

Interim Condensed Consolidated Statement of Financial Position

Unaudited

<i>In thousands of US dollars</i>	<i>Note</i>	September 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		19,468	18,552
Trade and other receivables, including derivatives	4, 7	82,454	94,628
Prepaid expenses		8,064	9,310
Inventories	5	79,538	92,833
Current income taxes receivable	11	7,713	8,466
Total current assets		197,237	223,789
Non-current assets			
Property, plant and equipment		83,773	89,292
Intangible assets		107,517	113,237
Deferred income tax assets	11	11,830	11,799
Other assets		830	2,649
Total non-current assets		203,950	216,977
Total assets		401,187	440,766
LIABILITIES			
Current liabilities			
Loans and borrowings	6	2,361	2,286
Trade and other payables, including derivatives	7	76,300	85,239
Provisions	8	2,635	2,108
Current income taxes payable	11	—	609
Total current liabilities		81,296	90,242
Non-current liabilities			
Loans and borrowings	6	121,944	141,356
Employee benefits	13	394	408
Provisions	8	8,674	8,548
Deferred income tax liabilities	11	3,005	3,215
Total non-current liabilities		134,017	153,527
Total liabilities		215,313	243,769
EQUITY			
Share capital	9	87,811	87,811
Contributed surplus	9	5,322	4,598
Retained earnings		92,741	104,588
Total equity		185,874	196,997
Total liabilities and equity		401,187	440,766

The notes on pages 15 to 22 are an integral part of these interim condensed consolidated financial statements.

On behalf of the Board



P.G. Schoch
Director



Robert L. McLeish
Director

Interim Condensed Consolidated Statement of Profit and Comprehensive Income

Unaudited

For the three- and nine-month periods ended September 30

<i>In thousands of US dollars, except per share amounts</i>	<i>Note</i>	Three-month		Nine-month	
		2023	2022	2023	2022
Net sales		102,195	104,682	333,329	359,702
Cost of sales		(88,430)	(151,719)	(280,041)	(360,338)
Gross profit		13,765	(47,037)	53,288	(636)
General and administrative expenses		(11,810)	(12,691)	(40,724)	(32,089)
Selling and marketing expenses		(1,970)	(433)	(6,500)	(6,337)
Research and development expenses		(758)	(784)	(2,434)	(2,663)
Other income (expenses)		(382)	(861)	(721)	(915)
		(14,920)	(14,769)	(50,379)	(42,004)
Results from operating activities		(1,155)	(61,806)	2,909	(42,640)
Finance costs	6, 7	(2,637)	(1,282)	(7,979)	(3,767)
Profit (loss) before income tax		(3,792)	(63,088)	(5,070)	(46,407)
Income tax (expense) recovery	11	(841)	7,131	(721)	2,518
Profit and total comprehensive income (loss)		(4,633)	(55,957)	(5,791)	(43,889)
Earnings (loss) per share:					
Basic	10	(0.17)	(2.07)	(0.21)	(1.62)
Diluted	10	(0.17)	(2.07)	(0.21)	(1.62)

The notes on pages 15 to 22 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

Unaudited

In thousands of US dollars	Attributable to equity holders of the Company			
	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at January 1, 2022	87,937	2,531	144,680	235,148
Total comprehensive income for the period	—	—	(43,889)	(43,889)
Contributions by and distributions to owners				
Share-based compensation expense	—	1,131	—	1,131
Stock options exercised	(622)	(71)	—	(693)
Stock options forfeited	—	(53)	—	(53)
Shares issued	496	—	—	496
Dividends to equity holders	—	—	(6,194)	(6,194)
Total contributions by and distributions	(126)	1,007	(6,194)	(5,313)
Balance at September 30, 2022	87,811	3,538	94,597	185,946
Balance at January 1, 2023	87,811	4,598	104,588	196,997
Total comprehensive loss for the period	—	—	(5,791)	(5,791)
Contributions by and distributions to owners				
Share-based compensation expense	—	1,087	—	1,087
Stock options forfeited	—	(363)	—	(363)
Dividends to equity holders	—	—	(6,056)	(6,056)
Total contributions by and distributions	—	724	(6,056)	(5,332)
Balance at September 30, 2023	87,811	5,322	92,741	185,874

The notes on pages 15 to 22 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

Unaudited

For the nine-month period ended September 30

In thousands of US dollars	Note	2023	2022
Cash flows from operating activities			
Profit (loss)		(5,791)	(43,889)
Adjustments for:			
Depreciation		9,900	9,293
Amortization of intangible assets		7,016	7,108
Write-down of inventory		—	57,001
Finance costs	6, 7	7,979	3,767
Unrealized foreign exchange (gains) losses		(238)	1,522
Share-based payment expense (recovery)	8, 9	944	(5,641)
SRED tax credits		(697)	(492)
Income tax expense (recovery)	11	721	(2,518)
Impairment of share purchase loan	15	1,771	—
Other		83	(31)
		21,688	26,120
Change in inventories		13,295	(29,932)
Change in trade and other receivables		12,185	(5,877)
Change in prepaid expenses		1,251	(2,917)
Change in trade and other payables		(8,614)	(19,667)
Change in provisions	8	(100)	922
Net change in non-cash working capital balances		18,017	(57,471)
Interest paid		(7,897)	(3,168)
Income tax paid		(182)	(4,136)
Net cash provided by (used in) operating activities		31,626	(38,655)
Cash flows from investing activities			
Proceeds from sale of asset		9	—
Acquisition of property, plant and equipment		(4,054)	(6,131)
Acquisition of intangible assets		(1,227)	(839)
Net cash used in investing activities		(5,272)	(6,970)
Cash flows from financing activities			
Proceeds from (repayment of) operating line of credit	6	(17,300)	54,400
Principal payments for lease liabilities		(1,863)	(1,811)
Payment of debt refinancing fees		(313)	—
Repayment of share purchase loans		—	239
Issuance of share purchase loan	15	—	(1,750)
Exercise of options (net of withholding taxes)		—	(693)
Interest received on share purchase loans	15	22	8
Dividends paid	9	(6,084)	(6,353)
Net cash provided by (used in) financing activities		(25,538)	44,040
Net change in cash and cash equivalents		816	(1,585)
Cash and cash equivalents at January 1		18,552	7,131
Effect of exchange rate fluctuations on cash held		100	238
Cash and cash equivalents at September 30		19,468	5,784

The notes on pages 15 to 22 are an integral part of these interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements ("CFS")

For the three- and nine-month periods ended September 30, 2023 and September 30, 2022
(Amounts in thousands of US dollars ("USD"), except per share amounts, unless otherwise specified)

NOTE 1 REPORTING ENTITY

AirBoss of America Corp. is a public company listed on the Toronto Stock Exchange and cross-traded on the OTCQX® Best Market in the United States, and incorporated and domiciled in Ontario. Its registered office is located at 16441 Yonge Street, Newmarket, Ontario, Canada. AirBoss of America Corp. and its subsidiaries are together referred to, in these interim condensed consolidated financial statements, as the "Company" or "AirBoss". The Company has operations in Canada and the US and is involved primarily in the manufacture of high-quality rubber-based products for resource, military, automotive and industrial markets (see Note 14).

Subsidiaries are consolidated based on control, which is assessed on whether the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

List of Subsidiaries

Set out below is a list of operating subsidiaries of the Company.

Operating Subsidiaries	Jurisdiction	Ownership %
AirBoss Rubber Compounding (NC), LLC ("ANC")	North Carolina	100%
SunBoss Chemicals Corp.	Ontario	100%
AirBoss Flexible Products, LLC ("AFP")	Michigan	100%
AirBoss Defense Group Ltd. ("ADG Canada")	Quebec	100%
AirBoss Defense Group, LLC ("ADG USA")	Delaware	100%
Critical Solutions International, LLC ("CSI")	Texas	100%
Blackbox Biometrics, Inc. ("B3")	New York	100%
Ace Elastomer, LLC ("Ace")	South Carolina	100%

NOTE 2 BASIS OF PREPARATION**Statement of compliance**

The interim condensed consolidated financial statements should be read in conjunction with the Company's 2022 audited annual consolidated financial statements and accompanying notes.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 8, 2023.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in Note 3 to the annual consolidated financial statements for the year ended December 31, 2022, have been applied consistently to all periods presented in these interim condensed consolidated financial statements.

NOTE 4 TRADE AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022
Trade receivables	81,491	93,367
Less: expected credit loss	(1,265)	(725)
	80,226	92,642
Other receivables	2,228	1,986
	82,454	94,628

Notes to CFS (cont'd)

Impairment losses

The aging of trade receivables at the reporting date was:

	September 30, 2023		December 31, 2022	
	Gross	Impairment	Gross	Impairment
Within terms	64,397	—	70,382	—
Past due 0-30 days	10,617	—	14,117	—
Past due 31-120 days	6,477	(1,265)	8,868	(725)
	81,491	(1,265)	93,367	(725)

The continuity of the allowance for doubtful accounts was:

	September 30, 2023	December 31, 2022
Balance at January 1	(725)	(601)
Revised estimate	—	53
Impairment loss recognized	(791)	(251)
Collected	251	74
Balance	(1,265)	(725)

NOTE 5 INVENTORIES

	September 30, 2023	December 31, 2022
Raw materials and consumables	41,810	53,305
Work in progress	11,148	8,205
Finished goods	36,289	92,745
Inventory in transit	619	1,642
	89,866	155,897
Provisions	(10,328)	(63,064)
	79,538	92,833

An inventory charge of \$1,730 (2022: \$56,468) was included in cost of sales for the change in provisions. During the quarter ended September 30, 2022, AirBoss Defense Group recorded a \$54,500 inventory provision related to its inventory of nitrile gloves due to significant downward shifts in pricing and some gloves no longer meeting ADG's safety standards, and disposed of these gloves during 2023.

NOTE 6 LOANS AND BORROWINGS

The Company is not in default under, nor has it breached any terms of, its syndicated credit agreement relating to its revolving credit facilities.

The Company has a revolving credit facility providing up to \$250,000 with an accordion of \$75,000 upon the satisfaction of customary conditions for such features. The facility bears interest at Secured Overnight Financing Rate (SOFR) plus applicable margins from 145 to 300 basis points, depending on covenants, and matures on September 23, 2026.

In March 2023, the Company's lenders agreed to amend the credit facility to convert interest from LIBOR to SOFR, add a pricing tier for calculating interest, temporarily increase the maximum permitted leverage for a financial covenant, and exclude certain charges from the calculation of financial covenants.

During the third quarter of 2023, interest expense under the credit facility was \$2,464 (2022: \$1,215), excluding gains and losses related to its interest rate swap agreement; year-to-date \$7,179 (2022: \$2,339).

NOTE 7 DERIVATIVES NOT DESIGNATED IN A FORMAL HEDGE RELATIONSHIP

Foreign exchange hedge

At September 30, 2023, the Company had contracts to sell \$6,243 from October 2023 to June 2024 for Canadian dollars ("CAD") \$8,500. The fair values of these contracts, representing an unrealized gain of \$43, are included in trade and other receivables, including derivatives on the interim condensed consolidated statement of financial position. For the quarter ended September 30, 2023, the unrealized changes in fair value, representing a loss of \$200 (2022: \$1,124), are recorded on the interim condensed consolidated statement of profit and comprehensive income as other income (expense); year-to-date gain of \$43 (2022: loss of \$1,204).

At December 31, 2022, the Company had contracts to sell \$24,662 from January 2023 to September 2023 for CAD \$33,000. The fair values of those contracts, representing an unrealized loss of \$258 are included in trade and other payables, including derivatives on the interim condensed consolidated statement of financial position.

Notes to CFS (cont'd)

Interest rate swap

In February and May 2023, the Company entered into interest rate swap agreements for a combined notional amount of \$45,000, maturing in February and May 2025. Swap interest is calculated and settled on a monthly basis based on the difference between the floating rate of USD SOFR and a weighted average fixed rate of 4.31%.

For the quarter ended September 30, 2023, interest recovery from the swap agreements was \$127 (2022: \$104); year-to-date \$240 (2022: \$32).

At September 30, 2023, the fair value of the swap agreements, representing a gain of \$690 (\$52 as at December 31, 2022), is included in loans and borrowings on the interim condensed consolidated statement of financial position. For the quarter ended September 30, 2023, the change in the fair value, representing a gain of \$438 (2022: loss of \$68) is recorded on the interim condensed consolidated statement of profit and comprehensive income as finance costs; year-to-date \$638 (2022: \$201). The Company entered into interest rate swap agreements in order to fix the interest rate on a portion of its borrowings and does not hold them for trading or speculative purposes.

Share price hedge

In November 2022 and February 2023, the Company entered hedging arrangements to reduce its exposure from the change in share price on its share-based compensation costs. At September 30, 2023, the fair value of these agreements, representing a loss of \$481 (gain of \$223 as at December 31, 2022) is included in trade and other payables, including derivatives on the interim condensed consolidated statement of financial position. The change in fair value, representing an unrealized loss of \$447 is recorded on the interim condensed consolidated statement of profit and comprehensive income as other expenses; year-to-date \$698. For the quarter ended September 30, 2023, the realized gain from the swap agreements was \$3; year-to-date gain of \$168.

NOTE 8 PROVISIONS

	Legal and Other	Restructuring	PSUs and DSUs	Payable to former owners of acquired businesses	Total
Balance at January 1, 2022	79	—	9,803	10,469	20,351
Change in accounting estimate (note 9)	—	—	(591)	—	(591)
Change in fair value of B3 provision	—	—	—	(37)	(37)
Provisions accrued (recovered)	11,550	—	(6,720)	—	4,830
Settlements during the period	(11,550)	—	(694)	(1,134)	(13,378)
Forfeitures during the year	—	—	(221)	—	(221)
Foreign exchange	—	—	(298)	—	(298)
Balance at December 31, 2022	79	—	1,279	9,298	10,656
Less: amount due within one year	—	—	(1,072)	(1,036)	(2,108)
Non-current balance at December 31, 2022	79	—	207	8,262	8,548
Balance at December 31, 2022	79	—	1,279	9,298	10,656
Change in fair value of B3 provision	—	—	—	541	541
Provisions accrued	1,650	537	227	—	2,414
Settlements during the period	—	—	(1,248)	(1,039)	(2,287)
Forfeitures during the period	—	—	(7)	—	(7)
Foreign exchange	—	—	(8)	—	(8)
Balance at September 30, 2023	1,729	537	243	8,800	11,309
Less: current portion due within one year	(1,650)	(537)	(86)	(362)	(2,635)
Non-current balance at September 30, 2023	79	—	157	8,438	8,674

In the third quarter of 2023, the Company was named a defendant in legal proceedings related a settlement agreement associated with shipping and demurrage costs owed to a vendor by a former subcontractor of the Company. The Company is vigorously defending this matter. The Company has a provision based on management's best estimate of the expenditure to settle when possible outcomes are considered. The Company is occasionally named as a party in various claims and legal proceedings, which arise during the normal course of its business. The Company reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance that any particular claim will be resolved in the Company's favour, management does not believe that the outcome of any claim or potential claims of which it is currently aware will have a material adverse effect on the Company.

During the quarter ended September 30, 2023, the Company committed to a plan to reduce headcount and to close the Rubber Solutions segment's facility in Chicago, Illinois. The Company recorded a \$537 provision to cover these costs. The restructuring is expected to be completed by December 31, 2023.

Notes to CFS (cont'd)

Performance Stock Units ("PSUs")

The Company has issued certain executives with an aggregate of 237,074 PSUs pursuant to the terms and conditions of the Omnibus Plan. Each performance award entitles the holder to receive on vesting a cash payment equal to the product of (a) the fair market value of a common share as of the vesting date and (b) a performance factor between 0.5 and 1.5, based on the level of achievement of predetermined performance objectives over the vesting period generally. The performance stock units vest three years following the grant date.

<i>Performance stock units</i>	September 30, 2023	December 31, 2022	September 30, 2022
January 1	274,841	224,470	224,470
New issuances	131,841	79,367	79,367
Settlements	(146,477)	(17,476)	(17,476)
Forfeitures	(23,131)	(11,520)	(11,520)
Balance	237,074	274,841	274,841

During the quarter, the Company recognized cost recoveries of \$76 (2022: \$639) related to the plan; year-to-date cost of \$220 (2022: recoveries of \$3,677). The Company uses Share Price hedges (see note 7) to offset PSU costs related to the change in share price.

NOTE 9 CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Capital and Contributed Surplus

Issued share capital is as follows:

<i>In thousands of shares</i>	September 30, 2023	December 31, 2022	September 30, 2022
January 1	27,092	26,993	26,993
Issued to acquire subsidiary	—	20	20
Exercise of stock options	—	79	79
Exercise of deferred share units	39	—	—
Balance	27,131	27,092	27,092

Capital and other components of equity

Contributed surplus

Contributed surplus is comprised of the difference between the book value per share and the purchase price paid for shares acquired for cancellation by the Company and stock-based compensation of employees and non-employees.

Stock options outstanding as at September 30

<i>In thousands of options</i>	2023	2022
Stock options granted and outstanding	1,967	1,704

Inputs for measurement of grant date fair values

The grant date fair values of all options were measured based on the Black-Scholes model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Fair value of stock options and assumptions

<i>In Canadian dollars</i>	March 2023	March 2022
Fair value at grant date	\$2.53	\$11.76
Share price at grant date	\$7.94	\$32.84
Exercise price	\$7.65	\$32.45
Expected volatility (weighted average volatility)	50.6%	42.4%
Option life (expected weighted average life)	5 years	5 years
Expected dividends	5.0%	1.2%
Risk-free interest rate (based on government bonds)	3.0%	2.0%

AirBoss of America Corp.

Notes to CFS (cont'd)

Deferred Stock Units ("DSUs")

The Company has issued 134,126 DSUs to non-executive directors pursuant to the terms and conditions of the Omnibus Plan. Each vested DSU entitles the holder to receive, on redemption, either: (a) one common share; (b) a cash payment equal to the fair market value of a common share as of the redemption date; or (c) a combination of both cash and common shares, at the sole discretion of the Company. The redemption of a DSU occurs only following the termination of a holder's service as director and will occur on either: (a) a date selected by a recipient following the termination of their services as a director (which can be no earlier than 10 days, and no later than one year, after the service termination date); or (b) a date selected by the Company following the death of the recipient while still serving as director (which can be no later than 90 days following the death of the recipient). All DSUs vest three months following the grant date.

<i>Deferred stock units</i>	September 30, 2023	December 31, 2022	September 30, 2022
January 1	134,888	112,335	112,335
New issuances	37,753	22,553	5,410
Settlements	(38,515)	—	—
Balance	134,126	134,888	117,745

Stock option and DSU expense

During the quarter the Company recognized cost recoveries of \$3 (2022: \$17) relating to option grants and DSUs, in general and administrative expenses in the interim condensed consolidated statement of profit and comprehensive income; year-to-date costs of \$724 (2022: cost recoveries of \$1,964).

Dividends

Dividends on common shares were paid to shareholders of record in 2023 and 2022 as follows:

Shareholder of record at:	2023		2022	
	\$CAD/share	Date Paid	\$CAD/share	Date Paid
September 30	0.10	October 16, 2023	0.10	October 15, 2022
June 30	0.10	July 17, 2023	0.10	July 15, 2022
March 31	0.10	April 17, 2023	0.10	April 15, 2022

The dividend payable at September 30, 2023 was \$2,007 (September 30, 2022: \$1,983).

NOTE 10 EARNINGS PER SHARE

The following table sets forth the calculation of basic and diluted earnings per share:

	Three-month		Nine-month	
	2023	2022	2023	2022
For the three- and nine-month periods ended September 30				
Numerator for basic and diluted earnings per share:				
Net income	(4,633)	(55,957)	(5,791)	(43,889)
Denominator for basic and diluted earnings per share:				
Basic weighted average number of shares outstanding	27,131	27,092	27,118	27,063
Dilution effect of stock options	—	—	—	—
Dilution of effect of deferred stock units	—	—	—	—
Diluted weighted average number of shares outstanding	27,131	27,092	27,118	27,063
Net income per share:				
Basic	(0.17)	(2.07)	(0.21)	(1.62)
Diluted	(0.17)	(2.07)	(0.21)	(1.62)

For the quarter ended September 30, 2023, 1,967,364 options (2022: 1,703,609) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive; year-to-date 1,967,364 options (2022: 1,703,609).

NOTE 11 INCOME TAXES

For the three- and nine-month periods ended September 30	Three-month		Nine-month	
	2023	2022	2023	2022
Current tax expense:				
Current period	310	1,071	962	4,572
Adjustment for prior period(s)	—	1,480	—	1,480
	310	2,551	962	6,052
Deferred tax expense:				
Origination and reversal of temporary differences	531	(8,202)	(241)	(7,090)
Adjustment for prior period(s)	—	(1,480)	—	(1,480)
	531	(9,682)	(241)	(8,570)
Total income tax expense (recovery)	841	(7,131)	721	(2,518)

NOTE 12 GOVERNMENT ASSISTANCE

Scientific research and investment tax credits of \$224 (2022: \$161) were recognized in the quarter and research and development costs were reduced accordingly; year-to-date \$697 (2022: \$492).

NOTE 13 POST RETIREMENT BENEFITS**Defined Contribution Plan**

During the quarter the Company made contributions of \$400 (2022: \$358) to various retirement savings and 401(k) plans for its employees (defined contribution plans); year-to-date \$1,339 (2022: \$1,343).

Multi-Employer Pension Plan

During the quarter the Company made contributions of \$78 (2022: \$122) to the Steel Workers Pension Trust, a multi-employer defined benefit pension plan; year-to-date \$246 (2022: \$226).

NOTE 14 SEGMENTED INFORMATION

The Company has the following reportable segments:

- *Rubber Solutions* - Includes manufacturing and distribution of rubber compounds and distribution of rubber compounding related chemicals.
- *Engineered Products* - Includes the manufacture and distribution of anti-noise, vibration and harshness dampening parts.
- *AirBoss Defense Group* - Includes the manufacture and distribution of personal protection and safety products, primarily for CBRN-E threats, and the manufacture of semi-finished rubber related products.
- *Unallocated Corporate Costs* - Includes corporate activities and certain unallocated costs.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before finance costs and income tax, as included in the internal management reports that are reviewed by the Company's Co-Chief Executive Officers who, collectively, represent the Company's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Transfer pricing is based on third-party rates.

AirBoss of America Corp.

Notes to CFS (cont'd)

Reportable segments three-months ended September 30	AirBoss Defense Group		Rubber Solutions		Engineered Products		Unallocated Corporate Costs		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment net sales	21,193	23,553	50,967	58,484	37,486	29,176	—	—	109,646	111,213
Inter-segment net sales	(799)	(390)	(6,513)	(6,096)	(139)	(45)	—	—	(7,451)	(6,531)
External net sales	20,394	23,163	44,454	52,388	37,347	29,131	—	—	102,195	104,682
Depreciation, amortization, and impairment	2,371	2,424	1,727	1,643	1,486	1,282	61	63	5,645	5,412
Segment measure of profit (loss)	(1,469)	(57,023)	3,905	5,366	389	(7,487)	(3,980)	(2,662)	(1,155)	(61,806)
Finance costs									2,637	1,282
Income tax expense									841	(7,131)
Profit (loss)									(4,633)	(55,957)
Segment assets ¹	170,377	177,976	132,735	160,154	92,296	97,998	5,779	4,638	401,187	440,766
Segment liabilities ¹	99,616	108,076	32,550	39,755	23,024	20,619	60,123	75,319	215,313	243,769
Capital additions	289	400	886	1,629	342	92	697	566	2,214	2,687

Reportable segments nine-months ended September 30	AirBoss Defense Group		Rubber Solutions		Engineered Products		Unallocated Corporate Costs		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment net sales	75,839	113,354	163,907	178,371	116,052	85,857	—	—	355,798	377,582
Inter-segment sales	(2,627)	(1,792)	(18,580)	(15,506)	(1,262)	(582)	—	—	(22,469)	(17,880)
External net sales	73,212	111,562	145,327	162,865	114,790	85,275	—	—	333,329	359,702
Depreciation, amortization, and impairment	7,161	7,335	5,180	4,922	4,390	3,957	185	187	16,916	16,401
Segment measure of profit (loss)	(2,965)	(36,131)	12,714	16,510	3,767	(21,913)	(10,607)	(1,106)	2,909	(42,640)
Finance costs									7,979	3,767
Income tax expense									721	(2,518)
Profit (loss)									(5,791)	(43,889)
Segment assets ¹	170,377	177,976	132,735	160,154	92,296	97,998	5,779	4,638	401,187	440,766
Segment liabilities ¹	99,616	108,076	32,550	39,755	23,024	20,619	60,123	75,319	215,313	243,769
Capital additions	800	1,282	2,345	3,776	1,269	828	1,315	1,097	5,729	6,983

¹ Comparative figures as at December 31, 2022.

Geographical segments

The Company operates manufacturing facilities and sales offices in the US and Canada, selling primarily in North American markets.

In presenting information on the basis of geographical segments, segment net sales are based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Non-current assets include property, plant and equipment, software, goodwill, future income taxes and other assets.

	Net Sales				Non-current assets		
	Three-months ended September 30		Nine-months ended September 30		September 30	December 31	
	2023	2022	2023	2022	2023	2022	2022
Canada	14,889	18,175	52,784	53,775	56,305	59,494	59,340
United States	77,767	73,548	251,871	268,205	147,645	155,406	157,637
Other countries	9,539	12,959	28,674	37,722	—	—	—
	102,195	104,682	333,329	359,702	203,950	214,900	216,977

Major customers

Net sales to one customer represented approximately 9.2% (2022: 10.9%) of the Company's total net sales. Five customers represented 31.7% (2022: 35.0%) of the Company's total net sales.

Sales by major product

	Three-months ended September 30		Nine-months ended September 30	
	2023	2022	2023	2022
AirBoss Defense Group				
Defense	10,761	11,536	42,198	77,632
Industrial	9,633	11,627	31,014	33,930
	20,394	23,163	73,212	111,562
Rubber Solutions				
Tolling	1,430	1,672	4,293	8,532
Mixing	43,024	50,716	141,034	154,333
	44,454	52,388	145,327	162,865
Engineered Products	37,347	29,131	114,790	85,275
Total	102,195	104,682	333,329	359,702

NOTE 15 RELATED PARTIES

Transactions with Related Parties

During the quarter, the Company paid \$36 (2022: \$42) to companies controlled by the Chairman of the Company for use of office facilities; year-to-date \$117 (2022: \$127).

In April 2023, the Company amended the \$1,750 loan to the former Chief Executive Officer of ADG to bear interest at 2% and extend its maturity to April 2024. The Company has impaired the full value of this loan and is the beneficiary of a pledge of 90,000 shares of the Company as partial collateral for this loan.

In March 2023, the Company amended a CAD \$500 share purchase loan to the President & Co-Chief Executive Officer to bear interest at 2% and extend its maturity to March 2028. In July 2023, the Company agreed to forgive the CAD \$591 of loans due from the President & Co-Chief Executive Officer by 12.5% annually. 51,178 shares of the Company having a fair value of \$165 were pledged as collateral on these loans.

At September 30, 2023, loans to current and former officers totaling \$382, including accrued interest, are included in Other Assets on the consolidated statement of financial position (\$2,203 at December 31, 2022). All loans are due upon the earlier of the disposition date of all or proportionate to any part of the pledged securities, termination of employment, and maturity. All share purchase loans are full recourse and interest is due and payable semi-annually. During the quarter, interest revenue of \$4 (2022: \$1) was received; year-to-date \$22 (2022: \$8).

Corporate Information

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P.G. (Gren) Schoch

President and Co-Chief Executive Officer:

Chris Bitsakakis

Chief Financial Officer:

Frank Ientile