company's Commission revenues are recognized when earned and collection is reasonably assured.

Accumulated unrealized gains

Accumulated unrealized gains consists of the accumulated adjustments to market for the Self-insurance Loss Pool Segregated Fund. Realized gains are included in investment income on the Statement of Income.

3. FINANCIAL INSTRUMENTS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from its members. Since the Company's members consists of primarily government authorities there is a minimal risk that a counterparty will fail to perform its obligations.

Market Risk

The Company invests in publicly traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the Company is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities.

4. INSURANCE ADMINISTRATION FEES

During the year, with assistance from Western Financial Group, a rebate was calculated prior to sending each member Municipality their insurance invoice and the estimated rebate was removed from the cost on the invoice.

5. SELF-INSURANCE LOSS POOL

The "self-insurance loss pool" is operated by the Company. The pool is funded annually by proportionate contributions from participating municipalities. These funds are held by the Company on behalf of these member communities. Additions and claims are not recognized as revenue and expenses on the unrestricted statement of operations.

	2024/2025 and Prior Pool	2025/2026 Pool	**2026**	2025
Balance, beginning of year	$ 29,510,137	$ -	**$ 29,510,137**	$ 27,651,463
	29,510,137	-	**29,510,137**	27,651,463
Net reimbursements received over claims paid	-	8,663,893	**8,663,893**	2,311,038
Loss pool rebates paid	-	(3,600,000)	**(3,600,000)**	(2,952,364)
Transfer from unrestricted net assets *(Note 9)*	-	-	**-**	2,500,000
Balance, end of year	$ 29,510,137	$ 5,063,893	**$ 34,574,030**	$ 29,510,137

This joint loss pool is responsible for paying the first $1,000,000 (2025 - $1,000,000) per claim for certain types of claims, up to a maximum of $6,100,000 (2025 - $6,100,000) aggregate for the year.

During the year ended August 31, 2026, a loss pool rebate of $3,600,000 (2025 - $2,592,363) was determined.

Cash and equity investments segregated for the self-insurance loss pool are recorded at fair market value. Funds are held through the following:

	2026	2025
Great West Life - Loss Pool Fund	**36,126,080**	31,238,376
	$ 36,126,080	$ 31,238,376

Segregated funds for the self-insurance loss pool exceed the reserves due to investments being recorded at market value and the accumulated unrealized gains and losses being recognized in the general operations.

6. INVESTMENT INCOME

	2026	2025
Interest	**$ 921,648**	$ 851,984
Realized gains/losses on investments	**2,399**	1,131,025
Less: investment fees	**(141,561)**	(136,535)
	$ 782,486	$ 1,846,474

7. RELATED PARTY TRANSACTIONS

The Company is controlled by the Association of Manitoba Municipalities (the Association) through a common board. During the year ended August 31, 2026, the Trading Company contributed $316,295 (2025 - $2,800,000) to the Association's reserves, received $2,000,000 from the Association's General Reserve (2025 - $1,000,000), and incurred $1,429,947 (2025 - $1,039,125) in management fees. These amounts were determined by the board.

Amounts owing to the Association have arisen from the transactions described above. These amounts have no terms of repayment and are not interest bearing. At August 31, 2026, the Company owed $1,429,947 (2025 - $4,113,651) to the Association.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

9. CORRECTION OF ERROR

Two errors were discovered regarding the self-insurance loss pool. First, the self-insurance loss pool had been recognized as a liability but should rather have been classified as net assets. Second, the Company had allocated $2,500,000 from unrestricted net assets to the self-insurance loss pool during the year ended August 31, 2025 and no entry had been recorded. Due to the preceding errors the following adjustments were made:

- Opening net assets for the year ended August 31, 2025 were increased by $27,651,462 which represents the balance previously recorded as the self-insurance loss pool liability as at August 31, 2024.
- Self-insurance loss pool annual surplus (deficit) was decreased from $Nil to a deficit of $641,325 for the year ended August 31, 2025 representing the self-insurance loss pool activity for the year ended August 31, 2025.
- Self-insurance loss pool liability was decreased from $27,010,137 to $Nil for the year ended August 31, 2025.
- Opening unrestricted net assets for the year ended August 31, 2026 were decreased by $2,500,000 representing the allocation to the self-insurance loss pool during the year ended August 31, 2025.
- Opening self-insurance loss pool net assets for the year ended August 31, 2026 were increased from $Nil to $29,510,137.