

Financial Statements of



Decisive Dividend

— Corporation —

For the nine months ended September 30, 2023

Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	September 30, 2023	December 31, 2022
Assets		
Cash	\$ 2,359	\$ 4,734
Accounts receivable	26,037	16,380
Inventory	24,678	14,940
Prepaid expenses and deposits	1,993	2,433
Total current assets	55,067	38,487
Property and equipment	23,493	12,299
Intangible assets	33,498	21,174
Goodwill	44,239	26,474
Total assets	\$ 156,297	\$ 98,434
Liabilities		
Accounts payable and accrued liabilities	\$ 29,934	\$ 17,909
Dividends payable (note 8)	752	447
Warranty provision	597	579
Customer deposits	474	344
Current portion of lease obligations (note 5)	1,751	1,279
Current portion of long-term debt (note 6)	227	-
Total current liabilities	33,735	20,558
Lease obligations (note 5)	9,377	5,059
Long-term debt (note 6)	46,441	32,669
Deferred income taxes	10,144	6,018
Total liabilities	99,697	64,304
Equity		
Share capital (note 7)	65,819	44,094
Contributed surplus	1,331	1,028
Cumulative profit	12,776	6,869
Cumulative dividends (note 8)	(25,151)	(19,686)
	54,775	32,305
Accumulated other comprehensive income	1,825	1,825
Total equity	56,600	34,130
Total liabilities and equity	\$ 156,297	\$ 98,434

Approved on behalf of the Board of Directors:

"James Paterson" Director"Michael Conway" Director

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

Consolidated Statements of Profit and Comprehensive Income

(Unaudited - Expressed in thousands of Canadian dollars, except per share amounts)

September 30,	For the Three Months Ended		For the Nine Months Ended	
	2023	2022	2023	2022
Sales (note 9)	\$ 37,654	\$ 25,932	\$ 99,213	\$ 67,810
Manufacturing costs (note 10)	21,308	17,020	60,247	44,943
Gross profit	16,346	8,912	38,966	22,867
Expenses				
Amortization and depreciation	1,856	797	3,957	2,132
Financing costs (note 11)	1,076	672	2,713	1,784
Occupancy costs	482	288	1,481	932
Professional fees	765	265	2,068	932
Salaries, wages and benefits	6,291	3,484	14,659	9,257
Selling, general and administration	2,002	1,370	5,738	3,947
	12,472	6,876	30,616	18,984
Operating profit	3,874	2,036	8,350	3,883
Other items				
Interest income (expense)	(21)	5	5	13
Foreign exchange gains	100	598	124	793
Gain on sale of equipment	39	5	108	13
	118	608	237	819
Profit before income taxes	3,992	2,644	8,587	4,702
Income taxes				
Current expense	1,574	838	3,409	1,601
Deferred recovery	(321)	(223)	(729)	(322)
	1,253	615	2,680	1,279
Profit	\$ 2,739	\$ 2,029	\$ 5,907	\$ 3,423
Other comprehensive income (loss)				
Foreign operation currency translation differences	(52)	172	-	180
Total comprehensive income	\$ 2,687	\$ 2,201	\$ 5,907	\$ 3,603
Profit per share				
Basic	0.15	0.16	0.35	0.27
Diluted	0.14	0.15	0.33	0.26
Weighted average number of shares outstanding (000s):				
Basic	18,291	12,690	16,805	12,452
Diluted	19,759	13,290	17,933	13,032

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

Consolidated Statements of Changes in Equity

(Unaudited - Expressed in thousands of Canadian dollars)

For the Nine Months Ended September 30, 2023 and 2022	Share Capital		Contributed	Deficit		Accumulated Other Comprehensive Income	Total
	Number			Cumulative	Cumulative		
	(000s)	Amount		Surplus	Dividends	Profit	Equity
Balance, January 1, 2022	12,093	\$ 32,818	\$ 1,282	\$ (15,117)	\$ 2,785	\$ 454	\$ 22,222
Shares issued under ESPP	71	264	(8)	-	-	-	256
Shares issued under DRIP	119	494	-	-	-	-	494
Exercise of stock options	167	785	(293)	-	-	-	492
Share-based payment awards	-	-	71	-	-	-	71
Shares purchased and cancelled under NCIB	(15)	(62)	-	-	-	-	(62)
Shares issued to vendors on business acquisitions	235	1,000	-	-	-	-	1,000
Shares issued for cash proceeds	1,848	7,615	-	-	-	-	7,615
Share issuance costs	-	(389)	269	-	-	-	(120)
Total comprehensive income for the period	-	-	-	-	3,423	181	3,604
Dividends declared	-	-	-	(3,238)	-	-	(3,238)
Balance, September 30, 2022	14,518	\$ 42,525	\$ 1,321	\$ (18,355)	\$ 6,208	\$ 635	\$ 32,334
Balance, January 1, 2023	14,888	44,094	1,028	(19,686)	6,869	1,825	34,130
Shares issued under ESPP (note 7)	76	430	82	-	-	-	512
Shares issued under DRIP (note 7)	234	1,495	-	-	-	-	1,495
Exercise of stock options (note 7)	112	374	(200)	-	-	-	174
Exercise of warrants (note 7)	937	5,100	(275)	-	-	-	4,825
Share-based payment awards (note 7)	-	-	380	-	-	-	380
Shares issued to vendors on business acquisitions (note 7)	583	4,162	-	-	-	-	4,162
Shares issued for cash proceeds (note 7)	1,965	11,294	316	-	-	-	11,610
Share issuance costs (note 7)	-	(1,130)	-	-	-	-	(1,130)
Total comprehensive income for the period	-	-	-	-	5,907	-	5,907
Dividends declared (note 8)	-	-	-	(5,465)	-	-	(5,465)
Balance, September 30, 2023	18,795	\$ 65,819	\$ 1,331	\$ (25,151)	\$ 12,776	\$ 1,825	\$ 56,600

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

Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian dollars)

September 30,	For the Three Months Ended		For the Nine Months Ended	
	2023	2022	2023	2022
Operating activities				
Profit	\$ 2,739	\$ 2,029	\$ 5,907	\$ 3,423
Adjusted by:				
Amortization and depreciation	2,232	1,204	5,322	3,221
Financing costs	1,076	672	2,713	1,784
Share-based compensation	283	26	637	124
Foreign exchange gains	(100)	(598)	(124)	(793)
Gain on sale of equipment	(39)	(5)	(108)	(13)
Income tax expense	1,253	615	2,680	1,279
	7,444	3,943	17,027	9,025
Changes in non-cash working capital (note 12)	(4,883)	(122)	(6,169)	(2,921)
	2,561	3,821	10,858	6,104
Income taxes refunded (paid)	(1,597)	-	(2,930)	(991)
Cash provided by operating activities	964	3,821	7,928	5,113
Financing activities				
Proceeds from issuance of shares	4,764	7,485	15,968	8,136
Dividends paid (note 8)	(1,444)	(939)	(3,679)	(2,617)
Proceeds from long-term debt	15,553	(1,405)	21,534	8,891
Repayment of long-term debt	(6,231)	-	(8,174)	-
Debt issuance costs	(52)	-	(52)	(26)
Lease payments	(371)	(311)	(1,060)	(904)
Interest paid	(1,045)	(620)	(2,592)	(1,648)
Cash provided by financing activities	11,174	4,210	21,945	11,832
Investing activities				
Acquisitions (note 4)	(12,253)	-	(29,642)	(8,646)
Purchase of property and equipment	(1,129)	(1,297)	(2,781)	(1,909)
Proceeds from sale of property and equipment	-	5	81	22
Cash used in investing activities	(13,382)	(1,292)	(32,342)	(10,533)
Increase (decrease) in cash during the period	(1,244)	6,739	(2,469)	6,412
Cash, beginning of period	3,589	1,810	4,734	2,143
Effect of movements in exchange rates	14	(27)	94	(33)
Cash, end of period	\$ 2,359	\$ 8,522	\$ 2,359	\$ 8,522

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

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2023 and 2022

(Unaudited -Expressed in thousands of Canadian dollars, except per share amounts)

1. Nature and Operations

Decisive Dividend Corporation (the "Company") was incorporated under the British Columbia Business Corporations Act on October 2, 2012 and is listed on the TSX Venture Exchange, trading under the symbol "DE". The address of the Company's head office is #260 – 1855 Kirschner Road, Kelowna, B.C. V1Y 4N7.

Decisive Dividend Corporation is an acquisition-oriented company, focused on opportunities in manufacturing. The Company's purpose is to be the sought-out choice for exiting legacy-minded business owners, while supporting the long-term success of the businesses acquired, and through that, creating sustainable and growing shareholder returns. The Company uses a disciplined acquisition strategy to identify already profitable, well-established, high quality manufacturing companies that have a sustainable competitive advantage, a focus on non-discretionary products, steady cash flows, growth potential and established, strong leadership.

The principal wholly-owned operating subsidiaries of the Company, as at September 30, 2023, are managed through two reportable segments and were acquired as follows:

Finished Product Segment

- Valley Comfort Systems Inc. and its wholly-owned subsidiary Blaze King Industries Inc. ("Blaze King USA"), collectively referred to herein as "Blaze King"; acquired in February 2015.
- Slimline Manufacturing Ltd. ("Slimline"); acquired in May 2018.
- Marketing Impact Limited ("Marketing Impact"); acquired in April 2022.
- ACR Heat Products Limited ("ACR"); acquired in October 2022.
- Capital I Industries Inc. and its sister company, Irving Machine Inc. (together, "Capital I"); acquired in April 2023.
- Innovative Heating Technologies Inc. ("IHT"); acquired in July 2023.

Component Manufacturing Segment

- Unicast Inc. ("Unicast"); acquired in June 2016.
- Hawk Machine Works Ltd. ("Hawk"); acquired in June 2018.
- Northside Industries Inc. ("Northside"); acquired in August 2019.
- Micon Industries Ltd. ("Micon"); acquired in April 2023.
- Procore International Radiators Ltd. ("Procore"); acquired in April 2023.

These consolidated financial statements comprise the Company and its subsidiaries, collectively referred to as the "Group". The consolidated financial statements include the results of acquired subsidiaries from their dates of acquisition.

The Group's interim results are impacted by seasonality factors primarily driven by weather patterns, including the impact thereof on heating, planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. Blaze King and ACR's businesses historically experiences lower demand in the first and second quarters of the calendar year, Slimline's business historically experiences lower demand in the third and fourth quarters and Hawk's business historically experiences lower demand in the second quarter. Seasonality does not have a significant impact on the businesses of the Company's other subsidiaries. In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term.

2. Basis of Preparation and Statement of Compliance

a) *Statement of compliance*

These interim condensed consolidated financial statements (the "interim financial statements") for the period ended September 30, 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim financial statements were approved by the Audit Committee of the Company for issue on November 6, 2023.

b) *Judgments, accounting estimates and assumptions*

The preparation of financial statements requires management to make judgments that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

The preparation of financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

There were no changes to the Group's critical accounting estimates and judgments from those described in the most recent annual financial statements.

3. Significant Accounting Policies

The significant accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are the same as those disclosed in Note 3 to the Company's 2022 audited consolidated financial statements.

4. Acquisitions

In 2023, the Company acquired four businesses as described below. The consideration paid on these acquisitions is as follows:

For the nine months ended September 30, 2023	Capital I	Micon	Procore	IHT	Total
Cash (net of cash acquired)	\$ 10,077	\$ 2,991	\$ 4,331	\$ 12,243	\$ 29,642
Common shares	848	379	610	2,325	4,162
Long term debt assumed	588	-	-	-	588
Contingent consideration	2,260	-	-	6,676	8,936
	\$ 13,773	\$ 3,370	\$ 4,941	\$ 21,244	\$ 43,328

The preliminary allocation of the purchase prices, to the fair value of the assets acquired and liabilities assumed on these acquisitions is as follows:

For the nine months ended September 30, 2023	Capital I	Micon	Procore	IHT	Total
Accounts receivable	\$ 3,376	\$ 262	\$ 582	\$ 2,076	\$ 6,296
Prepaid expenses and deposits	70	12	11	681	774
Inventory	4,730	289	867	1,482	7,368
Property and equipment	3,688	225	603	4,247	8,763
Goodwill and intangible assets	5,574	3,371	4,222	19,340	32,507
Accounts payable and accrued liabilities	(1,453)	(155)	(475)	(1,981)	(4,064)
Customer deposits	-	-	-	(90)	(90)
Lease obligation	(890)	(47)	(121)	(2,345)	(3,403)
Deferred income taxes	(1,322)	(587)	(748)	(2,166)	(4,823)
	\$ 13,773	\$ 3,370	\$ 4,941	\$ 21,244	\$ 43,328

The Company is still determining the final allocations of the purchase prices and expects to complete the allocations in the fourth quarter of 2023. Subsequent adjustments to the purchase price allocation can be recognized if they occur within twelve months of the acquisition date. After twelve months, adjustments are recognized through profit or loss. The adjustments made as a result of finalizing the provisional accounting are retrospectively recognized from the acquisition date. The Company incurred acquisition-related costs of \$969 relating to legal fees, accounting fees, and due diligence costs. These costs are included in professional fees in the consolidated statement of profit and comprehensive income.

a) Capital I

On April 5, 2023, the Company acquired all of the shares of Capital I. Capital I, which is located in Tisdale, Saskatchewan, designs, manufactures and distributes road maintenance and construction equipment. Capital I's products include dozer blades, snow blades and wings, slopers, gravel reclaimers, gravel groomers, lifts, mulchers and mowers, that are used in the construction and maintenance of gravel roads.

The Capital I purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments) and the issuance of common shares to the vendors, plus up to an additional \$4,500 contingent on Capital I meeting certain earnings targets over the next three years. The contingent consideration recorded by the Company reflects the estimated fair value of the earnings target being met, as at the acquisition date. The cash portion of the consideration was initially funded through the Company's revolving term acquisition facility (Note 6) which was subsequently partially repaid through the net proceeds of an equity offering that closed on April 13, 2023 (Note 7). The share portion of the consideration was funded through the issuance of 123,962 common shares to the vendors of Capital I.

b) Micon

On April 5, 2023, the Company acquired all of the shares of Micon. Micon, which is located in Merritt, British Columbia, designs, manufactures and distributes high-quality radiator seals and grommets for heavy duty equipment.

The Micon purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments) and the issuance of common shares to the vendors. The cash portion of the consideration was initially funded through the Company's revolving term acquisition facility (Note 6) which was subsequently partially repaid through the net proceeds of an equity offering that closed on April 13, 2023 (Note 7). The share portion of the consideration was funded through the issuance of 55,434 common shares to the vendors of Micon.

c) Procore

On April 5, 2023, the Company acquired all of the shares of Procore. Procore, which is located in Merritt, British Columbia, designs, manufactures and distributes radiators for heavy duty equipment used in the mining, oil and gas and road construction industries.

The Procore purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments) and the issuance of common shares to the vendors. The cash portion of the consideration was initially funded through the Company's revolving term acquisition facility (Note 6) which was subsequently partially repaid through the net proceeds of an equity offering that closed on April 13, 2023 (Note 7). The share portion of the consideration was funded through the issuance of 89,181 common shares to the vendors of Procore.

d) IHT

On July 19, 2023, the Company acquired IHT. IHT, which is located outside of Winnipeg, Manitoba, is a well-established manufacturer and developer of high efficiency heating mats and lighting solutions for hog production.

The IHT purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments), and the issuance of common shares to the vendors, plus up to an additional \$10,000 contingent on IHT meeting certain earnings targets over the next three years. The contingent consideration recorded by the Company reflects the estimated fair value of the earnings target being met, as at the acquisition date. The cash portion of the consideration was initially funded through the Company's revolving term acquisition facility (Note 6) which was subsequently partially repaid through the proceeds of an exercise of 819,175 warrants at a price of \$4.94 per warrant (Note 7). The share portion of the consideration was funded through the issuance of 314,614 common shares to the vendors of IHT.

The consolidated statement of profit includes revenue, gross profit, and profit of Capital I, Micon, Procore, and IHT from their acquisition dates to September 30, 2023 as outlined in the table below. Had the acquisitions of Capital I, Micon, Procore, and IHT been effective from January 1, 2023, the Group would have recognized revenue, gross profit, and profit for the nine months ended September 30, 2023 as outlined in the table below.

	Consolidated	Reported for	Results for	
	Reported	Acquisitions	Acquisitions	
		from	from	
For the nine months ended September 30, 2023		Acquisition	January 1,	Consolidated
		Date	2023	Pro forma
Sales	\$ 99,213	\$ 12,393	\$ 30,622	\$ 117,442
Gross profit	38,966	6,611	16,017	48,372
Profit	5,907	2,159	7,375	11,123

5. Lease Obligations

The Group's right of use assets and associated lease obligations are related to lease commitments for office and shop premises. The maturity dates of the lease obligations are between October 2024 and September 2033. As at September 30, 2023, minimum lease payments required over the next five years were as follows:

For the twelve month periods ending September 30,

2024	\$	2,222
2025		1,820
2026		1,621
2027		1,691
2028		1,565
thereafter		4,534
		13,453
Less: interest portion		(2,325)
Less: current portion		(1,751)
	\$	9,377

6. Long-term Debt

	Interest Rate	Maturity Date	Authorized	September 30, 2023 Outstanding	December 31, 2022 Outstanding
Revolving term operating facility	P+1.0%	Jun-26	\$ 15,000	\$ 8,459	\$ 4,988
Revolving term acquisition facility	P+2.5%	Jun-26	25,000	10,000	-
Non-amortizing term loan	6.9%	Jun-26	28,000	28,000	28,000
Equipment loans	2.3%	Dec-25	479	479	-
			68,479	46,938	32,988
Less: current portion				(227)	-
Long-term portion				46,711	32,988
Less: debt issuance costs				(270)	(319)
Total long-term debt				\$ 46,441	\$ 32,669

"P" in the table above denotes prime rate

The Company has a credit agreement in place with its senior lenders, Canadian Western Bank and CWB Maxium Financial Inc., a wholly-owned division of Canadian Western Bank. The credit agreement with its senior lenders provides for the revolving term operating facility, revolving term acquisition facility and non-amortizing term loan outlined in the table above. There are no required principal payments on these three facilities for the committed three-year term of this credit agreement, which also provides for annual extension provisions.

In July 2023, the Company renewed the credit agreement in place with its senior lenders, increased the amount available, extended the term of the agreement by one year, and lowered its borrowing costs on its increased revolving term acquisition facility by 0.5%. On renewal, the total amount available under the credit agreement was increased to \$68,000 from \$53,000 previously.

The Company's ability to access the revolving term operating facility is dependent on a borrowing base which is measured against the Group's accounts receivable and inventory. The revolving term acquisition facility is available to the Company for acquisition purposes. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term facilities.

The credit facilities with the Company's senior lenders are collectively secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees. Additionally, the Group has agreed to maintain the following ratios (as defined in the credit agreement) on a consolidated trailing twelve-month basis, otherwise outstanding facilities are due on demand:

- Maximum total funded debt to adjusted EBITDA of 4.00:1
- Maximum total senior funded debt to adjusted EBITDA of 3.25:1
- Minimum fixed charge coverage ratio of 1.10:1

As at September 30, 2023, the Company was in compliance with these ratios.

As at September 30, 2023, principal payments required over the next three years on the Company's long-term debt were estimated as follows:

For the twelve month periods ending September 30,		
2024	\$	227
2025		232
2026		46,479
	\$	46,938

7. Share Capital

a) Shares issued and outstanding

	Shares (000s)	Amount
Balance as at, January 1, 2023	14,888	\$ 44,094
Shares issued under ESPP	76	430
Shares issued under DRIP	234	1,495
Exercise of stock options	112	374
Exercise of warrants	937	5,100
Shares issued to vendors on business acquisitions	583	4,162
Shares issued for cash proceeds	1,965	11,294
Share issuance costs	-	(1,130)
Balance as at, September 30, 2023	18,795	\$ 65,819

The Company had the following share capital transactions for the nine months ended September 30, 2023:

- The Company issued 76,323 common shares pursuant to the employee share purchase plan (the "ESPP").
- The Company issued 234,176 common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP")
- The Company issued 112,035 common shares on the exercise of stock options.
- The Company issued 936,843 common shares on the exercise of warrants.
- As part of the consideration paid for the acquisitions of Capital I, Micon, and Procore described in Note 4, on April 5, 2023, the Company issued an aggregate 268,577 common shares to the vendors of Capital I, Micon, and Procore at a price of \$6.84 per share. As part of the consideration paid for the acquisition of IHT described in Note 4, on July 19, 2023, the Company issued 314,614 common shares to the vendors of IHT at a price of \$7.39 per share

- (vi) On April 13, 2023, the Company closed a bought deal equity offering, with a syndicate of underwriters, of 1,964,488 common shares at a price of \$5.91 per share. In addition, for each common share subscribed for under the bought deal equity offering, the subscriber also received a one-half common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one common share at a price of \$7.09 for a period of 24 months following the closing of the bought deal equity offering. The aggregate \$316 fair value of the warrants issued was netted against the proceeds of the offering.

Common shares that remained in escrow as at September 30, 2023 are as follows:

In (000s)	September 30, 2023	December 31, 2022
In relation to the acquisition of:		
Marketing Impact	157	235
ACR	167	167
Capital I	124	-
Micon	55	-
Procore	89	-
IHT	315	-
	907	402

b) Warrants

The Company had the following warrants outstanding and exercisable:

Warrants	Number of warrants (000s)	Weighted average exercise price (\$)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding and exercisable, January 1, 2023	924	\$ 4.94	\$ 0.29	1.75
Warrants issued	982	7.09	0.32	-
Warrants exercised	(937)	5.15	0.29	-
Outstanding and exercisable, September 30, 2023	969	\$ 6.92	\$ 0.32	1.46

c) Equity Incentives

The Company has an equity incentive plan for the purpose of developing the interest of directors, officers and employees in the growth and development of the Company and its subsidiaries, by providing them with the opportunity, through equity awards, to obtain an increased effective interest in the Company.

The equity incentive plan enables the Company to grant deferred share units ("DSUs"), restricted share units ("RSUs") and stock options to the directors, officers, and employees of the Company or any of its affiliates. Under the plan, the aggregate of all stock option, DSU, and RSU grants cannot exceed 10% of the issued and outstanding common shares of the Company.

The Company had granted stock options to various directors, officers, and employees of the Group as follows:

Stock Options	Number of options (000s)	Weighted average exercise price (\$)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding and exercisable, January 1, 2023	660	\$ 3.81	\$ 0.84	6.49
Options issued	22	7.64	1.83	-
Options exercised	(270)	3.74	0.74	-
Options expired	(11)	3.49	0.62	-
Outstanding and exercisable, September 30, 2023	401	\$ 4.07	\$ 0.97	5.70

In the nine months ended September 30, 2023, the Company recorded \$196 of share-based compensation expense related to stock options. This share-based compensation expense represents the estimated fair value of stock options granted, amortized over the options' vesting periods.

The Company had granted DSUs to directors of the Company as follows:

Deferred Share Units	Number of DSUs (000s)	Number of DSUs exercisable (000s)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding, January 1, 2023	-	-	\$ -	-
DSUs issued	42	-	5.01	-
DSUs from reinvested dividends	2	-	5.01	-
Outstanding, September 30, 2023	44	-	\$ 5.01	-

In the nine months ended September 30, 2023, the Company recorded \$219 of share-based compensation expense related to DSUs. This share-based compensation expense represents the estimated fair value of DSUs granted, amortized over the DSUs vesting periods.

The Company had granted RSUs to officers and employees of the Group as follows:

Restricted Share Units	Number of RSUs (000s)	Number of RSUs exercisable (000s)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding, January 1, 2023	-	-	\$ -	-
RSUs issued	67	-	6.62	-
RSUs from reinvested dividends	2	-	6.62	-
Outstanding, September 30, 2023	69	-	\$ 6.62	2.50

In the nine months ended September 30, 2023, the Company recorded \$139 of share-based compensation expense related to RSUs. This share-based compensation expense represents the estimated fair value of RSUs granted, amortized over the RSUs vesting periods.

8. Dividends

The Company's Board of Directors regularly examines the dividends paid to shareholders. The following dividends were declared during the periods ended September 30, 2023 and December 31, 2022:

Month	2023		2022	
	Per share (\$)	Dividend Amount (\$)	Per share (\$)	Dividend Amount (\$)
January	\$ 0.030	\$ 448	\$ 0.025	\$ 303
February	0.030	450	0.025	304
March	0.035	528	0.025	305
April	0.035	608	0.030	377
May	0.035	610	0.030	377
June	0.035	611	0.030	378
July	0.040	712	0.030	379
August	0.040	746	0.030	379
September	0.040	752	0.030	436
October	-	-	0.030	441
November	-	-	0.030	443
December	-	-	0.030	447
Total	\$ 0.320	\$ 5,465	\$ 0.345	\$ 4,569

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid during the nine months ended September 30, 2023, \$3,679 (2022 - \$2,617) were settled in cash and \$1,482 (2022 - \$487) were reinvested in additional common shares of the Company, pursuant to the DRIP.

Subsequent to September 30, 2023, and before these financial statements were authorized, the Company undertook the following dividend actions:

- A dividend of \$0.04 per share was declared on October 13, 2023, for shareholders of record on October 31, 2023, which is payable on November 15, 2023.

9. Sales

The following is a breakdown of sales by type of product:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Agricultural products	\$ 4,250	\$ 1,815	\$ 7,670	\$ 6,524
Hearth products	9,091	7,324	29,779	21,397
Industrial products	12,633	5,391	27,341	14,326
Machined products	4,205	3,366	11,660	9,175
Merchandising products	3,352	4,154	10,571	7,379
Wear-part products	5,095	3,939	13,477	9,164
Inter-segment eliminations	(972)	(57)	(1,285)	(155)
	\$ 37,654	\$ 25,932	\$ 99,213	\$ 67,810

The following is the geographic breakdown of revenue based on the location of the customer:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Canada	\$ 15,958	\$ 11,377	\$ 41,450	\$ 29,349
United States	17,388	13,198	44,203	34,985
Other	4,308	1,357	13,560	3,476
	\$ 37,654	\$ 25,932	\$ 99,213	\$ 67,810

10. Manufacturing Costs

Details of the items included in manufacturing costs are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Labour and materials	\$ 19,512	\$ 14,976	\$ 54,339	\$ 39,713
Freight and shipping	1,283	1,544	4,321	3,940
Depreciation	376	407	1,365	1,089
Warranty charges	137	93	222	201
	\$ 21,308	\$ 17,020	\$ 60,247	\$ 44,943

11. Financing Costs

Details of the items included in financing costs are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest and bank charges	\$ 94	\$ 99	\$ 308	\$ 304
Interest on lease obligations	79	44	196	117
Interest on long-term debt	903	529	2,209	1,363
	\$ 1,076	\$ 672	\$ 2,713	\$ 1,784

12. Supplemental Cash Flow Information

The changes in non-cash operating working capital items are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Accounts receivable	\$ (3,806)	(726)	\$ (3,771)	(1,289)
Inventory	67	978	(2,782)	(1,432)
Prepaid expenses and deposits	357	134	1,231	107
Accounts payable and accrued liabilities	58	(11)	(910)	73
Customer deposits	(1,563)	(514)	45	(430)
Warranty provision	4	17	18	50
	\$ (4,883)	\$ (122)	\$ (6,169)	(2,921)

13. Financial Instruments and Risk Management

The Group's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, dividends payable, and long-term debt. There were no changes in the classification or in the fair value measurement basis of the Group's financial instruments since December 31, 2022.

At September 30, 2023, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

Management determined that the fair value of the Group's long-term debt (note 6) was not materially different than their carrying amounts as they are based on market interest rates.

There were no changes in the Company's assessment of risks from the use of financial instruments or in the financial risk management policies of the Company since December 31, 2022.

The contractual maturities of financial instruments are as follows:

September 30, 2023	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 29,934	\$ 29,934	\$ 19,236	\$ 10,698	\$ -
Dividends payable	752	752	752	-	-
Long-term debt	46,668	56,838	3,831	53,007	-
Lease obligations	11,128	13,453	2,222	6,697	4,534
	\$ 88,482	\$ 100,977	\$ 26,041	\$ 70,402	\$ 4,534

Liquidity risk management involves maintaining sufficient cash or cash equivalents and availability of funding through an adequate amount of committed credit facilities. The Group's cash is held in business accounts which are available on demand for the Group's programs. The Company also attempts to maintain flexibility in funding by securing committed and available credit facilities. The Company's credit agreement with its senior lenders provides the Group access to a revolving term operating facility and a revolving term acquisition facility (note 6). The Group's ability to access the revolving term operating facility is dependent on a borrowing base which is measured against the Group's accounts receivable and inventory. The Group continues to manage its financial position in accordance with its capital management objectives and in light of its current operating environment.

The following details the aging of the Company's trade accounts receivable and expected credit losses:

	September 30, 2023	
Not yet due	\$ 16,489	68%
31-60 days overdue	3,903	16%
61-90 days overdue	767	3%
>90 days overdue	3,204	13%
Trade accounts receivable	24,363	100%
Less: expected credit losses	(182)	
Net trade accounts receivable	\$ 24,181	

At September 30, 2023, the Group expects to recover the full amount of its trade receivables, less any expected credit losses.

The functional currency for Blaze King USA and Unicast is the United States dollar ("USD"), the functional currency for ACR is the British pound sterling ("GBP"), while all other entities in the Group have a Canadian dollar ("CAD") functional currency. The Company's reporting currency is the Canadian dollar; therefore, the Group's profit or loss and total comprehensive income are in part impacted by fluctuations in the value of each foreign currency ("FC") in which it transacts in relation to the CAD.

The table below summarizes the quantitative data about the Group's exposure to currency risk:

As at September 30, 2023	Entities with a CAD functional currency		Entities with a USD functional currency		Entities with a GBP functional currency		Total
	CAD	USD	CAD	USD	CAD	GBP	
Cash	\$ 334	\$ 982	\$ 15	\$ 199	\$ -	\$ 829	\$ 2,359
Accounts receivable	15,719	6,418	243	2,708	-	949	26,037
Accounts payable	(26,014)	(697)	(117)	(982)	-	(2,124)	(29,934)
Dividend payable	(752)	-	-	-	-	-	(752)
Inter-company amounts	3,384	-	(5,790)	2,408	(2)	-	-
Long-term debt	(46,189)	(479)	-	-	-	-	(46,668)
Net exposure	(53,518)	6,224	(5,649)	4,333	(2)	(346)	(48,958)
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	311	282	-	-	-	593
OCI	\$ -	\$ -	\$ -	\$ (217)	\$ -	\$ 17	\$ (200)

The Group is at times exposed to interest rate risk on its long-term debt (note 6) due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt outstanding at September 30, 2023, 39% was variable rate. The Group does not enter into derivative contracts to manage this risk. The table below summarizes the quantitative data about the Group's exposure to interest rate risk:

Interest rate risk	September 30, 2023
Floating instruments	\$ 18,459
Average balance	10,484
Impact on profit (loss) of a change in interest rates:	
-1%	105
+1%	\$ (105)

14. Related Party Transactions

The Group's related parties consist of directors, officers and key management or companies associated with them. Key management, including directors and officers of the Company, are those personnel having the authority and responsibility for planning, directing, and controlling the Company.

Salaries and benefits, directors fees and share-based compensation are included in salaries, wages and benefits expense. Key management compensation for the nine month period ended September 30, 2023 included \$1,531 of salaries, benefits and directors fees (2022 - \$887) and \$481 of share-based compensation expense (2022 - \$59).

15. Segmented Information

The Group's reporting is prepared on a consolidated basis as determined by the requirements of the Chief Executive Officer as the chief operating decision maker for the Group. The Company's reportable segments, as determined by management, sell similar product types to similar types of customers and share similar processes and distribution methods. The reportable segments are as follows:

- The finished product segment, which manufactures and sells products that are purchased and used by end customers as designed. Within the finished product segment are five separate businesses: ACR, Blaze King, Capital I, Marketing Impact and Slimline.
- The component manufacturing segment, which manufactures and sells products based on specifications determined by its customers for use in its customers' processes. Within the component manufacturing segment are five separate businesses: Hawk, Micon, Northside, Procore and Unicast.
- In addition, the Canadian public company parent ("Head Office") is considered a third and separate segment, as its function is as an investment holding and management company. Inter-segment eliminations of sales and manufacturing costs are also reported within this segment.

The Group's reporting of segment performance for the three and nine month periods ended September 30, 2023 and 2022 is as follows:

For the three months ended September 30, 2023		Finished Product		Component Manufacturing		Head Office		Total
Sales	\$	23,185	\$	15,441	\$	(972)	\$	37,654
Manufacturing costs		12,187		10,093		(972)		21,308
Gross profit		10,998		5,348		-		16,346
Profit (loss) before taxes		4,394		2,498		(2,900)		3,992
Income tax expense		858		369		26		1,253
Profit (loss)		3,536		2,129		(2,926)		2,739
Total comprehensive income (loss)	\$	3,317	\$	2,296	\$	(2,926)	\$	2,687

For the three months ended September 30, 2022		Finished Product		Component Manufacturing		Head Office		Total
Sales	\$	14,724	\$	11,265	\$	(57)	\$	25,932
Manufacturing costs		8,609		8,468		(57)		17,020
Gross profit		6,115		2,797		-		8,912
Profit (loss) before taxes		2,852		1,293		(1,501)		2,644
Income tax expense		522		35		58		615
Profit (loss)		2,330		1,258		(1,559)		2,029
Total comprehensive income (loss)	\$	2,437	\$	1,323	\$	(1,559)	\$	2,201

For the nine months ended September 30, 2023		Finished Product		Component Manufacturing		Head Office		Total
Sales	\$	58,542	\$	41,956	\$	(1,285)	\$	99,213
Manufacturing costs		33,786		27,746		(1,285)		60,247
Gross profit		24,756		14,210		-		38,966
Profit (loss) before taxes		9,167		6,589		(7,169)		8,587
Income tax expense		1,477		1,162		41		2,680
Profit (loss)		7,690		5,427		(7,210)		5,907
Total comprehensive income (loss)	\$	7,755	\$	5,362	\$	(7,210)	\$	5,907

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022	Finished Product	Component Manufacturing	Head Office	Total
Sales	\$ 37,077	\$ 30,888	\$ (155)	\$ 67,810
Manufacturing costs	21,941	23,157	(155)	44,943
Gross profit	15,136	7,731	-	22,867
Profit (loss) before taxes	6,571	2,310	(4,179)	4,702
Income tax expense	1,030	102	147	1,279
Profit (loss)	5,541	2,208	(4,326)	3,423
Total comprehensive income (loss)	\$ 5,662	\$ 2,267	\$ (4,326)	\$ 3,603

The Group's reporting of segment financial condition as at September 30, 2023 and December 31, 2022 is as follows:

September 30, 2023	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$ 38,205	\$ 16,765	\$ 97	\$ 55,067
Total current liabilities	12,004	7,626	14,105	33,735
Total assets	104,572	51,235	490	156,297
Total liabilities	\$ 27,646	\$ 11,484	\$ 60,567	\$ 99,697

December 31, 2022	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$ 25,183	\$ 11,996	\$ 1,308	\$ 38,487
Total current liabilities	10,036	5,846	4,676	20,558
Total assets	47,349	38,516	12,569	98,434
Total liabilities	\$ 17,732	\$ 9,061	\$ 37,511	\$ 64,304

For the nine months ended September 30, 2023, the Group's largest customer accounted for 13% of sales (2022 - 12% of sales). Sales from this customer are included in the component manufacturing segment. Other than this customer, the Group was not dependent on any other customer for more than 10% of its sales.