



DECKER

SINCE 1927

97

YEARS HOLDING THINGS TOGETHER



DECKER
HOLDING THINGS TOGETHER FOR OVER 90 YEARS





SINCE 1927

www.deckernut.com

DECKER MANUFACTURING CORPORATION

703 N. Clark Street

Albion, Michigan 49224

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April 1st 2025

Dear fellow Decker Shareholders,

As we reflect on the past year and look ahead to the opportunities and challenges of 2025, we are pleased to share with you an update on Decker's performance and strategies moving forward. While 2024 presented its share of challenges, we delivered solid results, though they fell short of our optimistic forecast. We were well on our way to achieving forecasts through the first three quarters but our year's planned success was curtailed by a weak fourth quarter of poor market demand. Despite weaker 4th quarter sales, we still achieved a 15% increase in operational profit for the year bolstered by our focus on reducing cost of sales, tight control of operational expenses and enhanced manufacturing efficiencies. The improved operational profit covered the year over year reduction in our equities market returns yielding a slight improvement in net income. In addition, we successfully improved operational cash flow and reduced our debt, all while reinvesting in our facilities and equipment to better position the company for the future.

Sales fell by 4.9%, or about \$2.3 million, bringing the total to \$44,509,050. Though disappointing, the decline was consistent with industry trends. Customer inventory reduction trends played a central role in the sluggish industry demand. This coupled with price pressures from lower cost of sales resulted in reduced revenues. On a positive note, we acquired over \$4.7 million dollars in new contacts for future business. While not guaranteed, it's a clear step forward favoring future growth. Another positive, we saw a pre-LIFO adjusted operational profit of \$4,137,439, marking an increase of \$418,387. Consolidated net income of \$3,487,957 included gains from marketable securities, both realized and unrealized, contributing significantly to our nonoperating Income of \$877,147. Due to our positive performance, consolidated net income per share grew modestly to \$5.71, up from \$5.56 per share in 2023. Hence, the board of directors declared a total dividend for 2024 of \$3.90 per share.

Looking ahead, we anticipate that 2025 will be another challenging year, driven by macroeconomic uncertainties surrounding the economic policies of the current administration. The fastener industry also, like much of manufacturing, continues to grapple with tight and evolving labor markets. The availability of skilled workers, particularly in machining, remains a challenge. All of our challenges will require our ongoing attention but we are confident that our entire team is well prepared to navigate the market and manufacturing headwinds and continue our success as a longstanding leader in the fastener industry. We believe, supported by a stronger balance sheet and a growing backlog, we are ready to meet our 2025 performance targets, which includes increased sales and operational profits, driving greater shareholder value.

We are grateful for the ongoing commitment of our shareholders, customers, supply base and employees and look forward to their continued support in our pursuit of long-term growth and increased profitability. We will remain steadfast, as we have for 97 years, to deliver excellence – one fastener at a time. We invite you to review the accompanying financial data, including the auditor's notes.

On behalf of the Board of Directors and the entire Decker Team, we extend our best wishes to all our shareholders for a prosperous 2025, with good health and happiness for you and your families.

Sincerely,

John C. Hagy

Chief Operations Officer- Decker Fasteners

Steve M. Konkle

Chief Operations Officer- Decker Manufacturing





DECKER MANUFACTURING CORPORATION AND SUBSIDIARIES

COMPARATIVE BALANCE SHEETS

	2024	2023
	ASSETS	
Cash and Cash Equivalents	\$ 1,186,616	\$ 790,784
Investments	12,064,256	12,622,300
Accounts Receivable	4,448,755	5,735,243
Inventories	10,980,092	11,227,876
Net Fixed Assets	7,413,710	7,032,663
Other Assets	589,749	746,566
	<u>\$ 36,683,178</u>	<u>\$ 38,155,432</u>
	LIABILITIES AND NET WORTH	
Current Liabilities	\$ 7,663,056	\$ 10,259,523
Long-Term Liabilities	1,897,312	1,878,648
Capital Stock & Additional Paid-in Capital	790,876	790,876
Retained Earnings	26,331,934	25,226,385
	<u>\$ 36,683,178</u>	<u>\$ 38,155,432</u>

DECKER MANUFACTURING CORPORATION AND SUBSIDIARIES

COMPARATIVE STATEMENTS OF COMPREHENSIVE INCOME

	2024	2023	Increase (Decrease)
Sales	\$ 44,491,389	\$ 46,882,065	\$ (2,390,676)
Returns and Allowances	<u>(17,661)</u>	<u>75,075</u>	<u>(92,736)</u>
Net Sales	44,509,050	46,806,990	(2,297,940)
Cost of Sales	<u>36,200,912</u>	<u>39,302,425</u>	<u>(3,101,513)</u>
Gross Profit on Operations	8,308,138	7,504,565	803,573
General and Administrative Expenses	<u>4,606,728</u>	<u>4,287,259</u>	<u>319,469</u>
Income on Operations	3,701,410	3,217,306	484,104
Other Income - Net	<u>877,147</u>	<u>1,218,033</u>	<u>(340,886)</u>
Net Income Before Federal Income Tax	4,578,557	4,435,339	143,218
Less: Federal Income Tax	<u>1,090,600</u>	<u>1,039,000</u>	<u>51,600</u>
Net Income	<u>\$ 3,487,957</u>	<u>\$ 3,396,339</u>	<u>\$ 91,618</u>



DECKER MANUFACTURING CORPORATION AND SUBSIDIARIES

THE YEARS IN BRIEF

	2024	2023
Net Sales and Other Income	\$ 45,386,197	\$ 48,025,023
Net Income	\$ 3,487,957	\$ 3,396,339
Net Income per Share	\$ 5.71	\$ 5.56
Net Income to Sales	7.69%	7.07%
Cash Dividends Declared per Share	\$ 3.90	\$ 3.10
Depreciation	\$ 780,030	\$ 746,616
Capital Expenditures	\$ 1,161,077	\$ 1,499,639
Working Capital	\$ 21,606,412	\$ 20,887,575

DECKER MANUFACTURING CORPORATION AND SUBSIDIARIES

NET SALES AND OTHER INCOME FOR CALENDAR YEARS 2015 - 2024

The following statistics represent the results of your company within the last ten years.

YEAR	NET SALES & OTHER INCOME
2015	\$ 39,072,960
2016	\$ 41,292,440
2017	\$ 39,629,629
2018	\$ 41,752,093
2019	\$ 40,604,223
2020	\$ 32,016,260
2021	\$ 39,303,198
2022	\$ 43,411,199
2023	\$ 48,025,023
2024	\$ 45,386,197



DECKER MANUFACTURING CORPORATION AND SUBSIDIARIES

5 YEAR FINANCIAL INFORMATION

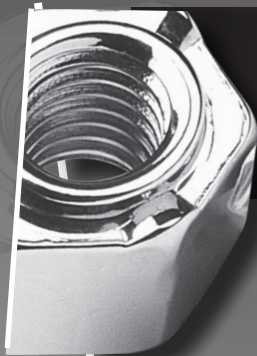
	2024	2023	2022	2021	2020
Income					
NET SALES AND OTHER INCOME	<u>\$ 45,386,197</u>	<u>\$ 48,025,023</u>	<u>\$ 43,411,199</u>	<u>\$ 39,303,198</u>	<u>\$ 32,016,260</u>
COSTS					
Wages and Employee Benefits	8,254,529	7,476,832	7,939,885	7,483,926	6,921,884
Materials, Services and Other Costs	31,981,968	35,490,109	34,162,903	28,232,106	21,840,544
Depreciation	780,030	746,616	622,743	664,126	750,632
State and Local Taxes	228,657	228,657	154,281	111,000	19,000
Federal Income Taxes	<u>810,343</u>	<u>810,343</u>	<u>(637,281)</u>	<u>240,000</u>	<u>280,000</u>
Total Costs	<u>41,898,240</u>	<u>44,628,684</u>	<u>42,242,531</u>	<u>36,731,158</u>	<u>29,812,060</u>
NET INCOME	3,487,957	3,396,339	(1,168,668)	2,572,040	2,204,200
CASH DIVIDENDS DECLARED	<u>2,382,408</u>	<u>1,893,716</u>	<u>946,858</u>	<u>2,260,241</u>	<u>916,314</u>
REINVESTMENT IN THE BUSINESS	<u>\$ 1,105,549</u>	<u>\$ 1,502,623</u>	<u>\$ (221,810)</u>	<u>\$ 311,799</u>	<u>\$ 1,287,886</u>
Plant Additions					
Regular Capital Expenditures	<u>\$ 1,161,077</u>	<u>\$ 1,499,639</u>	<u>\$ 402,691</u>	<u>\$ 702,983</u>	<u>\$ 222,730</u>
Financial Position					
Current Assets	\$ 29,269,468	\$ 31,122,769	\$ 30,560,554	\$ 32,246,568	\$ 25,465,105
Current Liabilities	<u>7,663,056</u>	<u>10,235,194</u>	<u>10,852,764</u>	<u>10,953,590</u>	<u>4,116,371</u>
Net Working Capital	21,606,412	20,887,575	19,707,790	21,292,978	21,348,734
Property, Plant and Equipment-Net	7,413,710	7,032,663	6,279,640	6,499,692	6,460,835
Other Assets and Liabilities-Net	<u>(1,897,312)</u>	<u>(1,902,977)</u>	<u>(1,472,792)</u>	<u>(2,077,093)</u>	<u>(2,405,791)</u>
Stockholders' Equity	<u>\$ 27,122,810</u>	<u>\$ 26,017,261</u>	<u>\$ 24,514,638</u>	<u>\$ 25,715,577</u>	<u>\$ 25,403,778</u>
Statistics - Common Stock					
Calendar Year Net Income per Share	\$ 5.71	\$ 5.56	\$ (1.91)	\$ 4.21	\$ 3.61
Calendar Year Dividends per Share in Cash	\$ 3.90	\$ 3.10	\$ 1.55	\$ 3.70	\$ 1.50
Calendar Year Book Value per Share	\$ 49.00	\$ 42.59	\$ 40.14	\$ 42.10	\$ 41.59
Ratios					
Current Assets to Current Liabilities	3.82 to 1	3.04 to 1	2.86 to 1	2.94 to 1	6.19 to 1
Net Income to Net Sales and Other Income	7.69%	7.07%	-2.69%	6.54%	6.88%



OUR SALES

XCDECKER

HOW EACH SALES DOLLAR WAS SPENT
VS PRIOR YEAR



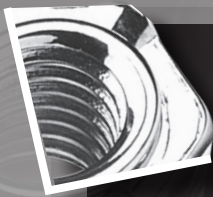
**MATERIALS PURCHASED
FOR MANUFACTURING
OPERATIONS**

62.8¢ - 2024
64.9¢ - 2023



**OTHER EXPENSES
FOR MANUFACTURING
OPERATIONS**

3.9¢ - 2024
6.6¢ - 2023



**WAGES
AND OTHER BENEFITS
FOR EMPLOYEES**

18.2¢ - 2024
15.6¢ - 2023



**EXPENSES
SELLING,
GENERAL AND
ADMINISTRATIVE**

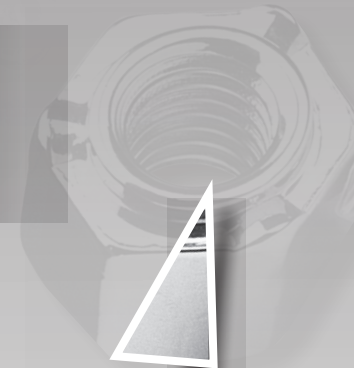
5.0¢ - 2024
3.7¢ - 2023



**TAXES
FEDERAL, STATE,
AND CITY**

2.4¢ - 2024
(2.2¢) - 2023

**DIVIDENDS
PAID TO
STOCKHOLDERS**

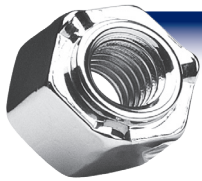


5.2¢ - 2024
3.9¢ - 2023



**FOR EXPANSION
PERCENTAGE
RETAINED**

24¢ - 2024
3.1¢ - 2023



DECKER MANUFACTURING CORPORATION

OFFICERS

Bernard L. Konkle	Chairman of the Board
Christopher L. Miller	Interim President
Thomas W. Pitt	CFO/Secretary/Assistant Treasurer
S. Brian Jurasek	Treasurer

BOARD OF DIRECTORS

John C. Hagy	Chief Operations Officer Decker Manufacturing Corporation — Ohio
S. Brian Jurasek	CPA, Managing Principal Willis & Jurasek, P.C.
Bernard L. Konkle	Chairman of the Board Decker Manufacturing Corporation
Mark A. Konkle	Healthcare Director — Retired U of M, Michigan Medicine
Steven M. Konkle	Chief Operations Officer Decker Manufacturing Corporation — Michigan
Christopher L. Miller	Manufacturing Executive Retired
Philip M Moilanen	Attorney/President Philip M. Moilanen, P.C.

TRANSFER AGENT
Equiniti Trust Company, LLC
New York, New York



AUDITOR'S REPORT



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plantemoran.com

Independent Auditor's Report

To the Board of Directors
Decker Manufacturing Corporation and Subsidiaries

Opinion

We have audited the consolidated financial statements of Decker Manufacturing Corporation and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

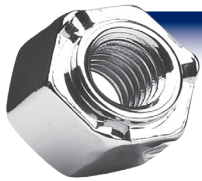
Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



To the Board of Directors
Decker Manufacturing Corporation and Subsidiaries

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Morse, PLLC

February 24, 2025

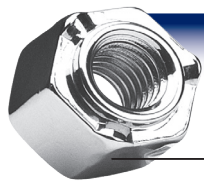


Decker Manufacturing Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,186,616	\$ 790,784
Investments (Note 3)	12,064,256	12,622,300
Accounts receivable - Net (Note 5)	4,448,755	5,735,243
Inventory (Note 6)	10,980,092	11,227,876
Prepaid expenses and other current assets:		
Prepaid expenses	131,606	112,052
Refundable taxes	458,143	634,514
Total current assets	29,269,468	31,122,769
Property and Equipment - Net (Note 7)	7,413,710	7,032,663
Total assets	\$ 36,683,178	\$ 38,155,432
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 2,475,146	\$ 3,745,150
Bank line of credit (Note 8)	4,074,465	5,426,865
Current portion of long-term debt (Note 9)	153,336	153,336
Accrued and other current liabilities:		
Accrued compensation	286,172	266,471
Dividends payable	610,876	610,876
Other accrued liabilities	63,061	56,825
Total current liabilities	7,663,056	10,259,523
Long-term Debt - Net of current portion (Note 9)	1,073,312	1,226,648
Other Long-term Liabilities - Deferred tax liabilities (Note 10)	824,000	652,000
Total liabilities	9,560,368	12,138,171
Stockholders' Equity	27,122,810	26,017,261
Total liabilities and stockholders' equity	\$ 36,683,178	\$ 38,155,432



Decker Manufacturing Corporation and Subsidiaries

Consolidated Statement of Operations

Years Ended December 31, 2024 and 2023

	2024		2023	
	Amount	Percent of Net Sales	Amount	Percent of Net Sales
Net Sales	\$ 44,509,050	100.0	\$ 46,806,990	100.0
Cost of Sales	36,200,912	81.3	39,302,425	84.0
Gross Profit	8,308,138	18.7	7,504,565	16.0
Operating Expenses	4,606,728	10.4	4,287,259	9.2
Operating Income	3,701,410	8.3	3,217,306	6.8
Nonoperating Income (Expense)				
Interest income	359,038	0.8	318,182	0.7
Realized gain (loss) on sale of marketable securities	563,173	1.3	(202,878)	(0.4)
Unrealized gain on marketable securities	486,079	1.1	1,606,137	3.4
Other income	14,889	-	64,075	0.1
Interest expense	(431,723)	(1.0)	(481,311)	(1.0)
Other expense	(114,309)	(0.3)	(86,172)	(0.2)
Total nonoperating income	877,147	1.9	1,218,033	2.6
Income - Before income taxes	4,578,557	10.2	4,435,339	9.4
Income Tax Expense (Note 10)	1,090,600	2.5	1,039,000	2.2
Consolidated Net Income	<u>\$ 3,487,957</u>	<u>7.7</u>	<u>\$ 3,396,339</u>	<u>7.2</u>

Decker Manufacturing Corporation and Subsidiaries

Consolidated Statement of Changes in Stockholders' Equity

Years Ended December 31, 2024 and 2023

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance - January 1, 2023	\$ 610,876	\$ 180,000	\$ 23,723,762	\$ 24,514,638
Consolidated net income	-	-	3,396,339	3,396,339
Dividends declared	-	-	(1,893,716)	(1,893,716)
Balance - December 31, 2023	610,876	180,000	25,226,385	26,017,261
Consolidated net income	-	-	3,487,957	3,487,957
Dividends declared	-	-	(2,382,408)	(2,382,408)
Balance - December 31, 2024	<u>\$ 610,876</u>	<u>\$ 180,000</u>	<u>\$ 26,331,934</u>	<u>\$ 27,122,810</u>

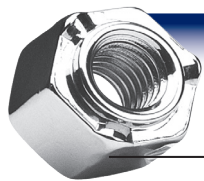


Decker Manufacturing Corporation and Subsidiaries

Consolidated Statement of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Consolidated net income	\$ 3,487,957	\$ 3,396,339
Adjustments to reconcile consolidated net income to net cash and cash equivalents from operating activities:		
Depreciation	780,030	746,616
Bad debt expense	45,471	9,849
Change in cash surrender value of life insurance	-	(3,078)
Realized and unrealized gain on investments	(1,049,252)	(1,403,259)
Deferred income taxes	172,000	454,000
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	1,241,017	687,881
Inventory	247,784	670,692
Prepaid expenses and other assets	156,817	(109,465)
Accounts payable	(1,270,004)	(826,736)
Accrued and other liabilities	25,937	(166,141)
Net cash and cash equivalents provided by operating activities	3,837,757	3,456,698
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,161,077)	(1,499,639)
Purchases of investments	(5,155,155)	(3,993,958)
Proceeds from sales and maturities of investments	6,762,451	3,844,738
Premiums paid on life insurance	-	(1,946)
Proceeds from life insurance	-	110,216
Net cash and cash equivalents provided by (used in) investing activities	446,219	(1,540,589)
Cash Flows from Financing Activities		
Payments on debt	(153,336)	(119,609)
Payments on line of credit - Net	(1,352,400)	(153,336)
Dividends paid	(2,382,408)	(1,374,471)
Net cash and cash equivalents used in financing activities	(3,888,144)	(1,647,416)
Net Increase in Cash and Cash Equivalents	395,832	268,693
Cash and Cash Equivalents - Beginning of year	790,784	522,091
Cash and Cash Equivalents - End of year	\$ 1,186,616	\$ 790,784



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 1 - Nature of Business

Decker Manufacturing Corporation and Subsidiaries (the "Company") are engaged in the manufacture and distribution of cold-headed industrial fasteners and pipe plugs to customers in North America. Approximately two-thirds of the Company's products are sold to a customer base that is either directly or indirectly engaged in the manufacture of automobiles.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries, which are not considered variable interest entities, including Decker Manufacturing Corporation; Decker Fasteners, Ltd.; DFL Realty Co., which owns the land and building related to Decker Fasteners, Ltd.; CDC Associates, Inc., which was established to manage environmental liability costs; and Decker Financial Corporation, which was established to distinguish investment balances and earnings, as well as income tax-related transactions. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Basis of Presentation

The consolidated financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Revenue Recognition

The Company is composed of two significant revenue streams, including manufacturing to customer specifications and distribution of parts. The parts are shipped upon receipt of a purchase order or release to customers located primarily in the United States.

During the years ended December 31, 2024 and 2023, the percentage of revenue the Company recognized from contracts with customers for the manufacturing to customer specifications was 35 percent and revenue related to the distribution of parts was 65 percent. The Company recognized impairment losses on trade receivables of \$45,471 and \$9,849 for the years ended December 31, 2024 and 2023, respectively. Accounts receivable totaled \$4,448,755, \$5,735,243, and \$6,432,973 at December 31, 2024; December 31, 2023; and January 1, 2023, respectively. The Company did not recognize any contract assets or liabilities.

Timing of Satisfaction

Contract terms do not include cancellation provisions that would result in an enforceable right to payment completed to date, and, as a result, revenue is recognized at a point in time. The Company typically satisfies its performance obligations as goods are shipped. The parts are typically shipped "FOB Shipping Point," and, as such, ownership of goods transfers to the customer upon shipment; at that point, the customer bears the associated risks. Sales and similar taxes that are imposed on sales and collected from customers are excluded from revenue.

As a practical expedient, the Company elected to account for shipping and handling as activities to fulfill the promise to transfer the good. If revenue is recognized for the related good before the shipping and handling activities occur, the related costs of those shipping and handling activities are accrued.

Because contracts with customers usually contain only one performance obligation that is satisfied at a point in time, there are no satisfied performance obligations that would result in contract assets other than trade accounts receivable.



Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Allocating the Transaction Price

The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring the parts to a customer. To determine the transaction price of a contract, the Company considers its customary business practices and the terms of the contract. For the purpose of determining transaction prices, the Company assumes that the goods will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be canceled, renewed, or modified.

Significant Payment Terms

Payment for goods and services sold by the Company is typically due within 30 to 60 days after an invoice is sent to the customer. Invoices for goods are typically sent to customers within 3 calendar days of delivery. The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date.

Nature of Promises to Transfer

In most cases, goods that the Company contracts to transfer to customers are manufactured by the Company for sale. In no case does the Company act as an agent (i.e., the Company does not provide a service of arranging for another party to transfer goods or services to the customer).

Warranties

In most cases, goods that customers purchase from the Company are covered by manufacturers' warranties that the goods will operate to customer-designed specifications. The Company does not sell warranties separately.

The Company's warranties provide customers with assurance that purchased goods comply with published specifications. At the time revenue is recognized, the Company estimates the cost of expected future warranty claims but does not exclude any amounts from revenue. The Company maintains appropriate accounts to reflect the effects of expected warranty claims on the Company's financial position and periodically adjusts those accounts to reflect its actual warranty claim experience. The warranty accrual and warranty costs as of and for the years ended December 31, 2024 and 2023 were insignificant.

Costs to Obtain or Fulfill a Contract with a Customer

Costs to obtain a contract with a customer are generally incurred regardless of whether the contract was obtained and are expensed as incurred. The Company does not separately record an asset for costs to obtain contracts.

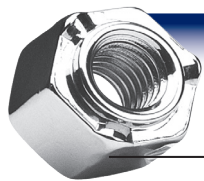
Cash Equivalents and Cash Concentrations

For the purpose of the accompanying consolidated financial statements, the Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates fair value due to the short-term nature of these investments. The Company's cash balance with a bank may at times exceed the limits of related federal deposit insurance. The Company has not experienced any losses on such accounts.

Investments

Investments in equity securities are reported at fair value, with unrealized gains and losses included in earnings.

Debt securities purchased and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are reported at fair value, with unrealized gains and losses included in earnings.



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

The Company's accounts receivable balance consists of amounts due from its customers. Accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Company collectively evaluates receivables to determine the allowance for credit losses based on historical payment trends, write-off experience, analyses of the aging of receivables, and a review of specific invoices, as well as expected future economic conditions and market trends. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers the outlook of the automotive and general market conditions when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

Inventory

Cost is determined by the last-in, first-out (LIFO) method, except for spare parts and tools inventory, which is determined by the first-in, first-out (FIFO) method. Inventory is stated at the lower of cost or net realizable value (NRV).

Property and Equipment

Property and equipment are recorded at cost. Both straight-line and accelerated methods are used for computing depreciation. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

Shipping and Handling Costs

Shipping and handling costs are recorded as cost of sales as they are incurred.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including February 24, 2025, which is the date the consolidated financial statements were available to be issued.



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Investments

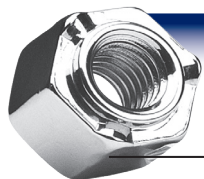
The details of the Company's investments at December 31, 2024 and 2023 are as follows:

	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities:				
Common stock	\$ 2,707,877	\$ 1,361,989	\$ (17,390)	\$ 4,052,476
Mutual funds	2,931,759	130,792	(19,142)	3,043,409
Exchange-traded funds	2,953,447	1,805,859	(18,892)	4,740,414
Total equity securities	8,593,083	3,298,640	(55,424)	11,836,299
Debt securities:				
United States Treasury securities	173,448	1,491	(10,748)	164,191
Corporate bonds	58,766	801	(1,676)	57,891
International bonds	6,065	134	(324)	5,875
Total debt securities	238,279	2,426	(12,748)	227,957
Total	\$ 8,831,362	\$ 3,301,066	\$ (68,172)	\$ 12,064,256
2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities:				
Common stock	\$ 3,342,994	\$ 1,262,249	\$ (4,658)	\$ 4,600,585
Mutual funds	3,028,752	92,319	(30,930)	3,090,141
Exchange-traded funds	3,340,393	1,429,842	(215)	4,770,020
Total equity securities	9,712,139	2,784,410	(35,803)	12,460,746
Debt securities:				
United States Treasury securities	106,291	897	(3,424)	103,764
Corporate bonds	58,224	636	(1,070)	57,790
Total debt securities	164,515	1,533	(4,494)	161,554
Total	\$ 9,876,654	\$ 2,785,943	\$ (40,297)	\$ 12,622,300

Realized gains and losses are determined on the basis of specific identification. During the years ended December 31, 2024 and 2023, sales proceeds, gross realized gains, and gross realized losses on securities classified as available for sale were as follows:

	2024	2023
Sales proceeds	\$ 6,762,451	\$ 3,844,738
Gross realized gains	811,894	203,169
Gross realized losses	(248,721)	(406,047)

The aggregate amount of the unrealized losses for all securities that have been in an unrealized loss position for less than 12 months as of December 31, 2024 and 2023 was \$53,555 and \$11,427, respectively, with an aggregate related fair value of \$4,030,606 and \$636,024 as of December 31, 2024 and 2023, respectively.



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Investments (Continued)

The aggregate amount of unrealized losses for all securities that have been in a continuous unrealized loss position for 12 months or longer as of December 31, 2024 and 2023 was \$14,617 and \$28,870, respectively, with an aggregate related fair value of \$733,743 and \$474,998 as of December 31, 2024 and 2023, respectively.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Company's assets measured at fair value on a recurring basis at December 31, 2024 and 2023 and the valuation techniques used by the Company to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques, taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at
December 31, 2024

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2024
Assets				
Debt securities:				
United States Treasury securities	\$ -	\$ 164,191	\$ -	\$ 164,191
Corporate bonds	-	57,891	-	57,891
International bonds	-	5,875	-	5,875
Total debt securities	-	227,957	-	227,957
Equity securities:				
Exchange-traded funds	4,740,414	-	-	4,740,414
Mutual funds	3,043,409	-	-	3,043,409
Common stock	4,052,476	-	-	4,052,476
Total equity securities	11,836,299	-	-	11,836,299
Total assets	\$ 11,836,299	\$ 227,957	\$ -	\$ 12,064,256

Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Assets				
Debt securities:				
United States Treasury securities	\$ -	\$ 103,764	\$ -	\$ 103,764
Corporate bonds	-	57,790	-	57,790
Total debt securities	-	161,554	-	161,554
Equity securities:				
Exchange-traded funds	4,770,020	-	-	4,770,020
Mutual funds	3,090,141	-	-	3,090,141
Common stock	4,600,585	-	-	4,600,585
Total equity securities	12,460,746	-	-	12,460,746
Total assets	<u>\$ 12,460,746</u>	<u>\$ 161,554</u>	<u>\$ -</u>	<u>\$ 12,622,300</u>

The Company measures marketable securities at fair value on a recurring basis. The fair value of the mutual funds, exchange-traded funds, and common stock is based primarily on Level 1 inputs, and the fair value of the U.S. Treasury securities, corporate bonds, and international bonds is based on Level 2 inputs, as described above.

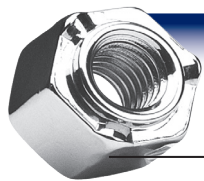
Note 5 - Accounts Receivable

The following is the detail of accounts receivable as of December 31, 2024 and 2023:

	2024	2023
Accounts receivable	\$ 4,583,800	\$ 5,870,243
Less allowance for credit losses	135,045	135,000
Net accounts receivable	<u>\$ 4,448,755</u>	<u>\$ 5,735,243</u>

The following is the detail of the allowance for credit losses for the years ended December 31, 2024 and 2023:

	2024	2023
Beginning balance	\$ 135,000	\$ 135,000
Additions charged to expense	45,471	9,849
Deductions/Write-offs	(45,426)	(9,849)
Ending balance	<u>\$ 135,045</u>	<u>\$ 135,000</u>



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 6 - Inventory

Inventory at December 31, 2024 and 2023 consists of the following:

	2024	2023
Raw materials	\$ 10,184,654	\$ 10,870,310
Work in progress	1,903,495	1,694,310
Finished goods	4,522,955	3,852,849
Spare parts and tools	1,364,075	1,369,470
LIFO reserve	(6,995,087)	(6,559,063)
Total	<u>\$ 10,980,092</u>	<u>\$ 11,227,876</u>

If the first-in, first-out method of inventory valuation had been used, such inventory would have been higher by approximately \$6,995,000 and \$6,559,000 at December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024 and 2023, inventory quantities valued on LIFO were reduced. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of the purchases for the fiscal year ended, the effect of which increased cost of goods sold and decreased net income by approximately \$290,000 and \$281,000 for the years ended December 31, 2024 and 2023, respectively.

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2024	2023	Depreciable Life - Years
Land	\$ 406,979	\$ 406,979	-
Land improvements	962,804	962,804	10
Buildings	5,843,880	5,718,861	7-40
Machinery and equipment	19,946,984	19,782,550	2-12
Transportation equipment	726,796	674,069	4
Furniture and fixtures	323,480	323,286	3-5
Computer equipment and software	1,190,233	1,424,705	3-5
Construction in progress	853,873	384,653	-
Total cost	30,255,029	29,677,907	
Accumulated depreciation	<u>22,841,319</u>	<u>22,645,244</u>	
Net property and equipment	<u>\$ 7,413,710</u>	<u>\$ 7,032,663</u>	

Depreciation expense for the years ended December 31, 2024 and 2023 was approximately \$780,000 and \$747,000, respectively.

Note 8 - Line of Credit

Under a line of credit agreement with a bank, the Company has available borrowings of \$8,000,000 as of December 31, 2024 and 2023. At December 31, 2024, interest is payable monthly at a rate of 2.000 percent above the one-month Secured Overnight Financing Rate (SOFR) (an effective rate of 6.49 percent). At December 31, 2023, interest was payable at a rate of 1.865 percent above the one-month SOFR (an effective rate of 7.25 percent). The amount outstanding as of December 31, 2024 and 2023 was \$4,074,465 and \$5,426,865, respectively. The line of credit is collateralized by substantially all of the Company's assets and matures on June 15, 2025.



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 8 - Line of Credit (Continued)

Under the line of credit agreement with the bank, the Company is subject to various nonfinancial and financial covenants, including a fixed-charge coverage ratio and liquidity ratios. See further disclosures in Note 9.

Note 9 - Long-term Debt

Long-term debt at December 31, 2024 and 2023 is as follows:

	2024	2023
Note payable to a bank in monthly installments of approximately \$12,800, plus interest at 2.15 percent above SOFR at December 31, 2024 (an effective rate of 6.64 percent). At December 31, 2023, interest was 1.75 percent above SOFR (an effective rate of 7.13 percent). The note is collateralized by substantially all of the Company's assets and is due on December 1, 2032	\$ 1,226,648	\$ 1,379,984
Less current portion	153,336	153,336
Long-term portion	<u>\$ 1,073,312</u>	<u>\$ 1,226,648</u>

The balance of the above debt matures as follows:

Years Ending	Amount
2025	\$ 153,336
2026	153,336
2027	153,336
2028	153,336
2029	153,336
Thereafter	459,968
Total	<u>\$ 1,226,648</u>

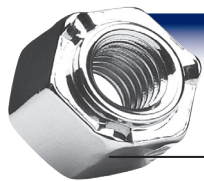
Interest expense for the bank line of credit and long-term debt was approximately \$432,000 and \$481,000 for the years ended December 31, 2024 and 2023, respectively.

Under the agreements with the bank, the Company is subject to various financial covenants, including a fixed-charge coverage ratio and liquidity ratios.

Note 10 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations. These amounts are detailed as follows:

	2024	2023
Current federal income tax expense	\$ 738,000	\$ 482,000
Current state income tax expense	180,600	103,000
Deferred income tax expense	172,000	454,000
Total income tax expense	<u>\$ 1,090,600</u>	<u>\$ 1,039,000</u>



Decker Manufacturing Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 10 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations. These amounts are detailed as follows:

	2023	2022
Current federal income tax expense	\$ 482,000	\$ 257,390
Current state income tax expense	103,000	6,000
Deferred income tax expense (recovery)	454,000	(746,390)
Total income tax expense	<u>\$ 1,039,000</u>	<u>\$ (483,000)</u>

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2023	2022
Income tax expense, computed at 21 percent of pretax income (loss)	\$ 931,000	\$ (347,000)
Effect of nondeductible expenses	8,000	6,000
State income tax expense - Net of federal	118,000	(100,000)
Adjustments of prior year estimates and other	(18,000)	(42,000)
Total provision for income taxes	<u>\$ 1,039,000</u>	<u>\$ (483,000)</u>

The details of the net deferred tax liability are as follows:

	2023	2022
Total deferred tax liabilities	\$ (1,464,000)	\$ (915,000)
Total deferred tax assets	812,000	717,000
Total net deferred tax liability	<u>\$ (652,000)</u>	<u>\$ (198,000)</u>

Deferred tax liabilities result principally from accelerated methods of depreciation and unrealized gains on marketable securities. Deferred tax assets result from recognition of expenses for financial reporting purposes that are not deductible for tax purposes until paid, including inventory valuations and the allowance on doubtful accounts.

No valuation allowance has been recognized for the deferred tax assets.

Note 11 - Capital Stock

The Company has 2,000,000 authorized shares of \$1 par value stock. As of December 31, 2023 and 2022, there were 610,876 shares issued and outstanding.

Note 12 - Retirement Plans

The Company sponsors a 401(k) plan for substantially all employees. The plan provides for the Company to make a matching contribution and discretionary contribution. Contributions to the plan totaled \$325,746 and \$259,738 for the years ended December 31, 2023 and 2022, respectively.

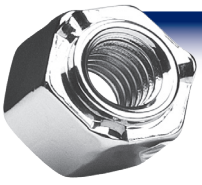
Note 13 - Cash Flows

Cash paid for interest and income taxes was as follows:

	2023	2022
Interest	\$ 481,311	\$ 291,851
Income taxes paid	690,000	187,723

NOTES





NOTES





MANUFACTURING CORPORATION

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