Financial Statements of

Decisive Dividend Corporation

For the nine months ended September 30, 2019

Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	September 30, 2019	December 31, 2018
Assets		
Cash	$ **644**	$ 1,815
Accounts receivable	**10,174**	8,274
Inventory	**9,357**	7,064
Prepaid expenses and deposits	**844**	629
Total current assets	**21,019**	17,782
Right of use assets	**3,383**	-
Property and equipment	**5,469**	5,226
Intangible assets	**12,728**	7,882
Goodwill	**20,165**	13,439
Total assets	$ **62,764**	$ 44,329
Liabilities		
Accounts payable and accrued liabilities	**5,974**	4,562
Dividends payable (note 8)	**343**	331
Warranty provision	**372**	410
Customer deposits	**362**	283
Current portion of lease obligations (note 6)	**855**	-
Current portion of long-term debt (note 5)	**98**	1,673
Total current liabilities	**8,004**	7,259
Lease obligations (note 6)	**2,569**	-
Long-term debt (note 5)	**26,229**	11,602
Deferred income taxes	**3,629**	2,051
Total liabilities	**40,431**	20,912
Equity		
Share capital (note 7)	**30,889**	28,844
Contributed surplus	**1,224**	1,557
Cumulative profit	**783**	480
Cumulative dividends (note 8)	**(10,589)**	(7,578)
	22,307	23,303
Accumulated other comprehensive income	**26**	114
Total equity	**22,333**	23,417
Total liabilities and equity	$ **62,764**	$ 44,329

Commitments and contingencies (note 15)
Subsequent events (note 18)

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)

	For the Three Months Ended		For the Nine Months Ended	
September 30,	**2019**	2018	**2019**	2018
Sales (note 9)	**$ 12,122**	$ 13,616	**$ 33,124**	$ 24,379
Manufacturing costs (note 10)	**7,352**	8,731	**20,425**	14,936
Gross profit	**4,770**	4,885	**12,699**	9,443
Expenses				
Amortization and depreciation	**447**	295	**1,199**	583
Financing costs (note 11)	**461**	207	**881**	488
Occupancy costs	**180**	263	**525**	538
Professional fees	**415**	162	**593**	685
Salaries, wages and benefits	**1,917**	1,866	**5,671**	4,345
Selling, general and administration	**976**	856	**2,948**	2,227
	4,396	3,649	**11,817**	8,866
Operating income	**374**	1,236	**882**	577
Other items				
Interest income	**3**	3	**34**	4
Foreign exchange gains (losses)	**47**	(109)	**(276)**	485
Gain on sale of equipment	**23**	-	**23**	-
	73	(106)	**(219)**	489
Profit before income taxes	**447**	1,130	**663**	1,066
Income taxes				
Current expense	**249**	555	**464**	569
Deferred expense (recovery)	**(70)**	(97)	**(104)**	(186)
	179	458	**360**	383
Profit	**$ 268**	$ 672	**$ 303**	$ 683
Other comprehensive income (loss):				
Foreign operation currency translation differences	**30**	175	**(88)**	136
Total comprehensive income	**$ 298**	$ 847	**$ 215**	$ 819
Profit per share				
Basic	**0.02**	0.06	**0.03**	0.09
Diluted	**0.02**	0.06	**0.03**	0.08
Weighted average number of shares outstanding (000s):				
Basic	**11,262**	10,708	**11,037**	7,647
Diluted	**12,351**	11,706	**12,065**	8,380

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)

For the Nine Months Ended September 30, 2019 and 2018	Share Capital Number (000s)	Share Capital Amount	Contributed Surplus	Deficit Cumulative Dividends	Deficit Cumulative Profit (Loss)	Accumulated Other Comprehensive Loss	Total Equity
Balance, January 1, 2018	5,954	$ 10,575	$ 1,505	$ (4,348)	$ (70)	$ (301)	$ 7,361
Shares issued under ESPP (note 7)	24	93	(1)	-	-	-	92
Exercise of stock options (note 7)	57	253	(106)	-	-	-	147
Exercise of agent warrants (note 7)	50	258	(106)	-	-	-	152
Acquisition vendor shares released from escrow (note 7)	73	235	(235)	-	-	-	-
Share-based payment awards (note 7)	-	-	435	-	-	-	435
Shares issued to vendors on business acquisitions (note 7)	936	3,700	-	-	-	-	3,700
Shares issued for cash proceeds (note 7)	3,738	14,950	-	-	-	-	14,950
Share issuance costs (note 7)	-	(1,357)	-	-	-	-	(1,357)
Agent warrants issued as commission (note 7)	-	(54)	54	-	-	-	-
Total comprehensive income for the period	-	-	-	-	683	136	819
Dividends declared (note 8)	-	-	-	(2,240)	-	-	(2,240)
Balance, September 30, 2018	**10,832**	**$ 28,653**	**$ 1,546**	**$ (6,588)**	**$ 613**	**$ (165)**	**$ 24,059**
Balance, January 1, 2019	10,878	28,844	1,557	(7,578)	480	114	23,417
Shares issued under ESPP (note 7)	50	212	13	-	-	-	225
Shares issued under DRIP (note 7)	28	109	-	-	-	-	109
Exercise of agent warrants (note 7)	13	55	(3)	-	-	-	52
Acquisition vendor shares released from escrow (note 7)	147	469	(469)	-	-	-	-
Share-based payment awards (note 7)	-	-	126	-	-	-	126
Shares issued to vendors on business acquisitions (note 7)	317	1,200	-	-	-	-	1,200
Total comprehensive income for the period	-	-	-	-	303	(88)	215
Dividends declared (note 8)	-	-	-	(3,011)	-	-	(3,011)
Balance, September 30, 2019	**11,433**	**$ 30,889**	**$ 1,224**	**$ (10,589)**	**$ 783**	**$ 26**	**$ 22,333**

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)

	For the Three Months Ended		For the Nine Months Ended	
September 30,	**2019**	2018	**2019**	2018
Operating activities				
Profit	**$ 268**	$ 672	**$ 303**	$ 683
Adjusted by:				
Amortization and depreciation	**725**	514	**1,995**	1,034
Financing costs	**461**	207	**881**	488
Share-based compensation	**64**	308	**161**	459
Foreign exchange (gain) loss	**(47)**	109	**276**	(485)
Gain on sale of equipment	**(23)**	-	**(23)**	-
Income tax expense	**180**	370	**360**	383
	1,628	2,180	**3,953**	2,562
Changes in non-cash working capital (note 12)	**(2,059)**	(4,203)	**(2,719)**	(5,011)
	(431)	(2,023)	**1,234**	(2,449)
Income taxes paid	**(54)**	-	**(738)**	(520)
Cash provided by (used in) operating activities	**(485)**	(2,023)	**496**	(2,969)
Financing activities				
Proceeds from issuance of shares	**1**	1,953	**246**	13,960
Dividends paid (note 8)	**(963)**	(970)	**(2,894)**	(2,096)
Proceeds from long-term debt	**26,532**	27	**26,532**	13,919
Repayment of long-term debt	**(12,386)**	(429)	**(13,220)**	(8,801)
Debt issuance costs	**(224)**	(15)	**(299)**	(55)
Lease payments	**(252)**	-	**(536)**	-
Interest paid	**(334)**	(232)	**(745)**	(488)
Cash provided by financing activities	**12,374**	334	**9,084**	16,439
Investing activities				
Purchase of Slimline Manufacturing Ltd.	**-**	700	**-**	(5,300)
Purchase of Hawk Machine Works Ltd.	**-**	1,244	**-**	(9,556)
Purchase of Northside Industries Inc. (note 4)	**(11,282)**	-	**(11,282)**	-
Purchase of property and equipment	**(114)**	(90)	**(348)**	(322)
Proceeds from sale of property and equipment	**44**	-	**44**	-
Cash provided by (used in) investing activities	**(11,352)**	1,854	**(11,586)**	(15,178)
Increase (decrease) in cash during the period	**537**	165	**(2,006)**	(1,708)
Cash (bank indebtedness), beginning of period	**(787)**	(169)	**1,815**	1,184
Effect of movements in exchange rates	**13**	11	**(46)**	17
Cash acquired (note 4)	**881**	(63)	**881**	451
Cash (bank indebtedness), end of period	**$ 644**	$ (56)	**$ 644**	$ (56)

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, 2019
(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.

The Company is an acquisition-oriented corporation focused on opportunities in the manufacturing sector. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows.

As at September 30, 2019, the principal wholly-owned operating subsidiaries of the Company are Valley Comfort Systems Inc. ("VCSI"), Blaze King Industries Inc. ("Blaze King USA"), Unicast Inc. ("Unicast"), Slimline Manufacturing Ltd., Slimline Manufacturing (2016) Ltd., Hawk Machine Works Ltd. ("Hawk"), and Northside Industries Inc. ("Northside"). VCSI and Blaze King USA are referred to herein collectively as "Blaze King". Slimline Manufacturing Ltd. and Slimline Manufacturing (2016) Ltd. are referred to herein collectively as "Slimline".

Northside was acquired on August 16, 2019, Slimline was acquired on May 30, 2018 and Hawk was acquired on June 28, 2018.

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 Unicast's or Northside's businesses. In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. The Company strives to acquire subsidiaries that diversify the seasonality of the portfolio in order to mitigate the effect of seasonality of the interim results.

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, 2019 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 19, 2019.

b) *Judgments*

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. 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) *Accounting estimates and assumptions*

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.

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 Group's 2018 audited financial statements, except for the adoption of IFRS 16 as described below.

Effective January 1, 2019, the Company adopted IFRS 16: *Leases*. IFRS 16 eliminated the previous dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, most operating leases become an on-balance sheet liability that attracts interest, together with a corresponding right-of-use asset, which is depreciated. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information is not restated and is reported under the accounting standards in effect for those comparative periods. Prior to 2019, leases of office and shop premises were classified as operating leases and the related costs were included in occupancy costs or manufacturing costs.

Effective January 1, 2019, the Company recognized lease obligations of $2,112 related to its operating lease commitments which were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use assets were measured at the lease obligation amounts, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard: (i) leases of low dollar value will continue to be expensed as incurred; and (ii) the Company did not apply any grandfathering practical expedients.

4. Acquisitions

Northside Industries Inc.

On August 16, 2019, the Company acquired all of the shares of Northside, a privately held specialty manufacturing company based in West Kelowna, British Columbia. The components of the consideration paid to acquire Northside are as follows:

Cash	$	11,282
Shares		1,200
Contingent consideration		1,006
	$	13,488

The purchase price included a payment of cash, including customary post-closing adjustments, and the issuance of common shares (note 7) to the vendors, plus up to an additional $4,000 contingent on Northside 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 Company is still determining the final allocation of the purchase price and expects to complete the allocation in the fourth quarter of 2019. The preliminary allocation of the purchase price, to the fair value of the assets acquired and liabilities assumed is, as follows:

Cash	$	881
Accounts receivable		1,431
Prepaid expenses and deposits		37
Inventory		833
Right of use asset		1,774
Property and equipment		787
Intangible assets		5,560
Goodwill		6,795
Accounts payable and accrued liabilities		(1,143)
Warranty provision		(26)
Lease obligation		(1,774)
Deferred income taxes		(1,667)
	$	13,488

The Group incurred acquisition-related costs of $328 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.

The consolidated statement of profit includes revenue of $1,529 and a loss of $86 for the period from acquisition to September 30, 2019. Had the business combination been effective from January 1, 2019, the Group would have recognized revenue of $11,351 and profit of $1,056 for the nine months ended September 30, 2019.

5. Long-term Debt

	Monthly Principal Payment	Interest Rate	Maturity Date	Authorized	September 30, 2019 Outstanding	December 31, 2018 Outstanding
Revolving term loan (a)	$ -	(a)	Aug-22	$ 10,000	**$ 5,490**	$ -
Non-amortizing term loan (b)	-	8.0%	Aug-22	21,200	**20,945**	-
Amortizing term loan (c)	-	(c)	-	-	**-**	12,847
Equipment finance loans (c)	-	5.1%-5.8%	-	-	**-**	213
Equipment finance loans (d)	8	2.2%-4.2%	Apr-21-Jul-21	180	**180**	259
					26,615	13,319
Less: current portion					**(98)**	(1,673)
Long-term portion					**26,517**	11,646
Less: debt issuance costs					**(288)**	(44)
Total long-term debt					**$ 26,229**	$ 11,602

On August 16, 2019, the Company entered into a credit agreement with its senior lenders, the Bank of Nova Scotia ("BNS") and Roynat Capital Inc., a subsidiary of BNS, to refinance the Company's pre-existing BNS debt and fund the cash portion of the Northside acquisition (note 4). In August 2019, the pre-existing BNS credit facilities outlined in (c) below, were replaced with 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.

c) Prior to August 16, 2019, the Company's credit facilities with BNS consisted of: a $5,000 operating loan, subject to a borrowing base and bearing interest at the lender's prime rate plus 0.75%; a $1,000 equipment financing term revolving loan, requiring installments of $22 per quarter and bearing interest at the lender's base leasing rate plus a spread determined at the time of the transaction; and a term loan paid through monthly instalments of $125 plus interest at the bank's prime rate plus 1.25% or bankers' acceptances plus 2.50%.

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 EBITDA of 3.0:1
- Minimum fixed charge coverage ratio of 1.1:1

As at September 30, 2019, the Group was in compliance with these ratios.

d) The Group also has equipment finance loans with Trumpf Finance, which are secured by the related equipment.

As at September 30, 2019, principal payments required over the next three years on the Company's long-term debt were estimated as follows:

For the years ending September 30,		
2020	$	98
2021		82
2022		26,435
		26,615
Less: current portion		(98)
Long-term portion	$	26,517

6. 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 2020 and October 2024. Minimum lease payments required over the next five years are as follows:

For the years ending September 30,		
2020	$	998
2021		870
2022		785
2023		646
2024		490
		3,789
Less: interest portion		(365)
Less: current portion		(855)
	$	2,569

The associated right of use assets were initially measured at their lease obligation amounts. During the nine month period ended September 30, 2019, amortization of right of use assets of $502 was included in depreciation and amortization expense.

7. Share Capital

a) Shares issued and outstanding

	Shares (000s)		Amount
Balance as at January 1, 2018	5,954	$	10,575
Shares issued under ESPP	24		93
Exercise of stock options	78		344
Exercise of agent warrants	50		259
Acquisition vendor shares released from escrow	73		235
Shares issued to vendors on business acquisitions	961		3,799
Shares issued for cash proceeds	3,738		14,950
Share issuance costs	-		(1,357)
Agent warrants issued as commission	-		(54)
Balance as at, December 31, 2018	**10,878**		**28,844**
Shares issued under ESPP	50		212
Shares issued under DRIP	28		109
Exercise of agent warrants	13		55
Acquisition vendor shares released from escrow	147		469
Shares issued to vendors on business acquisitions	317		1,200
Balance as at September 30, 2019	**11,433**	**$**	**30,889**

The Company had the following share capital transactions for the nine months ended September 30, 2019:

(i) The Company issued 50,164 common shares pursuant to the employee share purchase plan (the "ESPP").

(ii) The Company issued 28,480 common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP").

(iii) The Company issued 13,000 common shares on the exercise of agent warrants.

(iv) The Company released from escrow 146,666 common shares related to the Unicast acquisition that had been treated as share-based compensation, and so prior to release, these common shares were considered issued but not outstanding for accounting purposes.

(v) As part of the consideration paid for the acquisition of Northside (note 4), on August 16, 2019, the Company issued 316,539 common shares to the vendors of Northside at a price of $3.79 per share.

Common shares that remain in escrow are as follows:

In (000s)	**September 30, 2019**	December 31, 2018
In relation to:		
Acquisition of Unicast	**-**	183
Acquisition of Slimline	**189**	283
Acquisition of Hawk	**452**	678
Acquisition of Northside	**317**	-
	958	1,144

b) Warrants

The Company has 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, 2018	54	$	3.00	$	2.16	0.46
Warrants issued	243		4.00		0.19	-
Warrants exercised	(50)		3.03		2.10	-
Warrants expired	(5)		3.00		2.16	-
Outstanding and exercisable, December 31, 2018	**242**	**$**	**4.00**	**$**	**0.22**	**1.01**
Warrants exercised	(13)		4.00		0.23	-
Outstanding and exercisable, September 30, 2019	**229**	**$**	**4.00**	**$**	**0.22**	**0.25**

c) Equity Incentives

The Company has an equity incentive plan, which enables it to grant deferred share units, restricted share units and stock options to the directors, officers, and employees of the Company or any of its affiliates or designated service providers. The aggregate of all deferred share units, restricted share units and option grants cannot exceed 10% of the issued and outstanding common shares of the Company. Prior to shareholder approval of the equity incentive plan in July 2019, the Company had a stock option plan which allowed it to grant stock options up to 10% of the issued and outstanding common shares of the Company. The Company measures these amounts at fair value at the grant date and compensation expense is recognized over the vesting period.

The Company has granted stock options to various officers, directors, and employees of the Company 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, 2018	507	$	2.92	$	1.91	7.89
Options issued	385		4.34		0.69	-
Options exercised	(78)		2.58		1.87	-
Outstanding and exercisable, December 31, 2018	**814**	**$**	**3.62**	**$**	**1.34**	**8.41**
Options issued	100		3.85		0.48	-
Options expired	(45)		4.35		0.69	-
Outstanding and exercisable, September 30, 2019	**869**	**$**	**3.61**	**$**	**1.27**	**7.80**

In 2019, the Company recorded $48 of share-based compensation expense related to stock options issued in July 2019. This share-based compensation expense represents the estimated fair value of the stock options granted in 2019, using the Black-Scholes option–pricing model with the following assumptions: dividend yield of 9.4%; expected volatility of 37%; risk-free interest rate of 1.6%; forfeiture rate of 0%; market price of $3.85, and weighted average lives of five years. The options vested immediately on grant.

Subsequent to the end of the quarter, 55,000 restricted share units were granted at a fair market value of $3.83 per share and 20,000 stock options were granted at an exercise price of $3.85 per share.

8. Dividends

The Company's dividend policy is to pay dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Company's Board of Directors regularly examines the dividends paid to shareholders.

The following dividends were declared and paid during the three and nine months ended September 30, 2019 and the year ended December 31, 2018, other than the September 30, 2019 and December 31, 2018 dividends, which were paid subsequent to period end:

	2019		2018	
Month	**Per share ($)**	**Dividend Amount ($)**	**Per share ($)**	**Dividend Amount ($)**
January	$ 0.03	331	$ 0.03	$ 186
February	0.03	331	0.03	186
March	0.03	332	0.03	186
April	0.03	332	0.03	187
May	0.03	333	0.03	195
June	0.03	333	0.03	312
July	0.03	333	0.03	329
August	0.03	343	0.03	329
September	0.03	343	0.03	329
October	-	-	0.03	330
November	-	-	0.03	330
December	-	-	0.03	331
Total	**$ 0.27**	**$ 3,011**	**$ 0.36**	**$ 3,230**

Of the dividends paid during the nine months ended September 30, 2019, $2,894 were settled in cash and $117 were reinvested in additional common shares of the Company, pursuant to the DRIP.

9. 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, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Manufactured products	**$ 11,806**	$ 13,302	**$ 31,760**	$ 23,866
Retail products	**316**	314	**1,364**	513
	$ 12,122	$ 13,616	**$ 33,124**	$ 24,379

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, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Agricultural products	**$ 1,140**	$ 1,139	**$ 5,868**	$ 1,649
Cast wear-part products	**2,170**	2,178	**6,775**	6,177
Hearth products	**3,474**	4,243	**10,252**	10,423
Industrial products	**1,529**	-	**1,937**	-
Machined products	**3,809**	6,056	**8,292**	6,130
	$ 12,122	$ 13,616	**$ 33,124**	$ 24,379

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, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Canada	**$ 6,731**	$ 9,150	**$ 16,177**	$ 12,244
United States	**4,867**	3,844	**14,666**	10,558
Other	**524**	622	**2,281**	1,577
	$ 12,122	$ 13,616	**$ 33,124**	$ 24,379

10. Manufacturing Costs

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Labour and materials	**$ 6,501**	$ 7,548	**$ 17,690**	$ 12,648
Freight and shipping	**610**	631	**1,943**	1,375
Depreciation	**278**	220	**796**	451
Fair value adjustment on acquisition	**-**	275	**-**	336
Warranty charges	**(37)**	57	**(4)**	126
	$ 7,352	$ 8,731	**$ 20,425**	$ 14,936

11. 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 2019	September 30 2018	**September 30 2019**	September 30 2018
Interest and bank charges	**$ 115**	$ 89	**$ 194**	$ 141
Interest on lease obligations	**35**	-	**82**	-
Interest on long-term debt	**311**	118	**605**	347
	$ 461	$ 207	**$ 881**	$ 488

12. Working Capital

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

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Accounts receivable	**$ (1,159)**	(4,560)	**$ (643)**	$ (4,021)
Inventory	**(896)**	(650)	**(1,460)**	(756)
Prepaid expenses and deposits	**(316)**	(252)	**(178)**	(204)
Accounts payable and accrued liabilities	**328**	1,101	**(454)**	(161)
Customer deposits	**3**	160	**79**	106
Warranty provision	**(19)**	(2)	**(63)**	25
	$ (2,059)	(4,203)	**$ (2,719)**	$ (5,011)

13. Financial Instruments and Risk Management

The Group's financial instruments consist of cash, accounts receivable, bank indebtedness, 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, 2018.

At September 30, 2019, the carrying amounts of cash, accounts receivable, bank indebtedness, 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 current 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, 2018.

The contractual maturities of financial instruments are as follows:

September 30, 2019	**Carrying value**	**Total contractual cash flows**	**Within one year**	**Two to five years**	**More than five years**
Accounts payable	$ 5,974	$ 5,974	$ 5,974	$ -	$ -
Dividends payable	343	343	343	-	-
Long-term debt	26,327	31,734	2,051	29,683	-
Lease obligations	3,424	3,789	998	2,791	-
	$ 36,068	$ 41,840	$ 9,366	$ 32,474	$ -

December 31, 2018	**Carrying value**	**Total contractual cash flows**	**Within one year**	**Two to five years**	**More than five years**
Accounts payable	$ 4,562	$ 4,562	$ 4,562	$ -	$ -
Dividends payable	331	331	331	-	-
Long-term debt	13,275	14,659	2,269	12,390	-
Lease obligations	-	2,321	663	1,658	-
	$ 18,168	$ 21,873	$ 7,825	$ 14,048	$ -

The following details the aging of the Company's trade accounts receivable:

		September 30, 2019			December 31, 2018	
Current	**$**	**5,254**	***52.6%***	$	3,618	*45.7%*
31-60 days		**2,254**	***22.6%***		1,922	*24.3%*
61-90 days		**637**	***6.4%***		803	*10.1%*
>90 days		**1,844**	***18.4%***		1,577	*19.9%*
	$	**9,989**	***100.0%***	$	7,920	*100.0%*

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**		
2019	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash (bank indebtedness)	$ 330	$ 277	$ (230)	$ 267	**$ 644**
Accounts receivable	5,766	1,841	274	2,293	**10,174**
Accounts payable	(4,896)	(304)	(116)	(658)	**(5,974)**
Dividend payable	(343)	-	-	-	**(343)**
Inter-company amounts	8,190	(613)	(7,577)	-	**-**
Long-term debt	(26,147)	(180)	-	-	**(26,327)**
Net exposure	(17,101)	1,021	(7,649)	1,902	**(21,827)**
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	51	382	-	**433**
OCI	$ -	$ -	$ -	$ (95)	**$ (95)**

	Entities with a CAD functional currency		**Entities with a USD functional currency**		
2018	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 1,451	$ 761	$ (840)	$ 443	**$ 1,815**
Accounts receivable	2,369	2,515	549	2,841	**8,274**
Accounts payable	(2,547)	(815)	(272)	(928)	**(4,562)**
Dividend payable	(331)	-	-	-	**(331)**
Inter-company amounts	7,367	255	(7,622)	-	**-**
Long-term debt	(12,996)	(279)	-	-	**(13,275)**
Net exposure	(4,687)	2,437	(8,185)	2,356	**(8,079)**
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	122	409	-	**531**
OCI	$ -	$ -	$ -	$ (118)	**$ (118)**

The calculations above are based on the Group's consolidated statement of financial position exposure at September 30, 2019 and December 31, 2018 respectively.

The Group is 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 at September 30, 2019, 21% was variable rate (December 31, 2018 - 96%). 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, 2019**		December 31, 2018
Floating instruments	**$**	**5,490**	$	12,847
Average balance		**11,374**		10,624
Impact on profit (loss) of a change in interest rates:				
-1%		**114**		106
+1%	**$**	**(114)**	$	(106)

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, 2019 included $515 of salary and benefits (2018 - $158) and $5 of share based compensation expense (2018 - $211).

During the nine month period ended September 30, 2019, the Company incurred legal fees of $22 (2018 - $33) with a law firm in which a director of the Company was a partner.

During the nine month period ended September 30, 2019, the Company made lease obligation payments of $135 (2018 - $45) to a president of one of the Company's wholly-owned subsidiaries.

15. Commitments and Contingencies

In January 2017, the Company announced that it had been made aware of a notice of motion filed with the Ontario Superior Court by Constance Weller, Gerald Weller, Adrianne Latimour and Tara Pengally, the plaintiffs in a civil claim (the "Claim") requesting an order granting the plaintiffs leave to amend their statement of claim to, among other things, add two of the Company's subsidiaries, Valley Comfort Systems Inc. and Blaze King Industries Canada Ltd. as defendants to the Claim.

Under the Claim, the four individual plaintiffs seek aggregate damages against the defendants of $11,000, plus aggregate punitive, aggravated or exemplary damages of $10,000, $200 in damages pursuant to the Family Law Act (Ontario) and prejudgment interest, costs and such other relief as the court deems just.

Management of the Company believes that the Claim against the named subsidiaries is without merit, and therefore has not accrued for the amounts claimed. In the event that court grants the motion allowing the statement of claim to be amended, each of the named subsidiaries will vigorously defend themselves against the Claim.

In the event that the requested motion is granted, and damages are ultimately awarded against the named subsidiaries, management of the Company believes damages of up to $10,000 would be insured, which is the limit on the insurance policy. The named subsidiaries have notified their insurance company of the notice of motion.

As part of normal ongoing operations, it is possible that the Company and its subsidiaries could become involved in litigation and claims from time-to-time. Other than the Claim noted above, Management is not presently aware of any litigation or claims where likelihood and quantum of liability can be reasonably estimated and which would materially affect the financial position or financial performance of the Company. Additionally, the Company may provide indemnifications, in the normal course of business, that are often standard contractual terms to counterparties in certain transactions, such as purchase and sale agreements or sales and service contracts. The terms of these indemnifications will vary based upon the contract and the nature of which prevents the Company from making a reasonable estimate of the maximum potential amounts that may be required to be paid. In the event that managements estimate of the future resolution of these and other matters, including tax matters, changes, the Company will recognize the effects of these changes in the financial statements on the date such changes occur.

17. 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, 2019 and 2018 is as follows:

For the three months ended September 30, 2019	**Finished Product**	**Component Manufacturing**	**Head Office**	**Total**
Sales	$ 4,614	$ 7,508	$ -	$ **12,122**
Manufacturing costs	2,629	4,723	-	**7,352**
Gross margin	1,985	2,785	-	**4,770**
Profit before taxes	139	1,398	(1,090)	**447**
Income tax expense (recovery)	(42)	287	(66)	**179**
Profit (loss)	182	1,111	(1,025)	**268**
Total comprehensive income (loss)	$ 206	$ 1,117	$ (1,025)	$ **298**

For the three months ended September 30, 2018	**Finished Product**	**Component Manufacturing**	**Head Office**	**Total**
Sales	$ 5,382	$ 8,234	$ -	$ 13,616
Manufacturing costs	3,452	5,279	-	8,731
Gross margin	1,930	2,955	-	4,885
Profit before taxes	222	1,613	(705)	1,130
Income tax expense (recovery)	78	372	8	458
Profit (loss)	144	1,240	(712)	672
Total comprehensive income (loss)	$ 104	$ 1,455	$ (712)	$ 847

For the nine months ended September 30, 2019	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 16,528	$ 16,596	$ -	$ **33,124**
Manufacturing costs	9,727	10,698	-	**20,425**
Gross margin	6,801	5,898	-	**12,699**
Profit before taxes	1,224	1,645	(2,206)	**663**
Income tax expense (recovery)	126	232	2	**360**
Profit (loss)	1,098	1,413	(2,208)	**303**
Total comprehensive income (loss)	$ 1,062	$ 1,361	$ (2,208)	$ **215**

For the nine months ended September 30, 2018	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 12,072	$ 12,307	$ -	$ 24,379
Manufacturing costs	7,658	7,278	-	14,936
Gross margin	4,414	5,029	-	9,443
Profit before taxes	285	2,731	(1,950)	1,066
Income tax expense (recovery)	60	326	(3)	383
Profit (loss)	225	2,405	(1,947)	683
Total comprehensive income (loss)	$ 289	$ 2,477	$ (1,947)	$ 819

The Group's reporting of segment financial condition as at September 30, 2019 and December 31, 2018 is as follows:

September 30, 2019	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	$ 8,608	$ 12,339	$ 72	$ **21,019**
Total current liabilities	1,948	4,196	1,860	**8,004**
Total assets	19,052	43,580	132	**62,764**
Total liabilities	$ 3,753	$ 9,093	$ 27,585	$ **40,431**

December 31, 2018	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	$ 7,890	$ 9,646	$ 246	$ 17,782
Total current liabilities	2,039	2,914	2,306	7,259
Total assets	18,878	23,590	1,861	44,329
Total liabilities	$ 3,579	$ 4,264	$ 13,069	$ 20,912

For the nine month period ended September 30, 2019, the Group's largest customer accounted for 22% of sales. Sales from this customer are included in the component manufacturing segment. Other than this customer, the Group is not dependent on any other single customer for a significant portion of their sales.

18. Events after the Reporting Period

Except as disclosed elsewhere in these financial statements, the following events occurred subsequent to September 30, 2019 and before these financial statements were authorized.

(i) Dividends declared:

- a dividend of $0.03 per share was declared on October 15, 2019 for shareholders of record on October 31, 2019 and was paid on November 15, 2019.
- a dividend of $0.03 per share was declared on November 15, 2019 for shareholders of record on November 29, 2019 and will be paid on December 13, 2019.