Financial Statements of

Decisive Dividend Corporation

For the nine months ended September 30, 2021

Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	September 30, 2021	December 31, 2020
Assets		
Cash	**$ 470**	$ 2,999
Accounts receivable	**10,369**	7,338
Inventory	**9,607**	7,358
Prepaid expenses and deposits	**1,274**	871
Total current assets	**21,720**	18,566
Property and equipment	**7,774**	7,535
Intangible assets	**10,498**	11,575
Goodwill	**18,710**	18,709
Total assets	**$ 58,702**	$ 56,385
Liabilities		
Accounts payable and accrued liabilities	**$ 8,363**	$ 6,721
Dividends payable (note 7)	**301**	-
Warranty provision	**397**	341
Customer deposits	**633**	604
Current portion of lease obligations (note 4)	**1,126**	966
Current portion of long-term debt (note 5)	**-**	55
Total current liabilities	**10,820**	8,687
Lease obligations (note 4)	**1,809**	2,238
Long-term debt (note 5)	**21,063**	20,942
Deferred income taxes	**2,941**	3,250
Total liabilities	**36,633**	35,117
Equity		
Share capital (note 6)	**32,697**	31,545
Contributed surplus	**1,279**	1,609
Cumulative profit	**1,867**	503
Cumulative dividends (note 7)	**(14,211)**	(12,656)
	21,632	21,001
Accumulated other comprehensive income	**437**	267
Total equity	**22,069**	21,268
Total liabilities and equity	**$ 58,702**	$ 56,385

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 (Loss) and Comprehensive Income (Loss)

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

	For the Three Months Ended		For the Nine Months Ended	
September 30,	**2021**	2020	**2021**	2020
Sales (note 8)	**$ 16,500**	$ 11,823	**$ 44,639**	$ 33,643
Manufacturing costs (note 9)	**11,436**	6,725	**29,106**	19,585
Gross profit	**5,064**	5,098	**15,533**	14,058
Expenses				
Amortization and depreciation	**555**	567	**1,630**	1,695
Financing costs (note 10)	**531**	536	**1,581**	1,640
Occupancy costs	**70**	198	**290**	648
Professional fees	**168**	85	**432**	359
Salaries, wages and benefits	**2,234**	2,076	**6,409**	6,085
Selling, general and administration	**1,137**	858	**3,136**	2,496
	4,695	4,320	**13,478**	12,923
Operating profit	**369**	778	**2,055**	1,135
Other items				
Interest income	**-**	2	**3**	13
Foreign exchange gains (losses)	**221**	(208)	**(120)**	(1)
Goodwill impairment losses	**-**	-	**-**	(1,368)
Gain on sale of equipment	**3**	64	**17**	71
	224	(142)	**(100)**	(1,285)
Profit (loss) before income taxes	**593**	636	**1,955**	(150)
Income taxes				
Current expense	**196**	267	**894**	726
Deferred recovery	**(92)**	(6)	**(303)**	(168)
	104	261	**591**	558
Profit (loss)	**$ 489**	$ 375	**$ 1,364**	$ (708)
Other comprehensive income (loss)				
Foreign operation currency translation differences	**25**	(80)	**170**	427
Total comprehensive income (loss)	**$ 514**	$ 295	**$ 1,534**	$ (281)
Profit (loss) per share				
Basic	**0.04**	0.03	**0.11**	(0.06)
Diluted	**0.04**	0.03	**0.11**	n/a
Weighted average number of shares outstanding (000s):				
Basic	**11,992**	11,623	**11,874**	11,581
Diluted	**12,569**	11,725	**12,384**	11,673

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

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

	Share Capital			Deficit		Accumulated Other	
For the Nine Months Ended September 30, 2021 and 2020	Number (000s)	Amount	Contributed Surplus	Cumulative Dividends	Cumulative Profit (loss)	Comprehensive Income (loss)	Total Equity
Balance, January 1, 2020	11,458	$ 30,978	$ 1,270	$ (11,619)	$ 1,239	$ (3)	$ 21,865
Shares issued under ESPP	73	262	(10)	-	-	-	252
Shares issued under DRIP	81	201	-	-	-	-	201
Exercise of stock options	21	104	(40)	-	-	-	64
Share-based payment awards	-	-	333	-	-	-	333
Total comprehensive loss for the period	-	-	-	-	(708)	427	(281)
Dividends declared (note 7)	-	-	-	(1,037)	-	-	(1,037)
Balance, September 30, 2020	11,633	$ 31,545	$ 1,553	$ (12,656)	$ 531	$ 424	$ 21,397
Balance, January 1, 2021	11,633	31,545	1,609	(12,656)	503	267	21,268
Shares issued under ESPP (note 6)	80	233	(12)	-	-	-	221
Shares issued under DRIP (note 6)	44	156	-	-	-	-	156
Exercise of stock options (note 6)	186	359	(102)	-	-	-	257
Redemption of RSUs and DSUs (note 6)	108	404	(404)	-	-	-	-
Share-based payment awards (note 6)	-	-	188	-	-	-	188
Total comprehensive income for the period	-	-	-	-	1,364	170	1,534
Dividends declared (note 7)	-	-	-	(1,555)	-	-	(1,555)
Balance, September 30, 2021	**12,051**	**$ 32,697**	**$ 1,279**	**$ (14,211)**	**$ 1,867**	**$ 437**	**$ 22,069**

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 2021	2020	For the Nine Months Ended 2021	2020
Operating activities				
Profit (loss)	**$ 489**	$ 375	**$ 1,364**	$ (708)
Adjusted by:				
Amortization and depreciation	**914**	953	**2,689**	2,915
Goodwill impairment losses	**-**	-	**-**	1,368
Financing costs	**531**	536	**1,581**	1,640
Share-based compensation	**23**	185	**241**	386
Foreign exchange (gains) losses	**(221)**	208	**120**	1
Loan forgiveness (note 5)	**-**	-	**(161)**	-
Gain on sale of equipment	**(3)**	(64)	**(17)**	(71)
Income tax expense	**104**	261	**591**	558
	1,837	2,454	**6,408**	6,089
Changes in non-cash working capital (note 11)	**(3,191)**	(607)	**(3,903)**	1,397
	(1,354)	1,847	**2,505**	7,486
Income taxes refunded (paid)	**129**	(561)	**(859)**	(485)
Cash provided by (used in) operating activities	**(1,225)**	1,286	**1,646**	7,001
Financing activities				
Proceeds from issuance of shares	**65**	-	**428**	274
Dividends paid (note 7)	**(676)**	-	**(1,100)**	(1,191)
Proceeds from long-term debt	**210**	65	**210**	240
Repayment of long-term debt	**(7)**	(25)	**(54)**	(3,516)
Debt issuance costs	**-**	-	**-**	(3)
Lease payments	**(252)**	(227)	**(753)**	(652)
Interest paid	**(506)**	(511)	**(1,507)**	(1,566)
Cash used in financing activities	**(1,166)**	(698)	**(2,776)**	(6,414)
Investing activities				
Purchase of property and equipment	**(286)**	(332)	**(1,404)**	(606)
Proceeds from sale of property and equipment	**13**	165	**30**	172
Cash used in investing activities	**(273)**	(167)	**(1,374)**	(434)
Increase (decrease) in cash during the period	**(2,664)**	421	**(2,504)**	153
Cash, beginning of period	**3,090**	206	**2,999**	435
Effect of movements in exchange rates	**44**	(22)	**(25)**	17
Cash, end of period	**$ 470**	$ 605	**$ 470**	$ 605

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, 2021 and 2020
(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 Inc. (“the Exchange”), trading under the symbol “DE”. The address of the Company’s head office is #201, 1674 Bertram Street, Kelowna, B.C. V1Y 9G4.

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, 2021, 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.

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.

These consolidated financial statements comprise the Company and its subsidiaries, collectively referred to as the “Group”.

The Group’s interim results are impacted by seasonality factors primarily driven by weather patterns in North America, including the impact on heating and 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’s business 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 Unicast or Northside businesses. 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, 2021 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 October 28, 2021.

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 2020 audited consolidated financial statements.

4. 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 January 2022 and March 2026. As at September 30, 2021, minimum lease payments required over the next five years were as follows:

For the twelve month periods ending September 30,		**2021**
2022	**$**	**1,241**
2023		**948**
2024		**659**
2025		**248**
2026		**65**
		3,161
Less: interest portion		**(226)**
Less: current portion		**(1,126)**
	$	**1,809**

In the first quarter of 2021, an office and shop lease was renewed for an additional five years, at terms consistent with the previous lease. The new lease resulted in a lease obligation and corresponding right of use asset of $488.

5. Long-term Debt

	Monthly Principal Payment	Interest Rate	Maturity Date	Authorized	**September 30, 2021 Outstanding**	December 31, 2020 Outstanding
Revolving term loan (a)	$ -	(a)	Aug-22	$ 8,000	**$ 210**	$ -
Non-amortizing term loan (b)	-	8.0%	Aug-22	20,945	**20,945**	20,945
Forgivable loan (c)	-	-	-	-	**-**	164
Equipment finance loans (d)	-	-	-	-	**-**	55
					21,155	21,164
Less: current portion					**-**	(55)
Long-term portion					**21,155**	21,109
Less: debt issuance costs					**(92)**	(167)
Total long-term debt					**$ 21,063**	$ 20,942

The Company has a credit agreement in place with its senior lenders, the Bank of Nova Scotia ("BNS") and Roynat Capital Inc., a subsidiary of BNS, which provides for the credit facilities described in (a) and (b) below.

a) The revolving term loan with BNS is for a committed three-year term and all drawn amounts are due in August 2022. Borrowings under the revolving term loan may be made by way of prime rate advances and/or bankers' acceptances. The Company's ability to access the revolving term loan is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. The revolving term loan bears interest at the lender's prime rate plus 1% or bankers' acceptances plus 2.5%. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term loan.

b) The non-amortizing term loan with Roynat Capital Inc. is for a committed three-year term and all drawn amounts are due in August 2022. The term loan bears interest at a fixed rate of 8% and there are no required principal payments for the term of the loan.

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 3.00:1
- Minimum fixed charge coverage ratio of 1.10:1

As at September 30, 2021, the Group was in compliance with these ratios.

In September 2021, the Company entered into an agreement with CWB Maxium Financial Inc. ("CWB"), a wholly-owned division of Canadian Western Bank, to refinance the Company's existing debt facilities and provide additional available financing.

Upon closing of the refinancing, the credit facility described in (a) above will be replaced with a new revolving term loan with substantially similar terms. The credit facility described in (b) above will be replaced with a new $21,000 term loan bearing interest at a fixed rate of 6.25%. In addition, a new $7,000 revolving term loan, bearing interest at the lender's prime rate plus 3%, will be made available to the Company for acquisition purposes.

Consistent with the credit facilities described in (a) and (b) above, the new agreement will not require any principal payments during the term of these loans and will require substantially similar security as described above. The new agreement will require compliance with the following ratios:

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

Each of the facilities under the new agreement will be for a committed three-year term and will also provide for annual extension provisions. As a result, and since this refinancing agreement was entered into prior to September 30, 2021, the Company has classified its existing debt as long-term.

c) In May 2020, Blaze King USA received a paycheck protection program forgivable loan through the United States federal government's financial aid program. The loan was forgiven in 2021.

d) The Group also had equipment finance loans with Trumpf Finance, which were secured by the related equipment. These loans were fully repaid in 2021.

6. Share Capital

a) Shares issued and outstanding

	Shares (000s)		Amount
Balance as at, January 1, 2021	11,633		31,545
Shares issued under ESPP	80		233
Shares issued under DRIP	44		156
Exercise of stock options	186		359
Redemption of RSUs and DSUs	108		404
Balance as at September 30, 2021	**12,051**	**$**	**32,697**

The Company had the following share capital transactions for the nine months ended September 30, 2021:

(i) The Company issued 79,805 common shares pursuant to the employee share purchase plan (the "ESPP").

(ii) The Company issued 43,882 common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP")

(iii) The Company issued 186,000 common shares on the exercise of stock options.

(iv) The Company issued 107,740 common shares on the redemption of deferred share units ("DSUs") and restricted share units ("RSUs").

Common shares that remain in escrow are as follows:

In (000s)	**September 30, 2021**	December 31, 2020
In relation to the acquisition of:		
Slimline	**-**	94
Hawk	**-**	226
Northside	**106**	211
	106	531

b) 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 DSUs, 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 grants cannot exceed 10% of the issued and outstanding common shares of the Company, while limits on DSU and RSU grants require disinterested shareholder approval annually.

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 2021	1,118	$	3.16	$	1.07	8.60
Options issued	120		3.19		0.59	-
Options exercised	(186)		1.38		0.55	-
Options expired	(80)		4.10		0.92	-
Outstanding and exercisable, September 30, 2021	**972**	**$**	**3.43**	**$**	**1.12**	**6.55**

In 2021, the Company recorded $48 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. To value the options granted in 2021, the Company used the Black-Scholes option–pricing model with the following assumptions: dividend yield of 7.5%; expected volatility of 42%; risk-free interest rate of 1.3%; forfeiture rates of 0%; market prices of $3.19, and a weighted average life of five years.

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 2021	25	-	$	3.68	NA
DSUs redeemed	(25)	-		3.68	-
Outstanding, September 30, 2021	**-**	**-**	**$**	**-**	**-**

The Company had granted RSUs to directors and officers of the Company 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 2021	83	-	$	3.78	0.92
RSUs redeemed	(83)	-		3.78	-
Outstanding, September 30, 2021	**-**	**-**	**$**	**-**	**-**

In July 2020, the equity incentive plan was re-approved by a majority of all shareholders but not by a majority of disinterested shareholders, which means that the 10% rolling stock option component of the plan remains in effect, but no further DSUs or RSUs may be issued. As a result, during the first quarter of 2021 all outstanding DSUs and RSUs were redeemed for Common Shares. For the foreseeable future the Company intends to use stock options as the sole form of share-based compensation. The Company recorded $139 of share-based compensation expense related to the redemption of the outstanding DSUs and RSUs.

7. Dividends

The Company's Board of Directors regularly examines the dividends paid to shareholders.

The following dividends were declared during the nine months ended September 30, 2021 and 2020:

	2021				2020			
Month		**Per share ($)**		**Dividend Amount ($)**		Per share ($)		Dividend Amount ($)
January	**$**	**-**	**$**	**-**	$	0.030	$	344
February		**-**		**-**		0.030		345
March		**-**		**-**		0.030		348
April		**0.020**		**237**		-		-
May		**0.020**		**238**		-		-
June		**0.020**		**239**		-		-
July		**0.020**		**240**		-		-
August		**0.025**		**300**		-		-
September		**0.025**		**301**		-		-
Total	**$**	**0.130**	**$**	**1,555**	$	0.090	$	1,037

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid in 2021, $1,100 (2020 - $1,191) were settled in cash and $154 (2020 - $189) were reinvested in additional common shares of the Company, pursuant to the DRIP.

Subsequent to September 30, 2021, and before these financial statements were authorized, the Company undertook the following dividend actions:

- a dividend of $0.025 per share was declared on October 15, 2021 for shareholders of record on October 29, 2021 and is payable on November 15, 2021.

8. Sales

The following is a breakdown of revenue from the sale of retail and manufactured products:

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Manufactured products	**$ 16,079**	$ 11,529	**$ 43,261**	$ 32,400
Retail products	**421**	294	**1,378**	1,243
	$ 16,500	$ 11,823	**$ 44,639**	$ 33,643

All of the retail sales occurred in Slimline.

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Agricultural products	**$ 990**	$ 614	**$ 4,935**	$ 3,862
Cast wear-part products	**2,582**	1,935	**6,951**	5,502
Hearth products	**6,550**	5,609	**17,016**	11,377
Industrial products	**4,190**	2,911	**9,581**	7,897
Machined products	**2,188**	754	**6,156**	5,005
	$ 16,500	$ 11,823	**$ 44,639**	$ 33,643

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Canada	**$ 7,533**	$ 3,810	**$ 19,051**	$ 14,352
United States	**7,896**	7,023	**22,158**	17,567
Other	**1,071**	990	**3,430**	1,724
	$ 16,500	$ 11,823	**$ 44,639**	$ 33,643

9. Manufacturing Costs

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Labour and materials	**$ 9,912**	$ 5,771	**$ 25,182**	$ 16,803
Freight and shipping	**986**	438	**2,554**	1,344
Depreciation	**359**	386	**1,059**	1,220
Warranty charges	**179**	130	**311**	218
	$ 11,436	$ 6,725	**$ 29,106**	$ 19,585

In the first nine months of 2021, the Group received $2,717 (2020 - $2,661) from the Canada Emergency Wage Subsidy program, Canada Emergency Rent Subsidy, and paycheck protection programs. The wage subsidy and paycheck protection program loan forgiveness amounts were recorded against the underlying wage costs and the rent subsidy amounts were recorded against the underlying occupancy costs. Of the amounts received, $1,556 (2020 - $1,319) was netted against the related labour costs included in the table above and $1,161 (2020 - $1,342) was netted against the applicable operating expenses as noted above.

10. Financing Costs

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

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	**September 30 2021**	September 30 2020
Interest and bank charges	**$ 63**	$ 95	**$ 197**	$ 194
Interest on lease obligations	**36**	30	**111**	97
Interest on long-term debt	**432**	411	**1,273**	1,349
	$ 531	$ 536	**$ 1,581**	$ 1,640

11. Supplemental Cash Flow Information

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Accounts receivable	**$ (3,092)**	(1,858)	**$ (2,959)**	$ 910
Inventory	**(798)**	514	**(2,196)**	9
Prepaid expenses and deposits	**(542)**	(459)	**(393)**	(232)
Accounts payable and accrued liabilities	**1,517**	1,311	**1,561**	559
Customer deposits	**(300)**	(124)	**28**	117
Warranty provision	**24**	9	**56**	34
	$ (3,191)	$ (607)	**$ (3,903)**	$ 1,397

12. 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, 2020.

At September 30, 2021, 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 5) 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, 2020.

The contractual maturities of financial instruments are as follows:

September 30, 2021		**Carrying value**		**Total contractual cash flows**		**Within one year**		**Two to five years**		**More than five years**
Accounts payable	**$**	**8,363**	**$**	**8,363**	**$**	**8,363**	**$**	**-**	**$**	**-**
Dividends payable		**301**		**301**		**301**		**-**		**-**
Long-term debt		**21,063**		**25,309**		**1,350**		**23,959**		**-**
Lease obligations		**2,935**		**3,161**		**1,241**		**1,920**		**-**
	$	**32,662**	**$**	**37,134**	**$**	**11,255**	**$**	**25,879**	**$**	**-**

December 31, 2020		Carrying value		Total contractual cash flows		Within one year		Two to five years		More than five years
Accounts payable	$	6,721	$	6,721	$	6,321	$	400	$	-
Long-term debt		20,997		23,723		1,731		21,992		-
Lease obligations		3,204		3,477		1,094		2,383		-
	$	30,922	$	33,921	$	9,146	$	24,775	$	-

On March 11, 2020, the World Health Organization expanded its classification of COVID-19 to a worldwide pandemic and federal, state, provincial and municipal governments in North America began legislating measures to combat the spread of the virus. The global response to COVID-19 continues to evolve and has had a significant impact on financial markets and the global economy.

The Group has and expects to continue to experience some negative impacts from the COVID-19 pandemic. The continuing impact on the Group will depend on a number of factors, including the extent and duration of the impact of these events on the overall economy, as well as their impact on the Group's customers and the industries in which they operate.

The Group's credit agreement with its senior lenders imposes certain external minimum capital requirements including, but not limited to, maximum debt to EBITDA ratios and minimum fixed charge coverage ratios (note 5). Additionally, the Group's ability to access the revolving term loan is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. As noted above, the Group has and expects to continue to experience some negative impacts from the worldwide COVID-19 pandemic. These events have created uncertainty in forecasted results for 2021 and 2022 which, depending on the extent and duration of these impacts, could impair the Company's ability to meet certain debt covenants. As described in note 5, the Company was in compliance with its debt covenants as at September 30, 2021.

The Group has actively managed liquidity and is continuing to manage its financial position in accordance with its capital management objectives and in light of its current operating environment. Management is satisfied that the steps taken since the onset of the COVID-19 pandemic are currently adequate to enable the Group to continue operating for the foreseeable future. However, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy and the Group's operations, further actions may be necessary.

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

		September 30, 2021			December 31, 2020	
Current	**$**	**5,874**	**57%**	$	4,322	59%
31-60 days		**2,430**	**23%**		1,582	22%
61-90 days		**982**	**9%**		439	6%
>90 days		**1,099**	**11%**		976	13%
Trade accounts receivable		**10,385**	**100%**		7,319	100%
Less: expected credit losses		**(232)**			(247)	
Net trade accounts receivable	**$**	**10,153**		$	7,072	

The Group's functional currency for Blaze King USA and Unicast is the US dollar ("USD"), while all other entities in the Group have a Canadian dollar functional currency ("CAD"), and the reporting currency is the Canadian dollar; therefore, the Group's earnings and total comprehensive income are in part impacted by fluctuations in the value of USD in relation to CAD.

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

	Entities with a CAD functional currency		**Entities with a USD functional currency**		
As at September 30, 2021	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ (1,019)	$ 554	$ 771	$ 164	**$ 470**
Accounts receivable	5,921	2,236	318	1,894	**10,369**
Accounts payable	(6,662)	(379)	(72)	(1,250)	**(8,363)**
Dividend payable	(301)	-	-	-	**(301)**
Inter-company amounts	6,047	-	(7,830)	1,783	**-**
Long-term debt	(21,063)	-	-	-	**(21,063)**
Net exposure	(17,077)	2,411	(6,813)	2,591	**(18,888)**
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	121	341	-	**462**
OCI	$ -	$ -	$ -	$ (130)	**$ (130)**

	Entities with a CAD functional currency		Entities with a USD functional currency		
As at December 31, 2020	CAD	USD	CAD	USD	Total
Cash	$ 1,203	$ 1,341	$ (63)	$ 518	$ 2,999
Accounts receivable	2,984	2,191	400	1,763	7,338
Accounts payable	(5,261)	(395)	(790)	(275)	(6,721)
Inter-company amounts	5,605	-	(7,362)	1,757	-
Long-term debt	(20,942)	(55)	-	-	(20,997)
Net exposure	(16,411)	3,082	(7,815)	3,763	(17,381)
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	154	391	-	545
OCI	$ -	$ -	$ -	$ (188)	$ (188)

The Group is at times exposed to interest rate risk on its long-term debt (note 5) due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt outstanding at September 30, 2021, 1% 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, 2021		December 31, 2020
Floating instruments	$	210	$	-
Average balance		171		1,913
Impact on profit (loss) of a change in interest rates:				
-1%		2		19
+1%	$	(2)	$	(19)

13. 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, 2021 included $551 of salary and benefits and directors fees (2020 - $464) and $169 of share based compensation expense (2020 - $281).

During the nine month period ended September 30, 2021, the Company incurred legal fees of $3 (2020 - $15) with a law firm in which a director of the Company was a partner.

During the nine month period ended September 30, 2021, the Company incurred lease obligation payments of $135 (2020 - $135) with a president of one of the Company's wholly-owned subsidiaries.

14. 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 two separate businesses: Blaze King 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 three separate businesses: Unicast, Hawk and Northside.
- 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.

The Group's reporting of segment performance for the three and nine month periods ended September 30, 2021 and 2020 is as follows:

For the three months ended September 30, 2021		Finished Product		Component Manufacturing		Head Office		Total
Sales	$	8,041	$	8,459	$	-	$	16,500
Manufacturing costs		4,595		6,841		-		11,436
Gross profit		3,446		1,618		-		5,064
Profit (loss) before taxes		1,491		39		(937)		593
Income tax expense (recovery)		167		(80)		17		104
Profit (loss)		1,324		119		(954)		489
Total comprehensive income (loss)	$	1,358	$	110	$	(954)	$	514

For the three months ended September 30, 2020	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 7,434	$ 4,389	$ -	$ 11,823
Manufacturing costs	3,516	3,209	-	6,725
Gross profit	3,918	1,180	-	5,098
Profit (loss) before taxes	1,779	(176)	(967)	636
Income tax expense (recovery)	322	(90)	29	261
Profit (loss)	1,457	(86)	(996)	375
Total comprehensive income (loss)	$ 1,391	$ (100)	$ (996)	$ 295

For the nine months ended September 30, 2021	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 23,170	$ 21,469	$ -	$ **44,639**
Manufacturing costs	12,774	16,332	-	**29,106**
Gross profit	10,396	5,137	-	**15,533**
Profit (loss) before taxes	4,840	144	(3,029)	**1,955**
Income tax expense (recovery)	662	(139)	68	**591**
Profit (loss)	4,178	283	(3,097)	**1,364**
Total comprehensive income (loss)	$ 4,338	$ 293	$ (3,097)	$ **1,534**

For the nine months ended September 30, 2020	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 18,296	$ 15,347	$ -	$ 33,643
Manufacturing costs	8,974	10,611	-	19,585
Gross profit	9,322	4,736	-	14,058
Profit (loss) before taxes	4,001	(1,215)	(2,936)	(150)
Income tax expense (recovery)	722	(275)	111	558
Profit (loss)	3,279	(940)	(3,047)	(708)
Total comprehensive income (loss)	$ 3,422	$ (656)	$ (3,047)	$ (281)

The Group's reporting of segment financial condition as at September 30, 2021 and December 31, 2020 is as follows:

September 30, 2021	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	$ 13,145	$ 8,322	$ 253	$ **21,720**
Total current liabilities	4,609	5,282	929	**10,820**
Total assets	23,716	34,715	271	**58,702**
Total liabilities	$ 6,456	$ 8,315	$ 21,862	$ **36,633**

December 31, 2020	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	$ 10,479	$ 7,948	$ 139	$ 18,566
Total current liabilities	4,026	3,931	730	8,687
Total assets	20,530	35,683	172	56,385
Total liabilities	$ 6,007	$ 7,841	$ 21,269	$ 35,117

For the nine months ended September 30, 2021, the Group's largest two customers accounted for 24% of sales. For the nine months ended September 30, 2020, one of these customers was the Group's largest customer and accounted for 13% of sales. Sales from these two customers are included in the component manufacturing segment. Other than these two customers, the Group is not dependent on any other customer for more than 10% of its sales.