Consolidated Financial Statements of

Decisive Dividend Corporation

For the year ended December 31, 2024

Independent auditor's report

To the Shareholders of Decisive Dividend Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Decisive Dividend Corporation and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of profit and comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment tests of goodwill and brand intangible assets related to Innovative Heating Technology (IHT), Hawk Machine Works (HMW), and Marketing Impact Ltd. (MIL) *Refer to note 2 – Basis of preparation and statement of compliance, note 3 – Material accounting policies, note 8 – Intangible assets and note 9 – Goodwill to the consolidated financial statements.* As at December 31, 2024, the Company had goodwill of $44.3 million and brand intangible assets of $4.2 million, which includes amounts related to IHT, HMW, and MIL (each, a CGU). Indefinite life assets (which include brand intangible assets and goodwill) are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired. In assessing impairment, management estimates the recoverable amount of each CGU, which is the lowest level for which identifiable cash flows are largely independent of the cash inflows of other assets. The recoverable amount is the higher of fair value less cost of disposal and value in use. An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. As at December 31, 2024, annual impairment tests were performed and management has estimated the recoverable amounts of each CGU based on the value-in-use method using discounted cash flow models. Significant assumptions used by management in estimating the recoverable amount of each CGU, included revenue growth rates, operating margins and discount rates, as applicable.	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amounts of each of the CGUs, which included the following: – Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models. – Tested the reasonableness of the revenue growth rates and operating margins used by management in the discounted cash flow models by comparing them to management prepared budgets, available third party published economic data and the results historically achieved by the Company. – Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the discount rates applied by management based on available data of comparable companies. – Tested the underlying data used by management in the discounted cash flow models. – Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the significant assumptions used by management related to each of the CGUs.

Key audit matter	How our audit addressed the key audit matter
As a result of the 2024 impairment tests, $3.8 million in impairment losses were recognized. We considered this a key audit matter due to the judgment by management in determining the recoverable amounts of each of the CGUs, including the development of significant assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	
Valuation of customer relationships acquired in the Techbelt Limited business combination *Refer to note 2 – Basis of preparation and statement of compliance, note 4 – Acquisitions and note 8 – Intangible assets to the consolidated financial statements.* During the year, the Company acquired Techbelt Limited (Techbelt) for a total combined consideration of $6.2 million. The fair value of the identifiable assets acquired from the acquisition of Techbelt was $2.0 million in intangible assets, which included $1.5 million in customer relationships. Management applied judgment in estimating the fair value of the customer relationships. To estimate the fair value of the customer relationships, management used the excess earnings method through a discounted cash flow model. Significant assumptions used by management in the valuation of the customer relationships acquired in the Techbelt business combination include projected revenues and operating margin forecasts.	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated the fair values of the customer relationships, which included the following: – Read the purchase agreement. – Evaluated the appropriateness of the method used and the mathematical accuracy of the discounted cash flow model. – Evaluated the reasonableness of significant assumptions used by management related to projected revenues and operating margin forecasts by considering the past performance of Techbelt, management prepared budgets and similar prior acquisitions made by the Company, as applicable. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to significant judgment by management in estimating the fair values of the customer relationships, including the development of significant assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management which included projected revenues and operating margin forecasts. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	management's method and discounted cash flow model. – Tested the underlying data used by management in the discounted cash flow model.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Neale.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 18, 2025

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	December 31, 2024	December 31, 2023
Assets		
Cash	**$ 3,257**	$ 4,050
Accounts receivable (note 5)	**26,702**	22,647
Inventory (note 6)	**24,889**	24,351
Prepaid expenses and deposits	**2,566**	1,399
Total current assets	**57,414**	52,447
Property and equipment (note 7)	**30,398**	23,776
Intangible assets (note 8)	**33,083**	32,648
Goodwill (note 9)	**44,333**	43,696
Total assets	**$ 165,228**	$ 152,567
Liabilities		
Accounts payable and accrued liabilities (note 10)	**$ 22,177**	$ 26,107
Dividends payable (note 16)	**886**	756
Warranty provision (note 11)	**480**	700
Customer deposits	**227**	1,281
Current portion of lease obligations (note 12)	**2,385**	1,693
Current portion of long-term debt (note 13)	**202**	224
Total current liabilities	**26,357**	30,761
Lease obligations (note 12)	**10,591**	9,014
Long-term debt (note 13)	**60,252**	45,037
Deferred income taxes (note 14)	**11,144**	10,004
Total liabilities	**108,344**	94,816
Equity		
Share capital (note 15)	**72,078**	66,611
Contributed surplus	**2,093**	1,378
Cumulative profit	**17,213**	15,202
Cumulative dividends (note 16)	**(37,819)**	(27,418)
	53,565	55,773
Accumulated other comprehensive income	**3,319**	1,978
Total equity	**56,884**	57,751
Total liabilities and equity	**$ 165,228**	$ 152,567

Approved on behalf of the Board of Directors:

"James Paterson" Director *"Michael Conway"* Director

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

Consolidated Statements of Profit and Comprehensive Income

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

For the Years Ended December 31,	**2024**	2023
Sales (note 18)	**$ 127,853**	$ 134,881
Manufacturing costs (note 19)	**79,984**	82,118
Gross profit	**47,869**	52,763
Expenses		
Amortization and depreciation	**6,490**	5,145
Financing costs (note 20)	**5,639**	3,795
Occupancy costs	**2,191**	1,902
Professional fees	**2,036**	2,715
Salaries, wages and benefits	**20,535**	19,263
Selling, general and administration	**8,701**	8,203
	45,592	41,023
Operating profit before other items	**2,277**	11,740
Other items		
Other income (note 10)	**4,538**	9
Foreign exchange gains (losses)	**854**	(96)
Impairment losses (notes 8 and 9)	**(4,456)**	-
Gain on sale of equipment	**44**	97
	980	10
Profit before income taxes	**3,257**	11,750
Income taxes (note 14)		
Current expense	**836**	4,274
Deferred expense (recovery)	**410**	(857)
	1,246	3,417
Profit	**$ 2,011**	$ 8,333
Other comprehensive income		
Foreign operation currency translation differences	**1,341**	153
Total comprehensive income	**$ 3,352**	$ 8,486
Profit per share		
Basic	**0.10**	0.48
Diluted	**0.10**	0.45
Weighted average number of shares outstanding (000s):		
Basic	**19,404**	17,323
Diluted	**19,814**	18,531

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

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

For the Years Ended December 31, 2024 and 2023	Share Capital Number (000s)	Share Capital Amount	Contributed Surplus	Deficit Cumulative Dividends	Deficit Cumulative Profit	Accumulated Other Comprehensive Income	Total Equity
Balance, January 1, 2023	14,888	$ 44,094	$ 1,028	$ (19,686)	$ 6,869	$ 1,825	$ 34,130
Shares issued under ESPP (note 15)	91	490	45	-	-	-	535
Shares issued under DRIP (note 15)	333	2,224	-	-	-	-	2,224
Exercise of stock options and RSUs (note 15)	115	385	(201)	-	-	-	184
Exercise of warrants (note 15)	938	5,108	(276)	-	-	-	4,832
Share-based payment awards (note 15)	-	-	466	-	-	-	466
Shares purchased and cancelled under NCIB (note 15)	(2)	(16)	-	-	-	-	(16)
Shares issued to vendors on business acquisitions (note 15)	583	4,162	-	-	-	-	4,162
Shares issued for cash proceeds (note 15)	1,965	11,294	316	-	-	-	11,610
Share issuance costs (note 15)	-	(1,130)	-	-	-	-	(1,130)
Total comprehensive income for the year	-	-	-	-	8,333	153	8,486
Dividends declared (note 16)	-	-	-	(7,732)	-	-	(7,732)
Balance, December 31, 2023	18,911	$ 66,611	$ 1,378	$ (27,418)	$ 15,202	$ 1,978	$ 57,751
Shares issued under ESPP (note 15)	79	755	43	-	-	-	798
Shares issued under DRIP (note 15)	250	1,920	-	-	-	-	1,920
Exercise of stock options and RSUs (note 15)	189	790	(381)	-	-	-	409
Exercise of warrants (note 15)	176	1,155	(55)	-	-	-	1,100
Share-based payment awards (note 15)	-	-	1,108	-	-	-	1,108
Shares purchased and cancelled under NCIB (note 15)	(19)	(127)	-	-	-	-	(127)
Shares issued to vendors on business acquisitions (note 15)	110	978	-	-	-	-	978
Share issuance costs (note 15)	-	(4)	-	-	-	-	(4)
Total comprehensive income for the year	-	-	-	-	2,011	1,341	3,352
Dividends declared (note 16)	-	-	-	(10,401)	-	-	(10,401)
Balance, December 31, 2024	**19,696**	**$ 72,078**	**$ 2,093**	**$ (37,819)**	**$ 17,213**	**$ 3,319**	**$ 56,884**

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

For the Years Ended December 31,	2024	2023
Operating activities		
Profit	$ **2,011**	$ 8,333
Adjusted by:		
Amortization and depreciation	**9,694**	7,895
Impairment losses (notes 8 and 9)	**4,456**	-
Financing costs	**5,639**	3,795
Share-based compensation	**1,289**	745
Foreign exchange (gains) losses	**(854)**	96
Fair value gain on contingent liabilities (note 10)	**(4,465)**	-
Inventory write-downs and obsolescence allowance	**369**	28
Gain on sale of equipment	**(44)**	(97)
Income tax expense	**1,246**	3,417
	19,341	24,212
Changes in non-cash working capital (note 21)	**(4,458)**	(4,117)
	14,883	20,095
Income taxes paid	**(2,107)**	(4,306)
Cash provided by operating activities	**12,776**	15,789
Financing activities		
Proceeds from issuance of shares	**2,054**	15,756
Dividends paid (note 16)	**(8,376)**	(5,219)
Proceeds from long-term debt (note 13)	**60,876**	23,566
Repayment of long-term debt (note 13)	**(45,605)**	(11,635)
Debt issuance costs	**(705)**	(71)
Lease payments	**(2,127)**	(1,492)
Interest paid	**(5,391)**	(3,650)
Cash provided by financing activities	**726**	17,255
Investing activities		
Acquisitions (note 4)	**(7,877)**	(30,077)
Purchase of property and equipment	**(6,753)**	(3,918)
Proceeds from sale of property and equipment	**78**	173
Cash used in investing activities	**(14,552)**	(33,822)
Decrease in cash during the year	**(1,050)**	(778)
Cash, beginning of year	**4,050**	4,734
Effect of movements in exchange rates	**257**	94
Cash, end of year	$ **3,257**	$ 4,050

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

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 December 31, 2024, 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.

2. Basis of Preparation and Statement of Compliance

a) Statement of compliance

These consolidated financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These consolidated financial statements were approved by the Board of Directors of the Company for issue on March 18, 2025.

b) Basis of measurement

The financial statements have been prepared using the historical cost basis specified by IFRS Accounting Standards for each type of asset, liability, income and expense as set out in the accounting policies below, except for certain financial assets and liabilities which are measured at fair value.

c) 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. In making judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Actual results could differ from those estimates.

d) Accounting estimates and assumptions

The preparation of the Company’s 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.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

i. Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. The most significant assumptions and those requiring the most judgment involve the estimated fair values of intangible assets. Management uses the excess earnings method through a discounted cash flow model to value certain intangible assets. Significant assumptions include, among others, the determination of projected revenues, operating margin forecasts, customer retention rates and discount rates.

The Company's acquisitions have been accounted for using the acquisition method when control is transferred to the Group (note 3(a)). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired, except where specified otherwise under IFRS Accounting Standards, and goodwill is recognized as the residual amount. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, where classified as a financial liability, are recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

ii. Depreciation and amortization of long-lived assets

The Company makes estimates about the expected useful lives of long-lived assets and the expected residual values of the assets based on the estimated current fair value of the assets. Changes to these estimates, which can be significant, could be caused by changes in the utilization of major manufacturing equipment and uncertainties relating to technological obsolescence. Management reviews its estimate of the useful lives of long-lived assets at each reporting date, based on the expected utility of the assets. Generally, these adjustments are accounted for on a prospective basis, through depreciation and amortization expense.

iii. Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit ("CGU"), which is the lowest level for which identifiable cash flows are largely independent of the cash inflows of other assets, based on discounted expected future cash flows. Estimation uncertainty relates to significant assumptions about future operating results including revenue growth rates, operating margins, and the determination of a suitable discount rate.

iv. Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

v. Warranty liabilities

The Company provides for warranty expenses by analyzing historical failure rates, warranty claims, current sales levels and current information available about returns based on warranty periods. Uncertainty relates to the timing and amount of actual warranty claims which can vary from the Company's estimation.

vi. Expected credit losses

The Company uses the simplified approach for measuring expected credit losses to provide for a lifetime expected credit loss allowance for all trade receivables based on indicators such as creditworthiness, historical collection trends and experiences with customers. Uncertainty relates to the timing and amount of actual credit losses which can vary from the Company's estimation.

vii. *Share-based compensation*

Compensation expense associated with stock options granted is based on various assumptions, using the Black-Scholes option-pricing model, to produce an estimate of fair value. This estimate may vary due to changes in the variables used in the model including interest rates, expected life, expected volatility, expected forfeitures and share prices. Estimating expected life and forfeitures requires judgement.

e) *New and amended IFRS Accounting Standards adopted*

The Company has applied the following IFRS Accounting Standards amendments, effective January 1, 2024:

i. *IAS 1 – Presentation of Financial Statements, covering non-current liabilities with covenants*

ii. *IFRS 16 – Leases, covering lease liabilities in a sale and leaseback transactions*

iii. *IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures, covering supplier finance arrangements*

The adoption of these amendments did not have any impact on the amounts recognized in current or prior periods and did not impact the Company's presentation or disclosures.

f) *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 December 31, 2024 reporting periods and have not been early adopted by the Company. Management's assessment of the impact of new standards and amendments relevant to the Company are set out below:

i. *Amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures, covering the classification and measurement of financial instruments.*

Amendments to IFRS 9 and IFRS 7, which are effective for annual periods beginning on or after January 1, 2026, were issued to:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (loss).

The Company does not expect these amendments to have a material impact on its operations or financial statements.

ii. *IFRS 18 – Presentation and Disclosure in Financial Statements.*

IFRS 18 will replace IAS 1 – Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those

related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements. From the preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation;
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles.
- In addition, there will be significant new disclosures required for: management-defined performance measures; a break-down of the nature of certain expenses for line items presented by function in the operating category of the statement of profit or loss.
- For the first annual period of the application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1 will be required.

The Company intends to apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and as a result the comparative information for the year ending December 31, 2026 will be restated in accordance with IFRS 18.

3. Material Accounting Policies

a) Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries disclosed in note 1. Consolidated profit or loss and cash flows include the results of acquired subsidiaries from their dates of acquisition. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

Control exists where the parent entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

b) Revenue recognition

The Group recognizes revenue from the sale of manufactured products as follows:

Revenue from the sale of manufactured products is recognized when the customer obtains control of the product and therefore has the ability to direct its use and obtain the benefits from it, which is generally at the time of delivery. Payments received from customers in advance of the delivery of the goods are recorded as customer deposits in the consolidated statement of financial position.

c) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the years ended December 31, 2024 and 2023, the Group has determined that Blaze King USA and Unicast have a United States dollar functional currency, ACR and Techbelt have a British pound sterling functional currency, while all the other entities have a Canadian dollar functional currency. The financial statements are presented in Canadian dollars, which is the Company's presentation currency.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the appropriate average rate of the period (where this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as a currency translation differences adjustment.

If the Group disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests. No such transactions occurred in the years ended December 31, 2024 or December 31, 2023.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in profit or loss.

d) Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred. Changes in expenditure for warranties is recognized when the Group incurs an obligation, which is typically when the related goods are sold.

e) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to note 9 for a description of impairment testing procedures.

f) Intangible assets

Intangible assets are recorded at cost. The Group's Brand intangible assets are considered to have indefinite lives and are not amortized. The other intangible assets with finite lives are amortized as follows:

Customer relationships	10-12 years straight-line basis
Contract costs	1-6 years straight-line basis
Distribution and other agreements	7-10 years straight-line basis
Manufacturing technology	10 years straight-line basis
Product development costs	3 years straight-line basis

The depreciation method and estimates of useful lives ascribed to intangible assets are reviewed at least annually and, if necessary, amortization is adjusted on a prospective basis.

g) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined at rates which will reduce the original cost to the estimated residual value over the expected useful life of each asset. The expected useful lives used to compute depreciation are as follows:

Automotive	30% declining-balance basis
Manufacturing equipment	20% declining-balance basis
Office equipment	20% declining-balance basis
Computer equipment	30% to 100% declining-balance basis
Leasehold improvements	5 years straight line basis
Right of use assets	1-13 years straight line basis

h) Impairment – non-financial and indefinite life assets

The carrying amounts of the Group's non-financial assets (which include property and equipment, and intangibles with a definite life) are reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

The carrying amounts of the Group's indefinite life assets (which include Brand intangible assets and Goodwill) are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets may be impaired. An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period. The assessment of indefinite life is reviewed each period to determine whether the indefinite life assumption continues to be supportable. If deemed unsupportable, the change in the useful life from indefinite to finite life is made and amortization recognized on a prospective basis.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value-in-use. The value-in-use method is based on a discounted cash flow model. In assessing value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for each CGU reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed.

i) Financial instruments

i. Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

ii. Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets and liabilities, other than those designated and effective as hedging instruments, are classified into the following categories: (1) those measured at fair value through other comprehensive income (loss) (“OCI”), (2) those measured at fair value through profit or loss (“FVTPL”), or (3) those measured at amortized cost.

The Group’s cash and accounts receivable are classified as financial assets measured at amortized cost. Accounts payable and accrued liabilities, dividends payable, and long-term debt are classified as financial liabilities measured at amortized cost. All financial assets and liabilities measured at amortized cost use the effective interest rate method with interest income/expense recorded in profit or loss.

iii. Impairment

Expected credit losses are to be recognized using a forward-looking approach that reflects any changes in credit risk associated with the financial instruments.

For trade and other receivables, the loss allowance is measured at initial recognition and throughout its life at an amount equal to its lifetime expected credit loss. Impairment of trade and other receivables is recognized in selling, general and administration expenses when evidence of impairment arises.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases.

j) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

k) Leases

The Group leases office and shop premises that give rise to lease obligations and associated right of use assets. Lease agreements are typically for fixed period terms but may have extension options available. If the lease agreement contains consideration for both lease and non-lease components, these components are allocated separately based on their relative stand-alone prices. Lease agreements are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Lease obligations and associated right of use assets are measured at the present value of the lease payments for the term of the lease, discounted using the Company's incremental borrowing rate on the date at which the leased asset is available for use by the Group. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are depreciated over the term of the lease on a straight-line basis.

l) Government Grants

Government grants are recognized in the consolidated statement of profit and comprehensive income when received. Where appropriate, grants are recorded as a reduction of the costs for which those grants are intended to cover. Grants that are intended as a revenue guarantee are recorded within revenue.

m) Income taxes

Provision for income taxes consists of current and deferred income tax expense. Income tax expense is recognized in the consolidated statement of profit and comprehensive income except to the extent that it relates to items recognized either in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to income taxes payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, or temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

n) Cash

Cash comprises of cash on hand and demand deposits.

o) Short-term employee benefits

Short-term employee benefits, including holiday pay, are current liabilities included in employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

p) *Provisions, contingent assets and contingent liabilities*

Provisions for product warranties, legal disputes, contingent consideration on completed acquisitions and onerous contracts or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company, and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date; the risks and the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

q) *Share capital*

The Group records proceeds from share issuances, net of issue costs and any tax effects, in equity. Common shares held by the Group are classified as treasury stock and recorded as a reduction to equity.

r) *Share-based payments*

The Company has an equity incentive plan which enables it to grant share-based rewards, in the form of 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 or designated service providers. All share-based rewards granted under the Company's equity incentive plan are settled through the issuance of shares from treasury. The fair value of the share-based rewards, determined at the date of the grant, is charged to profit and loss, with an offsetting credit to contributed surplus, over the vesting period. If and when the share-based rewards are exercised, the applicable original amounts of contributed surplus are transferred to share capital.

The fair value of a share-based payment is determined at the date of the grant. For DSUs, PSUs and RSUs, fair value is measured based on the volume weighted average trading price of the Company's shares for the five trading days immediately preceding the grant. For stock options, the estimated fair value is measured using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and share price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company.

These estimates involve inherent uncertainties and the application of management's judgement. The costs of share-based payments are recognized over the vesting period of the reward. The total amount recognized as an expense is adjusted to reflect the number of share-based rewards expected to vest at each reporting date, including the probability of the applicable performance criteria being met with respect to outstanding PSUs. At each reporting date prior to vesting, the cumulative compensation expense representing the extent to which the vesting period has passed and management's best estimate of the share-based rewards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in earnings or loss with a corresponding entry to contributed surplus.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

No expense is recognized for share-based rewards that do not ultimately vest. Charges for share-based rewards that are forfeited before vesting are reversed from contributed surplus and credited to profit or loss. For those share-based rewards that expire unexercised after vesting, the recorded value remains in contributed surplus.

s) *Profit per share*

Basic profit per share is computed by dividing the profit or loss applicable to equity owners of the Company by the weighted average number of common shares issued and outstanding for the relevant period.

Diluted profit per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. Share-based rewards and warrants are included in the calculation of diluted profit per share only to the extent that the market price of the common shares exceeds the exercise price of the share-based rewards or share purchase warrants except where such conversion would be anti-dilutive.

4. Acquisitions

In 2024, the Company completed two acquisitions as described below. The assets of Alberta Production Machining Ltd. ("APM") were acquired on March 14, 2024. Techbelt was acquired on April 10, 2024. The consideration paid on these acquisitions is as follows:

	APM	Techbelt	Total
Cash (net of cash acquired)	$ 2,789	$ 5,088	$ 7,877
Common shares	-	603	603
Contingent consideration	-	484	484
	$ 2,789	$ 6,175	$ 8,964

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

	APM	Techbelt	Total
Accounts receivable	$ 240	$ 504	$ 744
Prepaid expenses and deposits	-	26	26
Inventory	37	446	483
Property and equipment	3,289	644	3,933
Intangible assets	-	2,038	2,038
Goodwill	-	4,052	4,052
Accounts payable and accrued liabilities	(266)	(635)	(901)
Lease obligation	(511)	(306)	(817)
Deferred income taxes	-	(594)	(594)
	$ 2,789	$ 6,175	$ 8,964

Subsequent adjustments to the purchase price allocations, if any, can be recognized if they occur within twelve months of the acquisition date. After twelve months, adjustments are recognized through profit or loss. The adjustments made as a result of finalizing the provisional accounting are retrospectively recognized from the acquisition date. The Company incurred acquisition-related costs of $545 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.

APM

On March 14, 2024, the Company acquired, through Hawk, all of the assets of APM. The assets of APM are operated out of a leased facility in Edmonton, Alberta, and provides Hawk with increased machining capabilities and access to additional equipment and people to service the demand from its growing customer base.

The APM asset purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price (which is subject to customary post-closing adjustments) was settled in cash and funded through the Company's syndicated credit facility (Note 13).

Techbelt

On April 10, 2024, the Company acquired all of the shares of Techbelt. Techbelt, which is located in Huddersfield in the United Kingdom, is a manufacturer of polytetrafluoroethylene ("PTFE") conveyor belts, PTFE tapes, and PTFE materials which are used in a wide range of end markets including food and beverage, packaging, textiles, agriculture, and fast-moving consumer goods.

The Techbelt purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which is subject to customary post-closing adjustments) and the issuance of common shares to the vendors, plus up to an additional £2,150 contingent on Techbelt meeting certain earnings targets over the three years following the acquisition date. The contingent consideration recorded by the Company as a financial liability reflects the estimated fair value of the earnings target being met, as at the acquisition date. The cash portion of the consideration was funded through the Company's syndicated credit facility (Note 13). The share portion of the consideration was funded through the issuance of 57,879 common shares to the vendors of Techbelt (Note 15).

The consolidated statement of profit (loss) includes revenue, gross profit, and profit of APM and Techbelt from their acquisition dates to December 31, 2024 as outlined in the table below. Had the acquisitions been effective from January 1, 2024, the Group would have recognized revenue, gross profit, and profit (loss) for the year ended December 31, 2024 as outlined in the table below.

For the year ended December 31, 2024	Consolidated Reported	Reported for Acquisitions from Acquisition Dates	Results for Acquisitions from January 1, 2024	Consolidated Pro forma
Sales	$ 127,853	$ 5,504	$ 7,319	$ 129,668
Gross profit	47,869	1,519	2,284	48,634
Profit (loss)	2,011	265	581	2,327

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

	Capital I	Micon	Procore	IHT	Total
Cash (net of cash acquired)	$ 10,077	$ 2,991	$ 4,331	$ 12,678	$ 30,077
Common shares	848	379	610	2,325	4,162
Long term debt assumed	588	-	-	-	588
Contingent consideration	1,910	-	-	6,676	8,586
	$ 13,423	$ 3,370	$ 4,941	$ 21,679	$ 43,413

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

	Capital I	Micon	Procore	IHT	Total
Accounts receivable	$ 3,376	$ 262	$ 582	$ 2,041	$ 6,261
Prepaid expenses and deposits	70	12	11	681	774
Inventory	4,730	289	867	1,449	7,335
Property and equipment	3,688	225	603	4,957	9,473
Intangible assets	2,697	2,017	2,340	7,905	14,959
Goodwill	2,472	1,354	1,882	11,447	17,155
Accounts payable and accrued liabilities	(1,453)	(155)	(475)	(2,123)	(4,206)
Customer deposits	-	-	-	(90)	(90)
Lease obligation	(890)	(47)	(121)	(2,389)	(3,447)
Deferred income taxes	(1,267)	(587)	(748)	(2,199)	(4,801)
	$ 13,423	$ 3,370	$ 4,941	$ 21,679	$ 43,413

The Company incurred acquisition-related costs of $970 with respect to the 2023 acquisitions 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.

Capital I

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

The Capital I purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments) and the issuance of common shares to the vendors, plus up to an additional $4,500 contingent on Capital I meeting certain earnings targets over the three years following the acquisition date. The contingent consideration recorded by the Company reflects the estimated fair value of the earnings target being met, as at the acquisition date. The cash portion of the consideration was initially funded through the Company’s revolving term acquisition facility (Note 13) which was subsequently partially repaid through the net proceeds of an equity offering that closed on April 13, 2023 (Note 15). The share portion of the consideration was funded through the issuance of 123,962 common shares to the vendors of Capital I (Note 15).

Micon

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

The Micon purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments) and the issuance of common shares to the vendors. The cash portion of the consideration was initially funded through the Company’s revolving term acquisition facility (Note 13) which was subsequently partially repaid through the net proceeds of an equity offering that closed on April 13, 2023 (Note 15). The share portion of the consideration was funded through the issuance of 55,434 common shares to the vendors of Micon (Note 15).

Procore

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

The Procore purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments) and the issuance of common shares to the vendors. The cash portion of the consideration was initially funded through the Company's revolving term acquisition facility (Note 13) which was subsequently partially repaid through the net proceeds of an equity offering that closed on April 13, 2023 (Note 15). The share portion of the consideration was funded through the issuance of 89,181 common shares to the vendors of Procore (Note 15).

IHT

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

The IHT purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The purchase price included a payment of cash (which was subject to customary post-closing adjustments), and the issuance of common shares to the vendors, plus up to an additional $10,000 contingent on IHT meeting certain earnings targets over the next three years. The contingent consideration recorded by the Company reflects the estimated fair value of the earnings target being met, as at the acquisition date. The cash portion of the consideration was initially funded through the Company's revolving term acquisition facility (Note 13) which was subsequently partially repaid through the proceeds of an exercise of 819,175 warrants at a price of $4.94 per warrant (Note 15). The share portion of the consideration was funded through the issuance of 314,614 common shares to the vendors of IHT (Note 15).

The consolidated statement of profit includes revenue, gross profit, and profit of Capital I, Micon, Procore, and IHT from their acquisition dates. Had the acquisitions of Capital I, Micon, Procore, and IHT been effective from January 1, 2023, the Group would have recognized revenue, gross profit, and profit for the year ended December 31, 2023 as outlined in the table below.

For the year ended December 31, 2023	Consolidated Reported	Reported for Acquisitions from Acquisition Date	Results for Acquisitions from January 1, 2023	Consolidated Pro forma
Sales	$ 134,881	$ 19,684	$ 36,763	$ 151,960
Gross profit	52,763	9,155	18,698	62,306
Profit	8,333	2,943	7,439	12,829

5. Accounts Receivable

	2024	2023
Trade receivables	**$ 25,835**	$ 22,605
Expected credit losses	**(234)**	(177)
Sales tax and other receivables	**1,101**	219
	$ 26,702	$ 22,647

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 22.

6. Inventory

	2024	2023
Raw materials	**$ 11,449**	$ 10,659
Work in progress	**4,122**	3,437
Finished goods	**9,821**	10,531
Allowance for obsolescence	**(503)**	(276)
	$ 24,889	$ 24,351

7. Property and Equipment

	Automotive	Manufacturing Equipment	Office Equipment	Computer Equipment	Leasehold Improvements	Right of Use Assets	Total
Cost							
Balance, January 1, 2023	$ 374	$ 10,424	$ 242	$ 1,364	$ 707	$ 9,646	$ 22,757
Additions	50	3,112	101	272	291	2,707	6,533
Acquired through business combination	56	5,196	37	54	684	3,446	9,473
Disposals	-	(195)	-	-	(25)	(1,673)	(1,893)
Effect of movements in exchange rates	(2)	(11)	(3)	(4)	(3)	18	(5)
Balance, December 31, 2023	$ 478	$ 18,526	$ 377	$ 1,686	$ 1,654	$ 14,144	$ 36,865
Additions	171	3,518	54	286	673	3,568	8,270
Acquired through business combination	38	3,078	-	-	-	817	3,933
Disposals	(24)	(135)	-	(7)	(133)	(2,391)	(2,690)
Effect of movements in exchange rates	11	102	1	38	11	181	344
Balance, December 31, 2024	**$ 674**	**$ 25,089**	**$ 432**	**$ 2,003**	**$ 2,205**	**$ 16,319**	**$ 46,722**
Accumulated Depreciation							
Balance, January 1, 2023	$ 223	$ 5,158	$ 106	$ 865	$ 479	$ 3,627	$ 10,458
Depreciation	57	1,991	38	185	174	1,706	4,151
Disposals	-	(56)	-	-	(20)	(1,427)	(1,503)
Effect of movements in exchange rates	(2)	(1)	(2)	(1)	(1)	(10)	(17)
Balance, December 31, 2023	$ 278	$ 7,092	$ 142	$ 1,049	$ 632	$ 3,896	$ 13,089
Depreciation	103	2,594	50	203	303	2,526	5,779
Disposals	(16)	(184)	-	(3)	(122)	(2,391)	(2,716)
Effect of movements in exchange rates	5	48	2	29	12	76	172
Balance, December 31, 2024	**$ 370**	**$ 9,550**	**$ 194**	**$ 1,278**	**$ 825**	**$ 4,107**	**$ 16,324**
Net Book Value							
Balance, December 31, 2023	$ 200	$ 11,434	$ 235	$ 637	$ 1,022	$ 10,248	$ 23,776
Balance, December 31, 2024	**$ 304**	**$ 15,539**	**$ 238**	**$ 725**	**$ 1,380**	**$ 12,212**	**$ 30,398**

8. Intangible Assets

	Manufacturing Technology	Customer Relationships	Distribution Agreements	Development Costs	Contract Costs	Brand	Total
Cost							
Balance, January 1, 2023	$ 2,941	$ 21,422	$ 1,420	$ 429	$ 651	$ 2,359	$ 29,222
Additions	-	-	-	92	-	-	92
Acquired through business combination	1,490	11,755	20	-	477	1,217	14,959
Disposals	-	-	-	(76)	(200)	-	(276)
Effect of movements in exchange rates	(10)	109	-	-	9	6	114
Balance, December 31, 2023	$ 4,421	$ 33,286	$ 1,440	$ 445	$ 937	$ 3,582	$ 44,111
Additions	-	-	25	1,216	810	-	2,051
Acquired through business combination	-	1,524	-	-	-	514	2,038
Impairment losses	-	-	-	(357)	-	-	(357)
Effect of movements in exchange rates	39	811	-	2	20	65	937
Balance, December 31, 2024	**$ 4,460**	**$ 35,621**	**$ 1,465**	**$ 1,306**	**$ 1,767**	**$ 4,161**	**$ 48,780**
Accumulated Amortization							
Balance, January 1, 2023	$ 1,704	$ 5,420	$ 318	$ 75	$ 531	$ -	$ 8,048
Amortization	370	2,704	175	-	495	-	3,744
Disposals	-	-	-	(76)	(200)	-	(276)
Effect of movements in exchange rates	(7)	(55)	-	-	9	-	(53)
Balance, December 31, 2023	$ 2,067	$ 8,069	$ 493	$ (1)	$ 835	$ -	$ 11,463
Amortization	445	3,256	178	6	18	-	3,903
Effect of movements in exchange rates	29	282	-	-	20	-	331
Balance, December 31, 2024	**$ 2,541**	**$ 11,607**	**$ 671**	**$ 5**	**$ 873**	**$ -**	**$ 15,697**
Carrying amount							
Balance, December 31, 2023	$ 2,354	$ 25,217	$ 947	$ 446	$ 102	$ 3,582	$ 32,648
Balance, December 31, 2024	**$ 1,919**	**$ 24,014**	**$ 794**	**$ 1,301**	**$ 894**	**$ 4,161**	**$ 33,083**

9. Goodwill

Balance, January 1, 2023	$	26,474
Acquired through business combinations		17,155
Effect of movements in exchange rates		67
Balance, December 31, 2023	$	43,696
Acquired through business combination		4,052
Impairment losses		(4,099)
Effect of movements in exchange rates		684
Balance, December 31, 2024	**$**	**44,333**

For the purpose of impairment testing for 2024 and 2023, goodwill and intangible assets with indefinite lives acquired through business combinations were allocated to the Group's CGUs as follows:

	December 31, 2024			December 31, 2023		
	Brand	Goodwill	**Total**	Brand	Goodwill	Total
Hearth (Blaze King and ACR)	$ 1,210	$ 5,937	$ **7,147**	$ 1,187	$ 5,651	$ 6,838
Unicast	205	2,491	**2,696**	188	2,291	2,479
Slimline	670	978	**1,648**	670	1,326	1,996
Hawk	-	5,006	**5,006**	-	6,750	6,750
Northside	-	6,795	**6,795**	-	6,795	6,795
Marketing Impact	320	3,728	**4,048**	320	3,728	4,048
Capital I	230	2,472	**2,702**	230	2,472	2,702
Micon	87	1,354	**1,441**	87	1,354	1,441
Procore	145	1,882	**2,027**	145	1,882	2,027
IHT	755	9,439	**10,194**	755	11,447	12,202
Techbelt	539	4,251	**4,790**	-	-	-
	$ 4,161	$ 44,333	$ **48,494**	$ 3,582	$ 43,696	$ 47,278

The Company performed annual impairment tests of goodwill and indefinite life intangible assets as at December 31, 2024 and 2023.

The value-in-use impairment tests performed were based on the Company's internal forecasts and represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty. In arriving at its estimated future cash flows, the Company considered past experience, economic trends and industry trends. The Company projected revenue, gross profit and cash flows for a period of five years and applied perpetual long-term revenue growth rates of 1% to 2% (2023 - 0% to 2%) thereafter, depending on the CGU. The Company assumed pre-tax discount rates of 13% to 14% (2023 - 15% to 18%) depending on the CGU, in order to calculate the present value of its projected cash flows. Determination of the discount rates included separate analyses of the cost of equity and debt, and considered a risk premium based on an assessment of risks related to the projected cash flows of the Company in general and each specific CGU.

The December 31, 2024 impairment tests performed resulted in aggregate goodwill impairment write-downs of $4,099 on the Slimline, Hawk and IHT CGUs which is included in impairment losses in the consolidated statement of profit and comprehensive income. The goodwill write-downs of $2,356 on the Slimline and IHT CGUs, included in the Finished Product segment, were primarily related to the impact of challenging agricultural industry conditions on those CGUs. The goodwill write-down of $1,744 on the Hawk CGU, included in the Component Manufacturing segment, was primarily related to the reduced reliance Hawk has on its main customer compared to the time of its acquisition and to which a large

portion of the goodwill recorded on the acquisition of Hawk related to. In connection with the impairment testing, the Company also reviewed the estimated fair value of contingent consideration originally recorded on historical acquisitions which resulted in a reduction to the estimated fair value of accrued contingent consideration on December 31, 2024 (Note 10). The reduction in the estimated fair value of accrued contingent consideration, which more than offset the impairment losses noted above, is included in other income in the consolidated statement of profit and comprehensive income. The December 31, 2023 impairment tests performed did not result in any goodwill impairment write-downs.

The most sensitive inputs to the value-in-use models are the revenue growth rates, operating margins and discount rates. The sensitivities to those inputs, with respect to the December 31, 2024 impairment tests, were as follows: All else being equal, a 1% increase in the discount rate would have led to aggregate additional impairment losses of $2,374 on the Slimline, Hawk and IHT CGUs. All else being equal, a 1% decrease in operating margins would have led to aggregate additional impairment losses of $2,742 on the Slimline, Hawk and IHT CGUs. All else being equal, a 1% decrease in the revenue growth rates would have led to aggregate additional impairment losses of $4,166 on the Slimline, Hawk and IHT CGUs. There was no material impact of the sensitivity analyses on the recoverable amounts of the Group's other CGUs.

10. Accounts Payable and Accrued Liabilities

		2024		2023
Trade payables	**$**	**7,208**	$	7,494
Accrued liabilities		**7,006**		4,312
Accrued contingent consideration on acquisitions		**5,359**		10,599
Wages and benefits payable		**1,519**		1,351
Income taxes payable		**1,085**		2,351
	$	**22,177**	$	26,107

In 2024, the Company settled $1,225 in accrued contingent consideration, according to the terms of the acquisition of Capital I, through the payment of $850 in cash and the issuance of 51,896 common shares (Note 15) to the vendors of Capital I. In 2023, the Company settled $1,191 in contingent consideration, according to the terms of the acquisition of ACR, through the payment of cash to the vendors of ACR.

Contingent consideration liabilities associated with historical acquisitions are reviewed at each reporting period and adjusted to the estimated amount required to settle the obligation, based on the most reliable evidence available on the reporting date. The December 31, 2024 review resulted in a $4,465 net reduction to the estimated fair value of accrued contingent consideration, which is included in other income in the consolidated statement of profit and comprehensive income. The reduction was primarily related to a reduction in the accrued contingent consideration related to the acquisition of IHT, due to the impact of challenging agricultural industry conditions. Accrued contingent consideration related to the acquisitions of Marketing impact and ACR were also reduced while accrued contingent consideration related to the acquisitions of Capital I and Techbelt were increased.

11. Warranty Provision

		2024		2023
Warranty provision - opening	**$**	**700**	$	579
Warranty charges incurred		**(617)**		(345)
Warranty provision included in cost of goods sold		**397**		466
	$	**480**	$	700

12. 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 December 31, 2024, minimum lease payments required over the next five years were as follows:

For the years ending December 31,	2024	2023
2024	**$ -**	$ 2,162
2025	**2,945**	1,753
2026	**2,787**	1,620
2027	**2,711**	1,717
2028	**2,092**	1,423
2029	**1,127**	826
thereafter	**3,447**	3,424
	15,109	12,925
Less: interest portion	**(2,133)**	(2,218)
Less: current portion	**(2,385)**	(1,693)
	$ 10,591	$ 9,014

13. Long-term Debt

	Interest Rate	Effective Interest Rate	Maturity Date	Authorized	December 31, 2024 Outstanding	December 31, 2023 Outstanding
Syndicated credit facility	see below	6.5%	Mar-27	$ 100,000	**$ 60,979**	$ -
Equipment loans	2.4%	2.4%	Dec-25	202	**202**	415
Previous credit agreement						
Revolving term operating facility	P+1.0%	NA	NA	-	**-**	10,491
Revolving term acquisition	P+2.5%	NA	NA	-	**-**	6,600
Non-amortizing term loan	6.9%	NA	NA	-	**-**	28,000
				100,202	**61,181**	45,506
Less: current portion					**(202)**	(224)
Long-term portion					**60,979**	45,282
Less: debt issuance costs					**(727)**	(245)
Total long-term debt					**$ 60,252**	$ 45,037

"P" in the table above denotes prime rate

In March 2024, the Company entered into 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, CWB Maxium Financial (a wholly owned division of Canadian Western Bank), 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.

The syndicated credit facility replaced the credit agreement the Company had in place with Canadian Western Bank, the details of which are outlined in the table above. The syndicated credit facility consists of a single senior secured revolving term loan, compared to the three separate loan tranches outlined under previous credit agreement in the table above. There are no required principal payments for the

committed three-year term of the syndicated credit facility, which also provides for annual extension provisions, and all drawn amounts will mature in March 2027.

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 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 debt to adjusted EBITDA of 3.25:1
- Minimum interest coverage ratio of 1.50:1

As at December 31, 2024, the Company was in compliance with these ratios.

As at December 31, 2024, principal payments required over the next three years on the Company's long-term debt were estimated as follows:

For the years ending December 31,		
2025	$	202
2026		-
2027		60,979
	$	61,181

14. Income Tax

a) Rate reconciliation

Income tax expense differs from the amount that would result by applying the Company's combined Canadian federal and provincial income tax rate of 27% to earnings before income taxes. The Group's taxable income for the years ended December 31, 2024 and 2023 was generated in the following jurisdictions with the following corporate income tax rates:

For the year ended December 31,	**2024**	2023
British Columbia	**27.0%**	27.0%
Alberta	**23.0%**	23.0%
Manitoba	**27.0%**	27.0%
Ontario	**25.0%**	25.0%
Saskatchewan	**25.0%**	25.0%
United States	**21.0%**	21.0%
United Kingdom	**25.0%**	23.5%

The impact of being subject to differing tax rates, as well as other differences, is included in the following reconciliation:

For the year ended December 31,		**2024**		2023
Profit before income taxes	**$**	**3,257**	$	11,750
Combined Canadian federal and provincial income tax rates		**27%**		27%
Expected income tax expense		**879**		3,173
Items that cause an increase (decrease):				
Permanent differences		**314**		566
Differing tax rates in other jurisdictions		**44**		(207)
Change in unrecognized temporary differences		**-**		(198)
Change in foreign exchange rates		**2**		(4)
Adjustment to prior year provisions and other		**7**		87
Income tax expense	**$**	**1,246**	$	3,417

For the year ended December 31,		**2024**		2023
Current income tax expense	**$**	**836**	$	4,274
Deferred income tax recovery		**410**		(857)
Income tax expense	**$**	**1,246**	$	3,417

b) Deferred tax assets and liabilities

The composition of the Group's net deferred income tax liabilities at December 31, 2024 and 2023 are as follows:

		December 31, 2024		December 31, 2023
Deferred income tax assets (liabilities):				
Property and equipment	**$**	**(2,979)**	$	(2,082)
Share issuance and other financing costs		**186**		273
Tax reserves deductible in the future		**245**		339
Intangible assets and other		**(8,596)**		(8,534)
Deferred income tax liability	**$**	**(11,144)**	**$**	(10,004)

c) Non-capital losses and unused tax credits

At December 31, 2024, the Company had deductible share issuance and other financing costs of $1,471 (2023 - $1,255) which may be used to reduce future taxable income in Canada. These unused tax credits are included in the determination of the Group's net deferred income tax liabilities above.

15. Share Capital

a) Shares issued and outstanding

	Shares (000s)		Amount
Balance as at January 1, 2023	14,888	$	44,094
Shares issued under ESPP	91		490
Shares issued under DRIP	333		2,224
Exercise of stock options and RSUs	115		385
Exercise of warrants	938		5,108
Shares purchased and cancelled under NCIB	(2)		(16)
Shares issued to vendors on business acquisitions	583		4,162
Shares issued for cash proceeds	1,965		11,294
Share issuance costs	-		(1,130)
Balance as at, December 31, 2023	18,911	$	66,611
Shares issued under ESPP	79		755
Shares issued under DRIP	250		1,920
Exercise of stock options and RSUs	189		790
Exercise of warrants	176		1,155
Shares purchased and cancelled under NCIB	(19)		(127)
Shares issued to vendors on business acquisitions	110		978
Share issuance costs	-		(4)
Balance as at, December 31, 2024	**19,696**	**$**	**72,078**

The Company had the following share capital transactions for the year ended December 31, 2024 and 2023:

(i) The Company issued 78,884 (2023 - 91,131) common shares pursuant to the employee share purchase plan (the “ESPP”).

(ii) The Company issued 250,072 (2023 - 333,028) common shares pursuant to the dividend reinvestment and cash purchase plan (the “DRIP”)

(iii) The Company issued 188,622 (2023 - 114,701) common shares on the exercise of stock options and RSUs.

(iv) The Company issued 175,954 (2023 - 938,343) common shares on the exercise of warrants

(v) The Company purchased and cancelled 19,200 (2023 - 2,300) common shares pursuant to its normal course issuer bid (“NCIB”).

(vi) As part of the consideration paid for the acquisition of Techbelt described in Note 4, on April 10, 2024, the Company issued 57,879 common shares to the vendors of Techbelt at a price of $10.41 per share. In addition, in July 2024, the Company issued 51,896 common shares to the vendors of Capital I at a price of $7.23 per share on the settlement of contingent consideration according to the terms of the acquisition of Capital I.

(vii) As part of the consideration paid for the acquisitions of Capital I, Micon, and Procore described in Note 4, on April 5, 2023, the Company issued an aggregate 268,577 common shares to the vendors of Capital I, Micon, and Procore at a price of $6.84 per share. As part of the consideration paid for the acquisition of IHT described in Note 4, on July 19, 2023, the Company issued 314,614 common shares to the vendors of IHT at a price of $7.39 per share

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

Common shares that remained in escrow as at December 31, 2024 are as follows:

In (000s)	**December 31, 2024**	December 31, 2023
In relation to the acquisition of:		
Marketing Impact	**78**	157
ACR	**56**	111
Capital I	**83**	124
Micon	**37**	55
Procore	**59**	89
IHT	**210**	315
Techbelt	**58**	-
	581	851

b) Warrants

The Company had the following warrants outstanding and exercisable:

Warrants	Number of warrants (000s)	Weighted average exercise price ($)	Weighted average grant date fair value ($)	Weighted average years remaining
Outstanding and exercisable, January 1, 2023	924	$ 4.94	$ 0.29	1.75
Warrants issued	982	7.09	0.32	-
Warrants exercised	(938)	5.15	0.29	-
Outstanding and exercisable, December 31, 2023	968	$ 6.92	$ 0.32	1.21
Warrants exercised	(176)	6.25	0.31	-
Warrants expired	(9)	4.94	0.29	-
Outstanding and exercisable, December 31, 2024	**783**	**$ 7.09**	**$ 0.32**	**0.25**

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:

Stock Options	**Number of options (000s)**		**Weighted average exercise price ($)**		**Weighted average grant date fair value ($)**	**Weighted average years remaining**
Outstanding and exercisable, January 1, 2023	660	$	3.81	$	0.84	6.49
Options issued	28		7.68		1.84	-
Options exercised	(273)		3.74		0.74	-
Options expired	(15)		3.72		0.66	-
Outstanding and exercisable, December 31, 2023	400	$	4.12	$	0.98	5.44
Options issued	5		10.36		2.78	-
Options exercised	(196)		3.65		1.15	-
Options expired	(1)		4.06		0.74	-
Outstanding and exercisable, December 31, 2024	**208**	**$**	**4.72**	**$**	**0.87**	**5.30**

In the year ended December 31, 2024, the Company recorded $33 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 2024, the Company used the Black-Scholes option–pricing model with the following assumptions: dividend yield of 5.2%; expected volatility of 44%; risk-free interest rate of 3.6%; forfeiture rate of 0%; market price of $10.36 and weighted average life of five years. To value the options granted in 2023, the Company used the Black-Scholes option–pricing model with the following assumptions: dividend yields of 5.8% to 6.4%; expected volatility of 42% to 43%; risk-free interest rates of 2.7% to 3.7%; forfeiture rates of 0%; market prices of $6.54 to $8.28 and weighted average lives 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, 2023	-	-	$	-	-
DSUs issued	42	-		5.01	-
DSUs from reinvested dividends	2	-		5.01	-
Outstanding, December 31, 2023	44	-	$	5.01	NA
DSUs issued	51	-		8.25	-
DSUs from reinvested dividends	7	-		6.68	-
Outstanding, December 31, 2024	**102**	**-**	**$**	**6.74**	**NA**

In the year ended December 31, 2024, the Company recorded $466 (2023 - $223) of share-based compensation expense related to DSUs. This share-based compensation expense represents the estimated fair value of DSUs granted, amortized over the DSUs vesting periods.

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

Restricted Share Units	Number of RSUs (000s)	Number of RSUs exercisable (000s)		Weighted average grant date fair value ($)	Weighted average years remaining
Outstanding, January 1, 2023	-	-	$	-	-
RSUs issued	67	-		6.62	-
RSUs from reinvested dividends	3	-		6.62	-
Outstanding, December 31, 2023	70	-	$	6.62	2.25
RSUs issued	82	-		10.12	-
RSUs from reinvested dividends	9	-		8.65	-
RSUs exercised	(24)	-		6.62	-
RSUs forfeited	(5)	-		8.51	-
Outstanding, December 31, 2024	**132**	**-**	**$**	**8.86**	**1.84**

In the year ended December 31, 2024, the Company recorded $620 (2023 - $212) 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.

Subsequent to December 31, 2024, and before these financial statements were authorized, the Company granted: 139,997 DSUs, 98,691 RSUs and 118,225 PSUs, each at a fair market value of $6.00 per unit.

16. Dividends

The Company's Board of Directors regularly examines the dividends paid to shareholders. The following dividends were declared during the periods ended December 31, 2024 and December 31, 2023:

	2024				2023			
Month		**Per share ($)**		**Dividend Amount ($)**		Per share ($)		Dividend Amount ($)
January	$	**0.040**	$	**758**	$	0.030	$	448
February		**0.045**		**860**		0.030		450
March		**0.045**		**865**		0.035		528
April		**0.045**		**875**		0.035		608
May		**0.045**		**873**		0.035		610
June		**0.045**		**873**		0.035		611
July		**0.045**		**877**		0.040		712
August		**0.045**		**881**		0.040		746
September		**0.045**		**884**		0.040		752
October		**0.045**		**884**		0.040		755
November		**0.045**		**885**		0.040		755
December		**0.045**		**886**		0.040		757
Total	$	**0.535**	$	**10,401**	$	0.440	$	7,732

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid during the year ended December 31, 2024, $8,376 (2023 - $5,219) were settled in cash and $1,895 (2023 - $2,203) were reinvested in additional common shares of the Company, pursuant to the DRIP.

Subsequent to December 31, 2024, and before these financial statements were authorized, the Company undertook the following dividend actions:

- A dividend of $0.045 per share was declared on January 15, 2025, for shareholders of record on January 31, 2025, which was paid on February 14, 2025.
- A dividend of $0.045 per share was declared on February 14, 2025, for shareholders of record on February 28, 2025, which was paid on March 14, 2025.
- A dividend of $0.045 per share was declared on March 14, 2025, for shareholders of record on March 31, 2025, which is payable on April 15, 2025.

17. Management of Capital

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group currently consists of equity and debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids, adjust the amount of dividends paid to align the dividend policy with shareholder expectations, place new debt, refinance existing debt, or sell assets. Management reviews its capital management approach on a regular basis.

As noted in note 13, the Company's credit facilities impose certain external minimum capital requirements including, but not limited to, maximum debt to EBITDA ratios and minimum interest coverage ratios.

See note 22 for additional capital management disclosures with respect to liquidity risk.

For the years ended December 31, 2024, and 2023, there were no changes in the Company's capital management policy.

The capital of the Group is calculated by management, as follows:

		December 31, 2024		December 31, 2023
Equity	**$**	**56,884**	$	57,751
Long-term debt, excluding debt issuance costs		**61,181**		45,506
		118,065		103,257
Less: cash		**(3,257)**		(4,050)
	$	**114,808**	$	99,207

18. Sales

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

For the year ended December 31,		**2024**		2023
Agricultural products	**$**	**13,499**	$	11,880
Hearth products		**27,207**		41,240
Industrial products		**54,757**		50,232
Merchandising products		**14,753**		14,600
Wear-part products		**17,637**		16,929
	$	**127,853**	$	134,881

In 2024, the Company included machined products within its industrial products category in the table above. Machined products were separately disclosed in 2023.

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

For the year ended December 31,		2024		2023
Canada	$	**49,635**	$	53,180
United States		**60,824**		64,392
Other		**17,394**		17,309
	$	**127,853**	$	134,881

19. Manufacturing Costs

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

For the year ended December 31,		2024		2023
Labour and materials	$	**71,269**	$	72,993
Freight and shipping		**4,745**		5,881
Depreciation		**3,204**		2,750
Inventory write-downs and obsolescence allowance		**369**		28
Warranty		**397**		466
	$	**79,984**	$	82,118

20. Financing Costs

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

For the year ended December 31,		2024		2023
Interest and bank charges	$	**604**	$	398
Interest on lease obligations		**565**		308
Interest on long-term debt		**4,470**		3,089
	$	**5,639**	$	3,795

21. Supplemental Cash Flow Information

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

For the year ended December 31,		2024		2023
Accounts receivable	$	**(3,024)**	$	(307)
Inventory		**(385)**		(2,553)
Prepaid expenses and deposits		**(1,060)**		1,856
Accounts payable and accrued liabilities		**1,210**		(4,126)
Customer deposits		**(979)**		892
Warranty provision		**(220)**		121
	$	**(4,458)**	$	(4,117)

22. 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.

a) *Fair value measurement and disclosure of financial assets and liabilities*

Financial assets and liabilities recorded or disclosed at fair value in the consolidated statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. The following fair value hierarchy reflects the significance of inputs of valuation techniques used in making fair value measurements and/or disclosures.

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Group's financial assets and financial liabilities, including long-term debt, are measured and/or disclosed at fair value by level within the fair value hierarchy described above. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Group's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the year.

b) *Fair value disclosures*

At December 31, 2024 and 2023, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

The Group's long-term debt (note 13) was measured and recognized in the consolidated statement of financial position at fair value as a level 2 financial instrument. Management determined that the fair values of the Group's long-term debt was not materially different than their carrying amounts as they are based on market interest rates.

c) *Financial risk management*

The Group's activities expose it to a variety of financial risks. The Group examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include liquidity risk, credit risk, currency risk, and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial and commodity markets and its objective is to minimize the potential adverse effects of such risks on the Group's financial performance, where financially feasible to do so.

When deemed material, these risks may be monitored by the Group's corporate finance group and they are regularly discussed with the Board of Directors or one of its committees.

(i) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. To mitigate this risk, the Group has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

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

December 31, 2024	**Carrying value**	**Total contractual cash flows**	**Within one year**	**Two to five years**	**More than five years**
Accounts payable	**$ 22,177**	$ 22,177	$ 18,152	$ 4,025	$ -
Dividends payable	**886**	886	886	-	-
Long-term debt	**60,454**	73,039	4,158	68,881	-
Lease obligations	**12,976**	15,092	2,945	8,718	3,429
	$ 96,493	$ 111,194	$ 26,141	$ 81,624	$ 3,429

December 31, 2023	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	$ 26,107	$ 26,107	$ 19,586	$ 6,521	$ -
Dividends payable	756	756	756	-	-
Long-term debt	45,261	54,097	3,664	50,433	-
Lease obligations	10,707	12,924	2,162	6,512	4,250
	$ 82,831	$ 93,884	$ 26,168	$ 63,466	$ 4,250

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 13). The Group continues to manage its financial position in accordance with its capital management objectives and in light of its current operating environment.

(ii) Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Group by those counterparties, less any amounts owed to the counterparty by the Group where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements.

The Group's credit risk is predominantly limited to cash balances held in financial institutions, and the recovery of the Group's accounts receivable. The maximum exposure to the credit risk is equal to the carrying value of such financial assets. At December 31, 2024, the Group expects to recover the full amount of such assets, less any expected credit losses.

Cash and cash equivalents are only deposited with or held by major financial institutions where the Group conducts its business.

As at December 31, the Company had the following trade accounts receivable and expected credit losses:

	December 31, 2024			December 31, 2023		
Not yet due	**$**	**20,724**	**80%**	$	13,127	58%
31-60 days overdue		**3,341**	**13%**		5,497	24%
61-90 days overdue		**1,006**	**4%**		1,951	9%
>90 days overdue		**764**	**3%**		2,030	9%
Trade accounts receivable		**25,835**	**100%**		22,605	100%
Less: expected credit losses		**(234)**			(177)	
Net trade accounts receivable	**$**	**25,601**		$	22,428	

The objective of managing counterparty credit risk is to minimize potential losses in financial assets. The Group assesses the quality of its counterparties, taking into account their creditworthiness and reputation, past performance and other factors. In certain cases, the Group obtains insurance to assist in managing its credit risk.

(iii) Currency risk

The functional currency for Blaze King USA and Unicast 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. The Company’s reporting currency is the Canadian dollar; therefore, the Group’s profit or loss and total comprehensive income are in part impacted by fluctuations in the value of each foreign currency (“FC”) in which it transacts in relation to the CAD.

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

As at	Entities with a CAD functional currency		Entities with a USD functional currency		Entities with a GBP functional currency		
December 31, 2024	**CAD**	**USD**	**CAD**	**USD**	**CAD**	**GBP**	**Total**
Cash	$ 235	$ 1,594	$ (1,643)	$ 1,369	$ -	$ 1,702	**$ 3,257**
Accounts receivable	10,833	11,336	478	2,455	-	1,600	**26,702**
Accounts payable	(18,619)	(1,025)	(270)	(926)	-	(1,337)	**(22,177)**
Dividend payable	(886)	-	-	-	-	-	**(886)**
Inter-company amounts	5,730	-	(6,315)	4,187	(3,602)	-	**-**
Long-term debt	(52,381)	(8,073)	-	-	-	-	**(60,454)**
Net exposure	(55,088)	3,832	(7,750)	7,085	(3,602)	1,965	**(53,558)**
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	192	387	-	180	-	**759**
OCI	$ -	$ -	$ -	$ (354)	$ -	$ (98)	**$ (452)**

As at December 31, 2023	Entities with a CAD functional currency CAD	Entities with a CAD functional currency USD	Entities with a USD functional currency CAD	Entities with a USD functional currency USD	Entities with a GBP functional currency CAD	Entities with a GBP functional currency USD	Total
Cash	$ 1,990	$ 1,841	$ (486)	$ 189	$ -	$ 516	$ 4,050
Accounts receivable	12,174	6,921	668	2,020	-	864	22,647
Accounts payable	(22,628)	(525)	(130)	(591)	-	(2,233)	(26,107)
Dividend payable	(756)	-	-	-	-	-	(756)
Inter-company amounts	2,747	-	(5,558)	1,621	1,190	-	-
Long-term debt	(44,930)	(331)	-	-	-	-	(45,261)
Net exposure	(51,403)	7,906	(5,506)	3,239	1,190	(853)	(45,427)
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	395	275	-	(59)	-	611
OCI	$ -	$ -	$ -	$ (162)	$ -	$ 43	$ (119)

(iv) Interest rate risk

The Group is exposed to interest rate risk on its long-term debt (note 13) due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt at December 31, 2024, 100% was variable rate (2023 - 38%). 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	**December 31, 2024**	December 31, 2023
Floating instruments	**$ 60,979**	$ 17,091
Average balance	**50,237**	12,052
Impact on profit (loss) of a change in interest rates:		
-1%	**502**	121
+1%	**$ (502)**	$ (121)

23. 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, director fees and share-based compensation are included in salaries, wages and benefits expense.

Key management compensation for the years ended December 31, 2024 and 2023 includes:

	2024	2023
Salaries, benefits and director fees	**$ 1,532**	$ 1,858
Share-based compensation	**825**	529
	$ 2,357	$ 2,387

In 2024, the Company granted 50,905 DSUs to directors of the Company and 45,504 RSUs to officers of the Company. In 2023, the Company granted 41,948 DSUs to directors of the Company and 39,880 RSUs to officers of the Company. Share-based compensation expense recorded in the consolidated statement of profit and comprehensive income with respect to these grants, as well as unvested grants from previous years, is outlined in the table above.

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

The Group's reporting of segment performance for the year ended December 31, 2024 and 2023 is as follows:

For the year ended December 31, 2024	**Finished Product**	**Component Manufacturing**	**Head Office**	**Total**
Sales	$ 71,058	$ 58,525	$ (1,730)	$ **127,853**
Manufacturing costs	42,641	39,073	(1,730)	**79,984**
Gross profit	28,417	19,452	-	**47,869**
Profit (loss) before taxes	3,744	5,808	(6,295)	**3,257**
Income tax expense	340	812	94	**1,246**
Profit (loss)	3,404	4,996	(6,389)	**2,011**
Total comprehensive income (loss)	$ 4,607	$ 5,134	$ (6,389)	$ **3,352**

For the year ended December 31, 2023	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 82,470	$ 54,698	$ (2,287)	$ 134,881
Manufacturing costs	48,130	36,275	(2,287)	82,118
Gross profit	34,340	18,423	-	52,763
Profit (loss) before taxes	13,169	7,883	(9,302)	11,750
Income tax expense (recovery)	2,315	1,347	(245)	3,417
Profit (loss)	10,854	6,536	(9,057)	8,333
Total comprehensive income (loss)	$ 11,084	$ 6,459	$ (9,057)	$ 8,486

The Group's reporting of segment financial condition as at December 31, 2024 and December 31, 2023 is as follows:

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**

December 31, 2023	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	$ 36,266	$ 15,992	$ 189	$ 52,447
Total current liabilities	10,344	7,779	12,638	30,761
Total assets	101,880	50,112	575	152,567
Total liabilities	$ 25,729	$ 11,631	$ 57,456	$ 94,816

For the year ended December 31, 2024, the Group's largest customer accounted for 15% of sales (2023 – 12% of sales). Sales from this customer are included in the component manufacturing segment. Other than this customer, the Group was not dependent on any other customer for more than 10% of its sales.