

Interim Condensed Consolidated Financial Statements of



# Decisive Dividend

— Corporation —

For the six months ended June 30, 2025

**Consolidated Statements of Financial Position**

(Unaudited - Expressed in thousands of Canadian dollars)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Cash	\$ 2,998	\$ 3,257
Accounts receivable	24,033	26,702
Inventory	27,847	24,889
Prepaid expenses and deposits	2,527	2,566
Total current assets	57,405	57,414
Property and equipment (note 4)	30,234	30,398
Intangible assets	31,770	33,083
Goodwill	44,651	44,333
<b>Total assets</b>	<b>\$ 164,060</b>	<b>\$ 165,228</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 21,400	\$ 22,177
Dividends payable (note 8)	893	886
Warranty provision	477	480
Customer deposits	255	227
Current portion of lease obligations (note 5)	2,404	2,385
Current portion of long-term debt (note 6)	79	202
Total current liabilities	25,508	26,357
Lease obligations (note 5)	9,440	10,591
Long-term debt (note 6)	61,512	60,252
Deferred income taxes	11,001	11,144
<b>Total liabilities</b>	<b>107,461</b>	<b>108,344</b>
<b>Equity</b>		
Share capital (note 7)	73,135	72,078
Contributed surplus	3,103	2,093
Cumulative profit	20,232	17,213
Cumulative dividends (note 8)	(43,161)	(37,819)
	53,309	53,565
Accumulated other comprehensive income	3,290	3,319
Total equity	56,599	56,884
<b>Total liabilities and equity</b>	<b>\$ 164,060</b>	<b>\$ 165,228</b>

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)

June 30,	For the Three Months Ended		For the Six Months Ended	
	2025	2024	2025	2024
<b>Sales</b> (note 9)	\$ 36,260	\$ 28,699	\$ 75,444	\$ 58,049
<b>Manufacturing costs</b> (note 10)	23,004	18,698	47,118	36,813
<b>Gross profit</b>	13,256	10,001	28,326	21,236
<b>Expenses</b>				
Amortization and depreciation	1,758	1,649	3,432	3,128
Financing costs (note 11)	1,277	1,454	2,656	2,670
Occupancy costs	600	533	1,191	1,108
Professional fees	342	694	823	1,204
Salaries, wages and benefits	5,961	4,877	12,521	10,069
Selling, general and administration	2,468	2,003	5,036	4,171
	12,406	11,210	25,659	22,350
<b>Operating profit (loss)</b>	850	(1,209)	2,667	(1,114)
<b>Other items</b>				
Other income	6	13	12	29
Foreign exchange gains (losses)	99	112	(27)	343
Gain on disposal of property and equipment (note 4)	1,681	31	1,684	34
	1,786	156	1,669	406
<b>Profit (loss) before income taxes</b>	2,636	(1,053)	4,336	(708)
<b>Income taxes</b>				
Current expense	339	67	1,527	468
Deferred expense (recovery)	248	(126)	(210)	(368)
	587	(59)	1,317	100
<b>Profit (loss)</b>	\$ 2,049	\$ (994)	\$ 3,019	\$ (808)
<b>Other comprehensive income (loss)</b>				
Foreign operation currency translation differences	(52)	40	(29)	373
<b>Total comprehensive income (loss)</b>	\$ 1,997	\$ (954)	\$ 2,990	\$ (435)
<b>Profit (loss) per share</b>				
Basic	0.10	(0.05)	0.15	(0.04)
Diluted	0.10	n/a	0.15	n/a
<b>Weighted average number of shares outstanding (000s):</b>				
Basic	19,817	19,375	19,774	19,210
Diluted	20,560	20,685	20,504	20,520

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)

	Share Capital		Contributed	Deficit		Accumulated Other Comprehensive	Total
	Number	Amount		Cumulative	Cumulative		
For the Six Months Ended June 30, 2025 and 2024	(000s)		Surplus	Dividends	Profit	Income	Equity
Balance, January 1, 2024	18,911	\$ 66,611	\$ 1,378	\$ (27,418)	\$ 15,202	\$ 1,978	\$ 57,751
Shares issued under ESPP	57	629	93	-	-	-	722
Shares issued under DRIP	138	1,234	-	-	-	-	1,234
Exercise of stock options and RSUs	148	587	(321)	-	-	-	266
Exercise of warrants	107	796	(35)	-	-	-	761
Share-based payment awards	-	-	448	-	-	-	448
Shares purchased and cancelled under NCIB	(8)	(55)	-	-	-	-	(55)
Shares issued to vendors on business acquisitions	58	603	-	-	-	-	603
Share issuance costs	-	(4)	-	-	-	-	(4)
Total comprehensive loss for the period	-	-	-	-	(808)	373	(435)
Dividends declared	-	-	-	(5,103)	-	-	(5,103)
Balance, June 30, 2024	19,411	\$ 70,401	\$ 1,563	\$ (32,521)	\$ 14,394	\$ 2,351	\$ 56,188
<b>Balance, January 1, 2025</b>	19,696	72,078	2,093	(37,819)	17,213	3,319	56,884
Shares issued under DRIP (note 7)	116	730	-	-	-	-	730
Exercise of RSUs (note 7)	48	403	(442)	-	-	-	(39)
Share-based payment awards (note 7)	-	-	1,452	-	-	-	1,452
Shares purchased and cancelled under NCIB (note 7)	(13)	(76)	-	-	-	-	(76)
Total comprehensive income for the period	-	-	-	-	3,019	(29)	2,990
Dividends declared (note 8)	-	-	-	(5,342)	-	-	(5,342)
<b>Balance, June 30, 2025</b>	<b>19,847</b>	<b>\$ 73,135</b>	<b>\$ 3,103</b>	<b>\$ (43,161)</b>	<b>\$ 20,232</b>	<b>\$ 3,290</b>	<b>\$ 56,599</b>

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)

June 30,	For the Three Months Ended		For the Six Months Ended	
	2025	2024	2025	2024
<b>Operating activities</b>				
Profit (loss)	\$ 2,049	\$ (994)	\$ 3,019	\$ (808)
Adjusted by:				
Amortization and depreciation	2,741	2,419	5,382	4,576
Financing costs	1,277	1,454	2,656	2,670
Share-based compensation	300	241	1,452	552
Foreign exchange (gains) losses	(99)	(112)	27	(343)
Inventory write-downs and obsolescence allowance	3	3	3	3
Gain on disposal of property and equipment (note 4)	(1,681)	(31)	(1,684)	(34)
Income tax expense (recovery)	587	(59)	1,317	100
	5,177	2,921	12,172	6,716
Changes in non-cash working capital (note 12)	(1,292)	(1,228)	(1,770)	(4,741)
	3,885	1,693	10,402	1,975
Income taxes paid	(386)	(1,466)	(1,689)	(2,188)
Cash provided by (used in) operating activities	3,499	227	8,713	(213)
<b>Financing activities</b>				
Proceeds from issuance of shares, net of repurchases	(29)	(30)	(71)	1,638
Dividends paid (note 8)	(2,290)	(2,112)	(4,611)	(3,771)
Proceeds from long-term debt	3,565	8,307	3,565	59,507
Repayment of long-term debt	(667)	(57)	(1,888)	(45,205)
Debt issuance costs	(240)	(142)	(289)	(703)
Lease payments	(599)	(524)	(1,168)	(958)
Interest paid	(1,190)	(1,389)	(2,488)	(2,581)
Cash provided by (used in) financing activities	(1,450)	4,053	(6,950)	7,927
<b>Investing activities</b>				
Acquisitions	-	(5,028)	-	(7,817)
Purchase of property and equipment	(2,846)	(1,493)	(3,840)	(2,051)
Proceeds on disposal of property and equipment (note 4)	1,805	31	1,814	51
Cash used in investing activities	(1,041)	(6,490)	(2,026)	(9,817)
<b>Increase (decrease) in cash during the period</b>	<b>1,008</b>	<b>(2,210)</b>	<b>(263)</b>	<b>(2,103)</b>
<b>Cash, beginning of period</b>	<b>2,069</b>	<b>4,211</b>	<b>3,257</b>	<b>4,050</b>
<b>Effect of movements in exchange rates</b>	<b>(79)</b>	<b>25</b>	<b>4</b>	<b>79</b>
<b>Cash, end of period</b>	<b>\$ 2,998</b>	<b>\$ 2,026</b>	<b>\$ 2,998</b>	<b>\$ 2,026</b>

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

**Notes to the Consolidated Financial Statements**

For the Three and Six Months Ended June 30, 2025 and 2024

(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 June 30, 2025, 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 and amalgamated as Capital I in December 2024.
- 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.
- Procore International Radiators Ltd. (“Procore”) and Micon Industries Ltd. (“Micon”); both acquired in April 2023 and amalgamated as Procore in December 2024.
- Techbelt Limited (“Techbelt”); acquired in April 2024.

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, including the cost of energy. Blaze King and ACR's businesses historically experience 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 "financial statements") for the period ended June 30, 2025 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting.

These financial statements were approved by the Audit Committee of the Company for issue on August 6, 2025.

### *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 Accounting Standards 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.

### *c) New IFRS Accounting Standards and interpretations not yet adopted*

Certain new IFRS Accounting Standards and amendments to IFRS Accounting Standards have been published that are not mandatory for 2025 reporting periods and have not been early adopted by the Company. There were no changes to management's assessment of the impact of new standards and amendments relevant to the Company from those described in the most recent annual financial statements.

## **3. Material Accounting Policies**

The material accounting policies and methods of computation used in the preparation of these financial statements are the same as those disclosed in Note 3 to the Company's 2024 audited consolidated financial statements.

#### 4. Property and Equipment

		Automotive	Manufacturing Equipment	Office Equipment	Computer Equipment	Leasehold Improvements	Right of Use Assets	Total
<b>Cost</b>								
Balance, January 1, 2025	\$	674	\$ 25,089	\$ 432	\$ 2,003	\$ 2,205	\$ 16,319	\$ 46,722
Additions		87	2,624	65	419	229	-	3,424
Acquired through business combination		-	-	-	-	-	-	-
Disposals		(20)	(205)	(1)	(72)	(12)	-	(310)
Effect of movements in exchange rates		(5)	(75)	(5)	(48)	(13)	(40)	(186)
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>736</b>	<b>\$ 27,433</b>	<b>\$ 491</b>	<b>\$ 2,302</b>	<b>\$ 2,409</b>	<b>\$ 16,279</b>	<b>\$ 49,650</b>
<b>Accumulated Depreciation</b>								
Balance, January 1, 2025	\$	370	\$ 9,550	\$ 194	\$ 1,278	\$ 825	\$ 4,107	\$ 16,324
Depreciation		54	1,622	28	131	201	1,408	3,444
Disposals		(16)	(114)	(1)	(54)	(9)	-	(194)
Effect of movements in exchange rates		(6)	(34)	(3)	(48)	(43)	(24)	(158)
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>402</b>	<b>\$ 11,024</b>	<b>\$ 218</b>	<b>\$ 1,307</b>	<b>\$ 974</b>	<b>\$ 5,491</b>	<b>\$ 19,416</b>
<b>Net Book Value</b>								
Balance, January 1, 2025	\$	304	\$ 15,539	\$ 238	\$ 725	\$ 1,380	\$ 12,212	\$ 30,398
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>334</b>	<b>\$ 16,409</b>	<b>\$ 273</b>	<b>\$ 995</b>	<b>\$ 1,435</b>	<b>\$ 10,788</b>	<b>\$ 30,234</b>

In Q2 2025, Northside finalized the insurance settlement on property and equipment lost in a 2024 fire. The property and equipment additions above include \$1,800 in equipment expenditures made or committed to, based on the corresponding receipt of \$1,800 in insurance proceeds. The receipt of insurance proceeds resulted in a gain on disposal of property and equipment of \$1,687, which was recognized in the consolidated statement of profit (loss) and comprehensive income (loss).

#### 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 2025 and March 2036. As at June 30, 2025, minimum lease payments required over the next five years were as follows:

For the twelve month periods ending June 30,	2025
2026	\$ 2,909
2027	2,746
2028	2,502
2029	1,724
2030	700
thereafter	3,109
	<b>13,690</b>
Less: interest portion	(1,846)
Less: current portion	(2,404)
	<b>\$ 9,440</b>

## 6. Long-term Debt

	Interest Rate	Effective Interest Rate	Maturity Date	Authorized	June 30, 2025 Outstanding	December 31, 2024 Outstanding
Syndicated credit facility	see below	6.0%	Jun-28	\$ 100,000	\$ 62,360	\$ 60,979
Equipment loans	2.5%	2.5%	Dec-25	79	79	202
				100,079	62,439	61,181
Less: current portion					(79)	(202)
Long-term portion					62,360	60,979
Less: debt issuance costs					(848)	(727)
Total long-term debt					\$ 61,512	\$ 60,252

The Company has a syndicated credit facility providing for a committed \$100,000 senior secured revolving term loan and a \$75,000 accordion, which the Company can request as an increase, in whole or in part, to the total amount available under the syndicated credit facility. The syndicate lenders include National Bank of Canada, Royal Bank of Canada and Fédération des caisses Desjardins du Québec, with National Bank of Canada acting as administrative agent on behalf of the syndicate.

There are no required principal payments for the committed three-year term of the syndicated credit facility, which also provides for annual extension provisions. In June 2025, the Company extended the term of the loan, and all drawn amounts now mature in June 2028.

Borrowings under the syndicated credit facility may be made by way of Canadian prime rate, U.S. base rate, Canadian overnight repo rate average ("CORRA") or United States Federal reserve secured overnight financing rate ("SOFR") advances. The syndicated credit facility bears interest at the Canadian prime rate or U.S. base rate plus 0.75% to 2.25%, or at CORRA or SOFR plus 2.00% to 3.50%. These interest rate ranges are dependent on certain financial ratios of the Company. In addition, standby fees ranging from 0.40% to 0.70% per annum are paid quarterly on the unused portion of the syndicated credit facility depending on certain financial ratios of the Company. There are no fees paid on the accordion until amounts are made available.

The syndicated credit facility is secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees. Additionally, the Company 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. In June 2025, the maximum total debt to adjusted EBITDA ratio was amended to 3.5 times from 3.25 times previously. As at June 30, 2025, the Company was in compliance with these ratios as follows:

	Threshold	June 30, 2025	December 31, 2024
Maximum total debt to adjusted EBITDA	3.5	2.6	3.1
Minimum interest coverage ratio	1.5	2.4	1.7

## 7. Share Capital

### a) Shares issued and outstanding

	Shares (000s)	Amount
Balance as at, January 1, 2025	19,696	\$ 72,078
Shares issued under DRIP	116	730
Exercise of stock options and RSUs	48	403
Shares purchased and cancelled under NCIB	(13)	(76)
<b>Balance as at, June 30, 2025</b>	<b>19,847</b>	<b>\$ 73,135</b>

The Company had the following share capital transactions for the six months ended June 30, 2025:

- (i) The Company issued 116,118 common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP")
- (ii) The Company issued 47,553 common shares on the exercise of stock options and RSUs.
- (iii) The Company purchased and cancelled 12,700 common shares pursuant to its normal course issuer bid ("NCIB").

Common shares that remained in escrow as at June 30, 2025 are as follows:

In (000s)	June 30, 2025
In relation to the acquisition of:	
ACR	56
Capital I	41
Micon	18
Procore	30
IHT	210
Techbelt	39
	<b>394</b>

### 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, 2025	783	\$ 7.09	\$ 0.32	0.25
Warrants expired	(783)	7.09	0.32	-
<b>Outstanding and exercisable, June 30, 2025</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

### 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"), performance share units ("PSUs"), 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,

PSU, 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:

<b>Stock Options</b>	<b>Number of options (000s)</b>	<b>Weighted average exercise price (\$)</b>	<b>Weighted average grant date fair value (\$)</b>	<b>Weighted average years remaining</b>
Outstanding and exercisable, January 1, 2025	208	\$ 4.72	\$ 0.87	5.30
Options issued	10	6.08	0.85	-
Options exercised	(2)	4.30	0.74	-
Options expired	(10)	7.98	1.95	-
<b>Outstanding and exercisable, June 30, 2025</b>	<b>206</b>	<b>\$ 4.63</b>	<b>\$ 0.82</b>	<b>4.82</b>

In the six months ended June 30, 2025, the Company recorded \$1 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 net of any recovery for unvested options that are forfeited.

To value the options granted in 2025, the Company used the Black-Scholes option-pricing model with the following assumptions: dividend yield of 8.9%; expected volatility of 36%; risk-free interest rate of 3.0%; forfeiture rate of 0%; market prices of \$6.07 and \$6.08 and a weighted average life of five years.

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

<b>Deferred Share Units</b>	<b>Number of DSUs (000s)</b>	<b>Number of DSUs exercisable (000s)</b>	<b>Weighted average grant date fair value (\$)</b>	<b>Weighted average years remaining</b>
Outstanding, January 1, 2025	102	-	\$ 6.74	NA
DSUs issued	140	-	6.00	-
DSUs from reinvested dividends	9	-	6.35	-
<b>Outstanding, June 30, 2025</b>	<b>251</b>	<b>-</b>	<b>\$ 6.00</b>	<b>NA</b>

In the six months ended June 30, 2025, the Company recorded \$899 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:

<b>Restricted Share Units</b>	<b>Number of RSUs (000s)</b>	<b>Number of RSUs exercisable (000s)</b>	<b>Weighted average grant date fair value (\$)</b>	<b>Weighted average years remaining</b>
Outstanding, January 1, 2025	132	-	\$ 8.86	1.84
RSUs issued	99	-	6.00	-
RSUs from reinvested dividends	8	-	7.55	-
RSUs exercised	(53)	-	8.51	-
<b>Outstanding, June 30, 2025</b>	<b>186</b>	<b>-</b>	<b>\$ 7.38</b>	<b>2.00</b>

In the six months ended June 30, 2025, the Company recorded \$393 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.

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

	Number of PSUs (000s)	Number of PSUs exercisable (000s)	Weighted average grant date fair value (\$)	Weighted average years remaining
<b>Performance Share Units</b>				
Outstanding, January 1, 2025	-	-	\$ -	-
PSUs issued	118	-	6.00	-
PSUs from reinvested dividends	4	-	6.00	-
<b>Outstanding, June 30, 2025</b>	<b>122</b>	<b>-</b>	<b>\$ 6.00</b>	<b>-</b>

In the six months ended June 30, 2025, the Company recorded \$102 of share-based compensation expense related to PSUs. This share-based compensation expense represents the estimated fair value of PSUs granted, amortized over the PSUs 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 June 30, 2025 and December 31, 2024:

	2025		2024	
	Per share	Dividend	Per share	Dividend
Month	(\$)	Amount (\$)	(\$)	Amount (\$)
January	\$ 0.045	\$ 887	\$ 0.040	\$ 758
February	0.045	889	0.045	860
March	0.045	890	0.045	865
April	0.045	891	0.045	875
May	0.045	892	0.045	873
June	0.045	893	0.045	873
July	-	-	0.045	877
August	-	-	0.045	881
September	-	-	0.045	884
October	-	-	0.045	884
November	-	-	0.045	885
December	-	-	0.045	886
<b>Total</b>	<b>\$ 0.270</b>	<b>\$ 5,342</b>	<b>\$ 0.535</b>	<b>\$ 10,401</b>

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid during the six months ended June 30, 2025, \$4,611 (2024 - \$3,771) were settled in cash and \$725 (2024 - \$1,215) were reinvested in additional common shares of the Company, pursuant to the DRIP.

Subsequent to June 30, 2025, and before these financial statements were authorized, the Company undertook the following dividend actions:

- A dividend of \$0.045 per share was declared on July 15, 2025, for shareholders of record on July 31, 2025, which is payable on August 15, 2025.

## 9. Sales

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

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Agricultural products	\$ 5,488	\$ 2,789	\$ 10,479	\$ 6,603
Hearth products	4,920	4,769	12,409	11,190
Industrial products	16,087	13,067	33,053	25,883
Merchandising products	3,810	4,207	7,945	7,206
Wear-part products	5,955	3,867	11,558	7,167
	\$ 36,260	\$ 28,699	\$ 75,444	\$ 58,049

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

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Canada	\$ 12,694	\$ 12,509	\$ 26,620	\$ 24,877
United States	18,920	12,557	38,878	26,382
Other	4,646	3,633	9,946	6,790
	\$ 36,260	\$ 28,699	\$ 75,444	\$ 58,049

## 10. Manufacturing Costs

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

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Labour and materials	\$ 20,211	\$ 16,965	\$ 41,713	\$ 33,164
Freight and shipping	1,736	920	3,223	2,053
Depreciation	983	770	1,950	1,448
Inventory write-downs and obsolescence allowance	3	3	3	3
Warranty charges	71	40	229	145
	\$ 23,004	\$ 18,698	\$ 47,118	\$ 36,813

## 11. Financing Costs

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

	For the three months ended		For the six months ended	
	June 30 2025	June 30 2024	June 30 2025	June 30 2024
Interest and bank charges	\$ 137	\$ 184	\$ 347	\$ 274
Interest on lease obligations	144	135	294	260
Interest on long-term debt	996	1,135	2,015	2,136
	\$ 1,277	\$ 1,454	\$ 2,656	\$ 2,670

## 12. Supplemental Cash Flow Information

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

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Accounts receivable	\$ 3,047	707	\$ 2,354	\$ 2,215
Inventory	(1,951)	(40)	(3,326)	(1,502)
Prepaid expenses and deposits	(1,033)	(603)	7	(905)
Accounts payable and accrued liabilities	(728)	(884)	(827)	(3,565)
Customer deposits	(621)	(218)	25	(784)
Warranty provision	(6)	(190)	(3)	(200)
	\$ (1,292)	\$ (1,228)	\$ (1,770)	\$ (4,741)

## 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, 2024.

At June 30, 2025, 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 and there was no material impact from any changes in the Group's credit risk since origination.

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, 2024.

The undiscounted cash flows arising from the contractual maturities of financial instruments are as follows:

June 30, 2025	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 21,400	\$ 21,400	\$ 17,507	\$ 3,893	\$ -
Dividends payable	893	893	893	-	-
Long-term debt	61,591	73,598	3,799	69,799	-
Lease obligations	11,844	13,688	2,909	7,670	3,109
	\$ 95,728	\$ 109,579	\$ 25,108	\$ 81,362	\$ 3,109

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 has a credit facility in place with its senior lenders that provides the Group access to a revolving term loan and an available accordion facility (note 6). 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:

	June 30, 2025	
Not yet due	\$ 19,444	84%
31-60 days overdue	1,957	8%
61-90 days overdue	932	4%
>90 days overdue	956	4%
Trade accounts receivable	23,289	100%
Less: expected credit losses	(224)	
Net trade accounts receivable	\$ 23,065	

At June 30, 2025, the Group expected to recover the full amount of its trade receivables, less any expected credit losses.

The functional currency for Blaze King USA is the United States dollar ("USD"), the functional currency for ACR and Techbelt is the British pound sterling ("GBP"), while all other entities in the Group have a Canadian dollar ("CAD") functional currency. Previously, Unicast also had a USD functional currency, however management determined that effective January 1, 2025, the functional currency for Unicast was the CAD. The Company's reporting currency is the CAD; 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 June 30, 2025	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	\$ (105)	\$ 1,431	\$ -	\$ 163	\$ -	\$ 1,509	\$ 2,998
Accounts receivable	10,831	11,039	-	506	-	1,657	24,033
Accounts payable	(16,789)	(1,265)	-	232	-	(3,578)	(21,400)
Dividend payable	(893)	-	-	-	-	-	(893)
Inter-company amounts	(513)	-	-	4,212	(3,699)	-	-
Long-term debt	(55,804)	(5,787)	-	-	-	-	(61,591)
Net exposure	(63,273)	5,418	-	5,113	(3,699)	(412)	(56,853)
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	271	-	-	185	-	456
OCI	\$ -	\$ -	\$ -	\$ (256)	\$ -	\$ 21	\$ (235)

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 June 30, 2025, 100% 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:

<b>Interest rate risk</b>	<b>June 30, 2025</b>
Floating instruments	\$ 62,360
Average balance	61,443
Impact on profit (loss) of a change in interest rates:	
-1%	614
+1%	\$ (614)

#### 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 six month period ended June 30, 2025 included \$771 of salaries, benefits and directors fees (2024 - \$829) and \$1,190 of share-based compensation expense (2024 - \$316).

#### 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. The businesses that are included in the finished product segment are detailed in note 1.
- The component manufacturing segment, which manufactures and sells products based on specifications determined by its customers for use in its customers' processes. The businesses that are included in the component manufacturing segment are detailed in note 1.
- 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 six month periods ended June 30, 2025 and 2024 is as follows:

<b>For the three months ended June 30, 2025</b>	<b>Finished Product</b>	<b>Component Manufacturing</b>	<b>Head Office</b>	<b>Total</b>
Sales	\$ 18,650	\$ 18,061	\$ (451)	\$ 36,260
Manufacturing costs	11,344	12,111	(451)	23,004
Gross profit	7,306	5,950	-	13,256
Profit (loss) before taxes	(53)	4,066	(1,377)	2,636
Income tax expense (recovery)	(257)	801	43	587
Profit (loss)	204	3,265	(1,420)	2,049
Total comprehensive income (loss)	\$ 138	\$ 3,279	\$ (1,420)	\$ 1,997

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended June 30, 2024	Finished Product	Component Manufacturing	Head Office	Total
Sales	\$ 15,596	\$ 13,342	\$ (239)	\$ 28,699
Manufacturing costs	9,681	9,256	(239)	18,698
Gross profit	5,915	4,086	-	10,001
Profit (loss) before taxes	531	1,172	(2,756)	(1,053)
Income tax expense (recovery)	(159)	77	23	(59)
Profit (loss)	690	1,095	(2,779)	(994)
Total comprehensive income (loss)	\$ 722	\$ 1,103	\$ (2,779)	\$ (954)

For the six months ended June 30, 2025	Finished Product	Component Manufacturing	Head Office	Total
Sales	\$ 40,469	\$ 36,232	\$ (1,257)	\$ 75,444
Manufacturing costs	24,160	24,215	(1,257)	47,118
Gross profit	16,309	12,017	-	28,326
Profit (loss) before taxes	3,146	6,068	(4,878)	4,336
Income tax expense	256	1,022	39	1,317
Profit (loss)	2,890	5,046	(4,917)	3,019
Total comprehensive income (loss)	\$ 3,127	\$ 4,780	\$ (4,917)	\$ 2,990

For the six months ended June 30, 2024	Finished Product	Component Manufacturing	Head Office	Total
Sales	\$ 31,941	\$ 26,972	\$ (864)	\$ 58,049
Manufacturing costs	19,631	18,046	(864)	36,813
Gross profit	12,310	8,926	-	21,236
Profit (loss) before taxes	1,166	3,435	(5,309)	(708)
Income tax expense (recovery)	(296)	346	50	100
Profit (loss)	1,462	3,089	(5,359)	(808)
Total comprehensive income (loss)	\$ 1,807	\$ 3,117	\$ (5,359)	\$ (435)

The Group's reporting of segment financial condition as at June 30, 2025 and December 31, 2024 is as follows:

June 30, 2025	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$ 41,721	\$ 15,263	\$ 421	\$ 57,405
Total current liabilities	8,479	9,652	7,377	25,508
Total assets	101,126	62,162	772	164,060
Total liabilities	\$ 21,688	\$ 16,878	\$ 68,895	\$ 107,461

December 31, 2024	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$ 39,877	\$ 16,338	\$ 1,199	\$ 57,414
Total current liabilities	10,394	9,027	6,936	26,357
Total assets	100,647	63,016	1,565	165,228
Total liabilities	\$ 24,388	\$ 16,766	\$ 67,190	\$ 108,344

For the six months ended June 30, 2025, the Group's largest customer accounted for 12% of sales (2024 – 15% 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.