Annual Report of

Decisive Dividend Corporation

For the year ended December 31, 2022

Letter from the Chair of the Board

This is my first annual report message to you as Chairman of Decisive Dividend Corporation ("Decisive"). It is a message that we will be providing every year from now on and is just another excellent opportunity to further connect with our shareholders. It has been my privilege and honour to be Chair of Decisive since its inception in 2012. All of our current directors, other than our recent addition of Chief Executive Officer ("CEO"), Jeff Schellenberg, have been loyal and dedicated directors of Decisive from our initial public offering to present. They continue to provide their significant and diverse talents to Decisive, and I thank them for their past and continuing work. They have been pivotal to Decisive's success, providing it a strategic roadmap to follow and the oversight to keep it on course as Decisive has grown globally. I believe the advice and counsel provided by our Board of Directors have put Decisive in an excellent position for the future executing of its business model and business plans, and the reaching of its goals both now and maintaining a view to significant growth and success in the future. I will leave the details for our CEO Jeff Schellenberg to discuss in his letter, but suffice it to say that 2022 was one of the most successful years in Decisive's history, generating new highs in virtually every financial metric, increasing our dividend to pre-pandemic levels during the year, and then again above that level in March 2023, providing our shareholders with significant annual returns, in a year where most stock indices declined.

This leads me to discuss our management team. Decisive's success could not have happened without the dedication and consistent hard work of the talented executives who have joined us because they believed in our business model. The addition of Jeff Schellenberg as our CEO post pandemic was a pivotal moment for Decisive, as the Board had navigated the pandemic in such a positive way to put us in the position where we were able to hire and pay for a professional full-time CEO. Up to that point I had been acting as our as-needed unpaid CEO, but the plan (certainly my plan!) was always to bring someone in to replace me in that role who would successfully lead our management team into the future. Jeff has proven to be dynamic and exemplary as CEO, and is exactly what the Board had hoped for in hiring such a talented person for the role. Jeff leads a talented and dedicated team. Rick Torriero is our Chief Financial Officer whose knowledge and experience, and with the assistance of his team of Cooper Harrison and Connor Foreman, has professionalized and optimized Decisive's business, banking, accounting and diligence practices throughout the organization. Terry Edwards is our Chief Operating Officer who is also a founder and Director and who has also helped to create and institute many of our Decisive business, insurance, compliance and human resource policies, and led our very successful COVID response, and who has worked tirelessly from the inception of the Company. Our Corporate Development Manager, Tyler Senft, has been pivotal in creating and maintaining our business acquisition toolbox, which directly led to our two successful and exciting business acquisitions in Marketing Impact Limited ("Marketing Impact") and ACR Heat Products Limited ("ACR") this past year, and a robust pipeline of potential future acquisition targets.

Decisive's success, both present and future, could not happen without the vision of the Board and the execution of the management team, but also without the support of our financial institutions who have been excellent partners and raised and loaned us the funds required to execute our plan. It also requires the incredible dedication of our subsidiary management teams, who continue to obtain quality talent that want to be a part of the larger Decisive team, and whose execution of their individual business plans are successfully impacting our bottom line. Their future growth prospects are brighter than ever. I want to take this opportunity to thank all of our stakeholders, and our shareholders, both new and old, who have invested into and supported Decisive.

If you understand our model you will understand our fierce commitment to it. Decisive's business model has not changed from the very beginning. Our purpose is to be the sought-out choice for exiting legacy-minded business owners, while supporting the long-term success of the businesses acquired. Through that, we create sustainable and growing shareholder returns. The strategy is to provide a stable and growing dividend coupled with growth, which we believe is sustainable by implementing and executing upon our plan. Our subsidiaries are in diverse industries and provide a stable and resilient cash flow which supports our monthly dividends. We are able to maintain growth by investing in our existing subsidiaries and providing them with the tools and opportunities to induce their accelerated growth. In addition, adding to our subsidiary portfolio by way of purchasing new companies and by adding tuck-ins

to our existing businesses which are immediately expected to be accretive to Decisive. It takes a strong team to implement our very disciplined approach to the plan with a view to the future growth of Decisive and I believe that our management team has been successful in their execution as can be seen in our 2022 results and future prospects.

James A. Paterson
Chair, Board of Directors

Letter from the CEO

It is a privilege to take this opportunity to communicate to you, our shareholders, some overarching thoughts and perspectives on where we have come from as a business and where we are heading.

The transition of the baby boomer generation into retirement is driving a wave of opportunities for companies, like Decisive Dividend, to acquire successful and profitable businesses that are looking for their next home. A recent Canadian Federation of Independent Business (CFIB) Report entitled "Succession Tsunami" states the following:

"76% of Canada's business owners plan to exit their business within the next decade ─ meaning that over $2 trillion worth of business assets could change hands during this period."

The opportunity is massive and we believe our model, which focuses on buying, building and holding the businesses we acquire for the long term, uniquely well positions us to be very active as this aging business owner demographic macrotrend unfolds over the next 15 to 20 years.

The Decisive model is premised on acquiring profitable, well-established, high-quality companies, supporting the success of the businesses we acquire by providing resources to them to help them achieve their potential and then holding those businesses we acquire for the long term. This model has, at its core, a long-term mindset that supports the sustaining of businesses into the future and allowing these businesses to move from the previous owner / founder into the hands of a publicly traded company that can hold them for the long term.

As we discuss our business model, we spend a lot of time talking about legacy and, in fact, have defined our purpose as follows: to be the sought-out choice for exiting legacy-minded business owners, while supporting the long-term success of the businesses acquired. The idea of preserving and building upon the legacy that the previous owners of the businesses we acquired have built is inspiring for our team and provides a very clear sense of purpose and direction as we meet with and create exit opportunities for business owners whose legacy mindset aligns with ours. Our approach is especially attractive for certain types of business owners that we call, "legacy-minded exiting business owners" – owners who want to see their business continue as a going concern and who want their employees to maintain their jobs beyond their ownership tenure. Because of the legacy minded nature of our model, we often do not need to be the highest bidder for the businesses we acquire as the vendor would rather receive a lower level of consideration in exchange for more certainty around the future of the business for their own legacy and for employees. Further, because we require that the vendor receive a minimum of 10% of the consideration they are paid in Decisive shares, the vendor of any business we acquire gets to participate in any upside that occurs in Decisive's share price and/or dividend that results from the transaction or future transactions as well as organic growth in the businesses already in the portfolio.

Beyond preserving legacy, our objective is to build on the legacy of the businesses we acquire to help move those businesses from what we would call "sustained success" mode, to be realigned to "accelerated growth" mode. This takes some work to help support the realignment of the vision for the business and, often, requires new leadership in the business we have acquired, and we are focused on enhancing our capabilities as an organization to execute on this playbook for our shareholders. We believe that the results of our successful execution of this strategy will be extremely rewarding for all Decisive stakeholders as we execute on our plan, creating organic growth in our portfolio companies into the future.

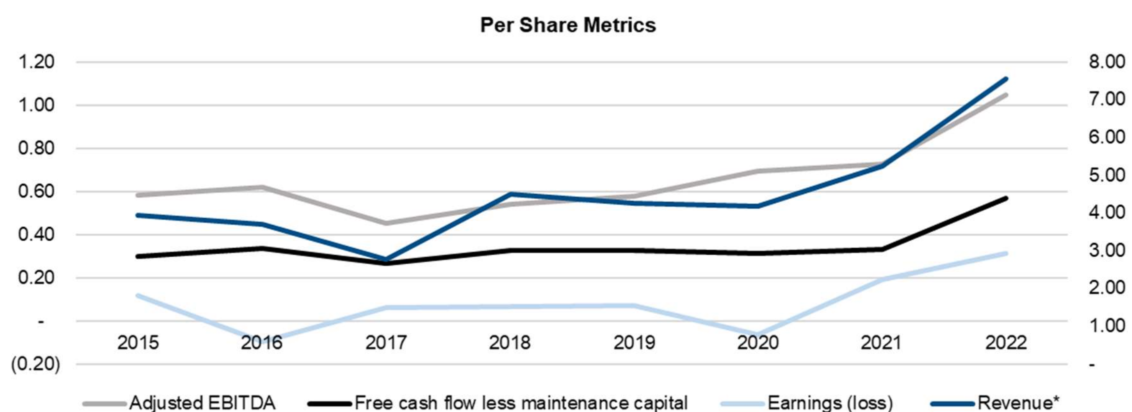
You might ask, outside of seeking a certain profile of vendor (a legacy-minded exiting business owner), what are the types of businesses Decisive is looking to buy? Our focus is on buying specialty product manufacturing businesses that generate recurring revenue and require low levels of capital intensity (less than 2% maintenance capital intensity), all of which drives an extremely attractive return on tangible capital (similar to the portfolio of businesses we already have in place). We are focused on both new platform acquisitions (similar to the Marketing Impact transaction we completed in April 2022), to support further diversification of our cash flow streams and bolstering of our ability to sustain and grow our dividend, and additions to existing industry platforms (similar to the ACR transaction we completed in

October 2022), which allow us to focus on extracting efficiencies and accelerating new market and/or new product opportunities that the acquired business may open up for our existing businesses.

In 2022, we assessed around 90 opportunities which, on top of over 100 opportunities we looked at in 2021, meaning we closed on about 1% of the opportunities we reviewed in 2021 and 2022. Tyler Senft, our Corporate Development Manager, has worked very closely with the sources of deal flow we focus on (brokers, dealers and referral sources) to ensure they are educated about the types of opportunities we focus on, which has significantly enhanced the quality of the opportunities we receive. We have also developed and continue to enhance our screening tools and diligence processes. In both 2021 and 2022, Decisive walked away from deals due to various concerns that were raised during the diligence process. Our diligence process helps ensure that we are focused on and understand, as fully as possible, the various risks associated with any acquisition we are pursuing as well as seeking to measure whether the rewards of completing the transaction adequately compensate us for the risks we are taking on. This means, to us, that the transaction will be accretive to our shareholders and earn a greater than 15% return on invested capital[1] (ROIC). Since the acquisition of Blaze King in 2015, we have achieved an aggregate ROIC of 38%. Due to the number of acquisition opportunities we are seeing that fit this return profile (driven by the aging demographic trend mentioned earlier), we are focused on building our capacity as an organization to ramp up the number of transaction processes we are able to stickhandle at a given time.

We believe that the highlights of what the organization was able to accomplish in 2022 illustrates many of the elements noted above:

- We acquired two businesses, Marketing Impact and ACR, from two sets of exiting legacy minded business owners, and are committed to preserving the legacy of these business owners while building upon them;
- The five businesses we owned prior to 2022 experienced aggregate revenue growth of 30% on a year over year basis, which is a result of the work that was done to build upon the legacy of the previous owners of those businesses and demonstrates the kind of organic growth we are looking to achieve.
- We experienced enhanced per share financial metrics which are critical to our shareholders in terms of the ability to support dividend growth and equity value creation for our shareholders. You can see, from the chart below, the progress we made in 2022 as a result of improved performance of our subsidiaries and as a result of the acquisitions we completed in 2022.



*In the above chart, per share revenue is measured on the right axis, while all other per share metrics are measured on the left axis.

- It was the strength of our Adjusted EBITDA and free cash flow less maintenance capital per share performance that allowed us to return our per share dividend to pre-pandemic levels of $0.36 per share in April 2022 and on March 15, 2023 to announce a further increase our dividend to $0.42 per share. Continued strength in these metrics will be key indicators of our ability to both sustain

and grow our per share dividend into the future, which will, in turn, support value appreciation of Decisive's shares.

- While the stock markets were volatile in 2022 as a result of a variety of macroeconomic and geopolitical factors, Decisive's financial performance drove strong stock performance with total shareholder return of 33% in 2022. This resulted in us being named as one of the top performers on the TSX Venture, earning recognition in the TSXV Venture 50, as one of the top 50 performing stocks of the over 1700 companies listed on the TSX Venture.
- In addition, we were able to work with various capital providers to enhance our access to both debt capital (through the renewal and upsizing of our credit facilities with Canadian Western Bank and its subsidiary, CWB Maxium Financial Inc.) and equity capital (through the September 2022 investment by Waratah Capital Advisors, which included a pre-emptive right to maintain their ownership level via participation in future financings). The commitments from both our bank and Waratah were significant validations of our business model and position Decisive well to be able to finance future growth opportunities. Further supporting this, we have had a number of financial institutions initiate coverage on our name to provide equity research, providing additional communication and analysis to the market about our story.

All of these accomplishments result from the efforts of our incredible team of leaders and employees across both the Decisive head office and our subsidiaries. We made several significant changes to the leadership teams of our subsidiaries in 2022, and these new leaders, along with the already strong group of leaders we had in place, are the key architects and drivers of any success we had in 2022 and our future success. It is our number one priority to continue to enhance the quality of our teams and strengthen the culture of our organization as we seek to preserve and build our own business legacy in a manner that aligns with our values. We thank you, our shareholders, for your support on this journey and look forward to continued success as we execute on our plans in 2023.

Jeff Schellenberg
Chief Executive Officer

Management's Discussion and Analysis of

Decisive Dividend Corporation

For the year ended December 31, 2022

Corporate Overview

Decisive Dividend Corporation ("Decisive" or the "Company") is an acquisition-oriented company focused on opportunities in manufacturing.

Decisive's purpose statement is:

- To be the sought-out choice for exiting legacy-minded business owners, who will be provided the opportunity to stay involved in Decisive;
- To support the long-term success of the businesses acquired, including through sharing resources with other Decisive companies; and
- To create sustainable and growing shareholder returns.

The Company intends to meet these objectives by:

- acquiring 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;
- continuing the business legacies of the vendors of companies acquired by Decisive and remaining committed to the communities our businesses are located in;
- providing resources, support and oversight to ensure sound business operations through on-going active collaboration and monitoring while recognizing that the people running the business know it best; and
- implementing appropriate expansion strategies to pursue active organic growth of its operating subsidiaries.

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 2, 2012 and is listed on the TSX Venture Exchange, trading under the symbol "DE". The head office of the Company is located in Kelowna, British Columbia.

To date, the Company has completed the acquisition of seven manufacturing companies. The principal wholly-owned operating subsidiaries of the Company 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.; 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.

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.

Preface

This Management's Discussion and Analysis ("MD&A") focuses on key items from the audited consolidated financial statements of Decisive for the years ended December 31, 2022 and 2021. The audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise noted. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Company in the future.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2022 and 2021. This MD&A covers the year ended December 31, 2022 and the subsequent period up to the date of filing. In this MD&A, the Company and its subsidiaries, collectively, are referred to as the "Group".

Additional information regarding the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com, or on the Company's website at www.decisivedividend.com.

This MD&A was prepared effective March 23, 2023.

Certain statements in this MD&A constitute forward-looking information and forward-looking statements, as such this MD&A should be read in conjunction with the Cautionary Statement Regarding Forward-Looking Information and Statements included later in this MD&A.

In this MD&A, reference is made to "Adjusted EBITDA", "Free Cash Flow", "Growth Capital Expenditures", "Maintenance Capital Expenditures", "Dividend Payout Ratio" and "Return on Invested Capital", which are financial measures that are not recognized financial measures under IFRS but are believed to be meaningful in the assessment of the Group's performance. The Company's method of calculating Non-IFRS financial measures may differ from that of other corporations or entities and therefore may not be directly comparable to measures utilized by other corporations or entities. A reader should not place undue reliance on any Non-IFRS financial measures. Detailed descriptions of these financial measures are included later in this MD&A under the heading "Non-IFRS Financial Measures" and reconciliations to their most comparable IFRS measure are included throughout the MD&A where applicable.

Overall Performance

Financial Highlights

The financial results of the Group for the periods indicated below are, as follows:

FINANCIAL PERFORMANCE
(Stated in thousands of dollars, except per share amounts)

For the year ended December 31,	**2022**	2021	2020
Sales	**$ 98,587**	$ 62,491	$ 48,457
Gross profit	**32,853**	21,376	18,422
Gross profit %	**33%**	34%	38%
Adjusted EBITDA [1]	**13,667**	8,657	8,061
Per share basic	**1.05**	0.73	0.70
Profit before tax	**5,687**	2,940	(161)
Profit	**4,084**	2,282	(736)
Per share basic	**0.31**	0.19	(0.06)
Per share diluted	**0.29**	0.18	n/a
Free cash flow [1]	**8,364**	4,533	4,070
Per share basic	**0.64**	0.38	0.35
Free cash flow less maintenance capital [1]	**7,410**	3,867	3,492
Per share basic	**0.57**	0.32	0.30
Dividends declared	**4,569**	2,461	1,037
Per share basic	**0.35**	0.21	0.09
Dividend payout ratio [1]	**62%**	64%	30%

[1] – As defined under the heading "Non-IFRS Financial Measures" later in this MD&A.

The non-IFRS measures referenced in the table above reconcile to the IFRS measures reported in the Company's consolidated financial statements as follows:

Adjusted EBITDA

(Stated in thousands of dollars)

For the year ended December 31,	**2022**	2021	2020
Profit (loss) for the period	**$ 4,084**	$ 2,282	$ (736)
Add (deduct):			
Financing costs	**2,524**	2,079	2,189
Income tax expense	**1,603**	658	575
Amortization and depreciation	**4,884**	3,666	3,905
Acquisition and restructuring costs	**1,077**	115	-
Goodwill impairment losses	**-**	-	1,368
Inventory fair value adjustments and write downs	**22**	27	586
Share-based compensation expense	**143**	256	442
Foreign exchange losses (gains)	**(619)**	54	424
Interest and other income	**(20)**	(408)	(621)
Gain on sale of equipment	**(31)**	(72)	(71)
Adjusted EBITDA	**13,667**	8,657	8,061

Free Cash Flow, Free Cash Flow Less Maintenance Capital, and Dividend Payout Ratio

(Stated in thousands of dollars) For the year ended December 31,	**2022**	2021	2020
Cash provided by operating activities	$ **8,427**	$ 3,908	$ 10,745
Add (deduct):			
Changes in non-cash working capital	**3,192**	3,783	(2,976)
Income taxes paid	**991**	859	307
Current income tax expense	**(1,743)**	(1,080)	(920)
Acquisition and restructuring costs	**1,078**	115	-
Interest paid	**(2,354)**	(1,969)	(2,090)
Lease payments	**(1,227)**	(1,028)	(895)
Required principal repayments on debt	**-**	(55)	(101)
Free cash flow	**8,364**	4,533	4,070
Maintenance capital expenditures	**(954)**	(666)	(578)
Free cash flow less maintenance capital	**7,410**	3,867	3,492
Dividends declared	**4,569**	2,461	1,037
Dividend payout ratio	**62%**	64%	30%

The financial position of the Group for the periods indicated below is, as follows:

FINANCIAL POSITION *(Stated in thousands of dollars)* As at December 31	**2022**	2021	2020
Working capital	**$ 17,929**	$ 12,753	$ 9,879
Property and equipment	**12,299**	7,586	7,535
Total assets	**98,434**	60,297	56,385
Long-term debt, excluding debt issuance costs	**32,988**	23,052	21,109
Equity	**34,130**	22,222	21,268
Share Information (000s)			
Common shares issued and outstanding	**14,888**	12,093	11,633

Discussion of Overall Performance

Annual Consolidated Financial Highlights

Sales for 2022 increased by $36.1 million, or 58%, to a record $98.6 million from $62.5 million in 2021. The increase was a result of sales increases across each of the Group's portfolio businesses as well as the sales generated by the two businesses added to the Group in 2022. Marketing Impact and ACR, which were acquired in April and October of 2022 respectively, each generated sales ahead of their respective pre-acquisition averages and contributed meaningfully to the finished product segment and consolidated sales increases since being acquired. Blaze King's sales momentum continued in 2022 with a sales increase of 23% relative to 2021, reflecting the continued strong demand for its products. Slimline sales increased by 32% in 2022, compared to 2021, driven by increases in both its agricultural sprayer sales and wastewater evaporator sales. Unicast, Hawk and Northside have also witnessed considerable increases in demand levels as underlying economic conditions and commodity prices have improved.

Sales levels in these component manufacturing businesses increased by 29%, 48% and 33% respectively compared to 2021.

The overall sales increase led to an overall gross profit increase of $11.5 million, or 54%, in 2022 compared to 2021. Year-over-year gross profit percentages decreased relative to 2021, which was driven primarily by the decrease in government subsidies. Excluding government subsidies, consolidated gross profit increased by $13.0 million, or 66%, and the 2022 year-to-date gross profit percentage of 33% was 1% higher relative to 2021.

During 2022, the businesses in the Group did not receive any government subsidies. In 2021, the Group received $2.7 million from the Canada Emergency Wage Subsidy ("CEWS"), Canada Emergency Rent Subsidy ("CERS") and the United States paycheck protection programs, of which 57% was included as a reduction in manufacturing costs and 43% was included as a reduction in operating expenses.

Overall operating expenses increased from $18.9 million in 2021 to $27.8 million in 2022. The increase was primarily a result of increased financing costs, acquisition costs, selling costs associated with the increase in overall sales, enhancements to the management team, and overall scale due to the acquisitions of Marketing Impact and ACR, along with decreases in government subsidies.

Adjusted EBITDA in 2022 was a record $13.7 million, a $5.0 million, or 58%, increase compared to 2021. The overall increase in Adjusted EBITDA was primarily driven by the increase in sales and gross profit noted above. Excluding government subsidies, Adjusted EBITDA for 2022 was $7.7 million, or 130%, higher than in 2021.

Foreign exchange gains and losses also affect profit between 2022 and 2021. The 2022 foreign exchange gains were a result of a $0.09 increase in the value of the United States dollar, relative to the Canadian dollar and the 2021 foreign exchange losses were a result of a nominal decrease in the value of the United States dollar, relative to the Canadian dollar. In addition, included in 2021 profit was a $0.4 million non-cash gain on a reduction of the remaining contingent consideration recorded on the acquisition of Northside in 2019.

Consolidated net profit in 2022 was $4.1 million, or $0.31 per share, an increase of $1.8 million, or $0.12 per share, compared to 2021.

Acquisitions

Marketing Impact Limited

On April 14, 2022, the Company acquired all the shares of Marketing Impact. Marketing Impact, which is in the Greater Toronto Area, designs, manufactures, and distributes a comprehensive range of merchandising products, systems and solutions as well as displays for consumer-packaged goods customers. Marketing Impact was a further diversifying transaction for Decisive, into a business that services a wide range of top tier retail and consumer packaged goods customers that are in non-cyclical industries selling non-discretionary products. The business of Marketing Impact is further described under "Finished Product Segment Overview" later in this MD&A.

The components of the consideration paid to acquire Marketing Impact are as follows:

(Stated in thousands of dollars)		
Cash	$	8,987
Common shares		1,000
Contingent consideration		600
	$	10,587

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 $1.5 million contingent on Marketing Impact 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 funded through the Company's revolving term acquisition facility and revolving term operating facility (which are outlined in this MD&A under "Liquidity and Capital Resources"). The share portion of the consideration was funded through the issuance of 235,294 common shares of Decisive to the vendors of Marketing Impact, which are held in escrow and are scheduled to be released at one-third per year in April 2023, 2024, and 2025 respectively.

The allocation of the purchase price, to the fair value of the assets acquired and liabilities assumed is, as follows:

(stated in thousands of dollars)		
Cash	$	354
Working capital, excluding cash		1,277
Property and equipment		1,689
Intangible assets		6,620
Goodwill		3,727
Lease obligation		(1,427)
Deferred income taxes		(1,653)
	$	10,587

The acquisition of Marketing Impact is anticipated to have a positive financial impact on Decisive as it is expected to result in an increase in sales, gross profit, profit, and Adjusted EBITDA. Further particulars regarding certain (unaudited) historical financial information concerning Marketing Impact and the combined pro forma historical financial results of Decisive and Marketing Impact are set forth in Decisive's material change report dated April 18, 2022, a copy of which is available on SEDAR at www.sedar.com.

ACR Heat Products Limited

On October 3, 2022, the Company acquired all the shares of ACR for $8.3 million. ACR, located in Birmingham in the United Kingdom, manufactures EcoDesign Ready woodburning, multifuel, and gas stoves and sells them primarily in the United Kingdom. The business of ACR is further described under "Finished Product Segment Overview" later in this MD&A. ACR was the first add-on acquisition completed by Decisive in an industry in which it has previously invested, having acquired Blaze King in 2015. Given soaring energy prices throughout Europe, ACR's products are an attractive choice for individuals looking for supplementary heating sources for their homes. As a result, ACR is experiencing robust demand for its products, similar to what Blaze King is experiencing in North America.

The components of the consideration paid to acquire ACR are as follows:

(Stated in thousands of dollars)		
Cash	$	7,374
Common shares		719
Contingent consideration		2,858
	$	10,951

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 £2.75 million in cash payments contingent on ACR 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 funded through a private placement offering of common shares of Decisive completed in September 2022 (which is described further in this MD&A under "Liquidity and Capital Resources"). The share portion of the consideration was funded through the issuance of 166,790 common shares of Decisive to the vendors of ACR, which are held in escrow and are scheduled to be released at one-third per year in October 2023, 2024, and 2025 respectively.

The allocation of the purchase price, to the fair value of the assets acquired and liabilities assumed is, as follows:

(stated in thousands of dollars)		
Cash	$	910
Working capital, excluding cash		2,051
Property and equipment		813
Intangible assets		5,945
Goodwill		3,521
Lease obligation		(799)
Deferred income taxes		(1,490)
	$	10,951

The acquisition of ACR is anticipated to have a positive financial impact on Decisive as it is expected to result in an increase in sales, gross profit, profit, and Adjusted EBITDA. Further particulars regarding certain (unaudited) historical financial information concerning ACR and the combined pro forma historical financial results of Decisive, Marketing Impact, and ACR are set forth in Decisive's material change report dated October 3, 2022, a copy of which is available on SEDAR at www.sedar.com.

Outlook

The Company has advanced its growth strategy with two acquisitions completed to date in 2022: Marketing Impact in April 2022 and ACR in October 2022. Marketing Impact was a platform acquisition into a new industry for the Group, while ACR was Decisive's first add-on acquisition into an industry in which it has previously invested. These acquisitions (as described under "Acquisitions" in this MD&A) are the first completed by Decisive since 2019. Thus, they are important milestones in executing on Decisive's buy, build, and hold business model and demonstrates the Company's ongoing commitment to its shareholders to continue to grow the business through acquisition.

Decisive has built a strong pipeline of acquisition opportunities, and new opportunities are consistently being added to the Company's acquisition prospect pipeline. This reflects the fact that we are in the middle of the largest period of inter-generational transfer of wealth in history, where many businesses are assessing alternatives as to how the business can be carried forward into the future, including seeking out new owners. This trend will continue to provide opportunities for Decisive, with its legacy-maintaining business model being a key differentiator in a competitive acquisition marketplace.

From an operational perspective, each of the existing portfolio businesses are witnessing strong demand for their products, as evidenced by six consecutive quarters of record sales levels and demand levels into 2023 are expected to remain strong. Though inflationary pressure has resulted in cost increases, each of the businesses have worked to manage the impact on margins of these inflation-induced cost increases by improving efficiency in their operations and increasing pricing to their customers. These efforts are ongoing and each of the businesses remain focused on continuing to enhance margins through controlling costs and increasing pricing in order to optimize operations in the face of ongoing inflation. In

addition, Decisive's diversified portfolio faces industries that should leave the overall business well positioned if concerns regarding a potential recession unfold.

The Company has been focused on increasing production capacity and improving operational efficiency in its businesses. In aggregate, $2.2 million of growth capital expenditures on manufacturing equipment were made over the last two fiscal years. Additional productivity and automation initiatives are also being explored to increase production capacity and improve operational efficiency in order to meet the expected future demand levels of the Group's customers and capitalize on future market expansion opportunities. Any such initiatives will be assessed on whether they have the potential to earn a greater than 15% return on invested capital, the same target return the Company uses in assessing potential acquisitions. Further commentary surrounding the outlook for each of the businesses in the Group is provided in the MD&A under the headings "Finished Product Segment Industry Trends and Outlook" and "Component Manufacturing Segment Industry Trends and Outlook".

Based on operating results in 2022, and management's assessment of Decisive's operational outlook, the Company announced an increase in its monthly dividend to $0.035 per share effective for its April 2023 dividend payment. This increase is consistent with Decisive's objective of providing shareholders with long-term, sustainable, and growing dividends.

Decisive strengthened its balance sheet and increased its financial flexibility through the renewal, extension and upsize of its credit facilities, as well as the $7.6 million of equity raised through the private placement completed in September 2022. The recent volatility in financial markets, may constrain capital availability and impact the cost of available capital in the near-term. However, management believes that the balance sheet strength and flexibility gained over the last year as well as ongoing investor interest in the Company's story of growth and yield has the Company well positioned to take advantage of potential opportunities for further growth, both through organic growth as well as further acquisitions, as they arise.

Management remains confident in the long-term fundamentals of Decisive's business model.

Summary of Quarterly Results

The Group's interim results are impacted by seasonality factors primarily driven by weather patterns, including the impact thereof on heating, planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. Blaze King and ACR's businesses historically experiences lower demand in the first and second quarters of the calendar year, Slimline's business historically experiences lower demand in the third and fourth quarters, and Hawk's business historically experiences lower demand in the second quarter. Seasonality does not have a significant impact on the Unicast, Northside, or Marketing Impact businesses. In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term.

QUARTERLY PERFORMANCE
(Stated in thousands of dollars, except per share amounts)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Sales	$ **30,778**	$ 25,932	$ 23,189	$ 18,689
Gross profit	**9,988**	8,912	7,756	6,198
Gross profit %	**32%**	34%	33%	33%
Adjusted EBITDA [1]	**4,018**	3,999	3,344	2,306
Per share basic	**0.27**	0.32	0.27	0.19
Profit before tax	**983**	2,644	1,245	815
Profit	**659**	2,029	884	512
Per share basic	**0.04**	0.16	0.07	0.04
Per share diluted	**0.04**	0.15	0.07	0.04

(Stated in thousands of dollars, except per share amounts)

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Sales	17,852	16,500	14,194	13,945
Gross profit	5,843	5,064	5,312	5,157
Gross profit %	33%	31%	37%	37%
Adjusted EBITDA [1]	2,091	1,837	2,564	2,165
Per share basic	0.17	0.15	0.22	0.18
Profit before tax	985	593	877	485
Profit	918	489	597	278
Per share basic	0.08	0.04	0.05	0.02
Per share diluted	0.07	0.04	0.05	0.02

[1] – see IFRS measurement to non-IFRS measurement reconciliation table below.

The non-IFRS measures referenced in the table above reconcile to the IFRS measures reported in the Company's consolidated financial statements as follows:

(Stated in thousands of dollars)

		Q4 2022		Q3 2022		Q2 2022		Q1 2022
Profit for the period	$	**659**	$	2,029	$	884	$	512
Add (deduct):								
Financing costs		**740**		672		657		455
Income tax expense		**324**		615		361		303
Amortization and depreciation		**1,663**		1,204		1,140		876
Acquisition and restructuring costs		**440**		61		578		-
Inventory fair value adjustments and write downs		**22**		-		-		-
Share-based compensation expense		**19**		26		28		70
Foreign exchange losses (gains)		**176**		(598)		(291)		94
Interest and other income		**(7)**		(5)		(4)		(4)
Gain on sale of equipment		**(18)**		(5)		(9)		-
Adjusted EBITDA		**4,018**		3,999		3,344		2,306

		Q4 2021		Q3 2021		Q2 2021		Q1 2021
Profit for the period	$	918	$	489	$	597	$	278
Add (deduct):								
Financing costs		497		531		530		521
Income tax expense		67		104		280		207
Amortization and depreciation		976		914		891		884
Acquisition and restructuring costs		115		-		-		-
Inventory fair value adjustments and write downs		27		-		-		-
Share-based compensation expense		16		23		64		154
Foreign exchange losses (gains)		(66)		(221)		207		134
Interest and other expense (income)		(404)		-		(5)		1
Gain on sale of equipment		(55)		(3)		-		(14)
Adjusted EBITDA		2,091		1,837		2,564		2,165

Discussion of Quarterly Performance

In addition to the effects of seasonality as described above, the variation in the Group's results on a quarterly basis are as follows:

Q4 2022 Consolidated Financial Highlights

Sales for the fourth quarter increased by 72% to a record $30.8 million from $17.9 million in Q4 2021. The overall increase was driven by a 124% increase in the finished product segment and a 19% increase in the component manufacturing segment. Each of the portfolio businesses are experiencing robust customer demand supported by favorable underlying economic conditions and strong commodity prices. Further, the sales generated by both Marketing Impact and ACR, which were acquired in April and October of 2022 respectively, contributed meaningfully to the finished product segment and consolidated sales increases. Relative to Q4 2021, Blaze King sales increased 16%, Slimline sales increased 22%, Unicast sales increased 22%, Hawk sales increased 52% and Northside sales were consistent.

Overall gross profit was $10.0 million in Q4 2022, an increase of $4.1 million, or 71%, relative to Q4 2021, driven by the increase in overall sales. Gross profit percentages in Q4 2022 remained relatively in-line with Q4 2021.

The businesses in the Group did not receive any government subsidies in Q4 2022 or Q4 2021.

Overall operating expenses increased from $5.4 million in Q4 2021 to $8.9 million in Q4 2022. The increase was primarily a result of increased financing costs, acquisition costs, selling costs associated with the increase in overall sales, enhancements to the management team, and overall scale due to the acquisitions of Marketing Impact and ACR.

Adjusted EBITDA for the fourth quarter of 2022 was $4.0 million, a $1.9 million, or 92%, increase compared to Q4 2021. The overall increase in Adjusted EBITDA was primarily driven by the increases in sales and gross profit relative to Q4 2021.

Foreign exchange losses also affected profit between Q4 2022 and Q4 2021. The Q4 2022 foreign exchange losses were a result of a $0.02 decrease in the value of the United States dollar, relative to the Canadian dollar, and the Q4 2021 foreign exchange gains were a result of a $0.01 increase in the value of the United States dollar, relative to the Canadian dollar. In addition, included in Q4 2021 profit was a $0.4 million non-cash gain on a reduction of the remaining contingent consideration recorded on the acquisition of Northside in 2019.

Consolidated net profit in the quarter was $0.7 million, or $0.04 per share, compared to consolidated net profit of $0.9 million, or $0.08 per share, in Q4 2021.

Q3 2022 Consolidated Financial Highlights

Sales for the third quarter increased by 57% to a record $25.9 million from $16.5 million in Q3 2021. The overall increase was driven by an 83% increase in the finished product segment and a 33% increase in the component manufacturing segment. Each of the portfolio businesses are experiencing robust customer demand supported by favorable underlying economic conditions and strong commodity prices. Further, the sales generated by Marketing Impact, which was acquired in April 2022, contributed meaningfully to the finished product segment and consolidated sales increases. Relative to Q3 2021, Blaze King sales increased 12%, Slimline sales increased 117%, Unicast sales increased 53%, Hawk sales increased 52% and Northside sales increased 7%.

Overall gross profit was $8.9 million in Q3 2022, an increase of $3.8 million, or 76%, relative to Q3 2021, driven by the increase in overall sales. Gross profit percentages also increased in Q3 2022 compared to Q3 2021, which was primarily a result of product mix changes.

During the quarter, the businesses in the Group did not receive any government subsidies. In Q3 2021, the Group received $0.5 million from the CEWS and CERS programs, 56% of which was included as a reduction in manufacturing costs and 44% of which was included as a reduction in operating expenses.

Overall operating expenses increased from $4.7 million in Q3 2021 to $6.9 million in Q3 2022. The increase was primarily a result of increased financing costs, acquisition costs, selling costs associated with the increase in overall sales, enhancements to the management team, and overall scale due to the acquisition of Marketing Impact, along with decreases in government subsidies.

Adjusted EBITDA for the third quarter of 2022 was a record $4.0 million, a $2.2 million, or 118%, increase compared to Q3 2021. The overall increase in Adjusted EBITDA was primarily driven by the increases in sales and gross profit relative to Q3 2021, partially offset by the decrease in government subsidies received in the comparative periods. Excluding subsidies, Adjusted EBITDA was $2.7 million, or 202%, higher than Q3 2021.

Foreign exchange gains also affected profit between Q3 2022 and Q3 2021. The Q3 2022 foreign exchange gains were a result of a $0.08 increase in the value of the United States dollar, relative to the Canadian dollar, and the Q3 2021 foreign exchange gains were a result of a $0.03 increase in the value of the United States dollar, relative to the Canadian dollar.

Consolidated net profit in the quarter was $2.0 million, or $0.16 per share, an increase of $1.5 million, or $0.12 per share, compared to Q3 2021.

Q2 2022 Consolidated Financial Highlights

Sales for the second quarter increased by 63% to a record $23.2 million from $14.2 million in Q2 2021. The overall increase was driven by a 65% increase in the finished product segment and a 62% increase in the component manufacturing segment. Each of the portfolio businesses are experiencing robust customer demand supported by favorable underlying economic conditions and strong commodity prices. Further, the sales generated by Marketing Impact since being acquired on April 14, 2022, contributed meaningfully to the finished product segment and consolidated sales increases. Relative to Q2 2021, Blaze King sales increased 39%, Unicast sales increased 41%, Hawk sales increased 69% and Northside sales increased 75%. Although Slimline sales decrease by 10% relative to Q2 2021, the decrease was a result of supply chain delays on certain agricultural sprayer components, as the backlog of agricultural sprayers was higher as of June 30, 2022, compared to June 30, 2021.

Overall gross profit was $7.8 million in Q2 2022, an increase of $2.4 million, or 46%, relative to Q2 2021, driven by the increase in overall sales. Gross profit percentages decreased in Q2 2022 compared to Q2 2021, which was primarily a result of the decrease in government subsidies. Excluding government subsidies, Q2 2022 gross profit increased by $3.4 million, or 80%, relative to Q2 2021, and Q2 2022's gross profit percentage of 33% was 3% higher than Q2 2021.

During the quarter, the businesses in the Group did not receive any government subsidies. In Q2 2021, the Group received $1.8 million from the CEWS, Canada CERS, and the United States paycheck protection programs, 56% of which was included as a reduction in manufacturing costs and 44% of which was included as a reduction in operating expenses.

Overall operating expenses increased from $4.2 million in Q2 2021 to $6.8 million in Q2 2022. The increase was primarily a result of increased financing costs, acquisition costs, selling costs associated with the increase in overall sales, enhancements to the management team, and overall scale due to the acquisition of Marketing Impact, along with decreases in government subsidies.

Adjusted EBITDA for the second quarter of 2022 was a record $3.3 million, a $0.8 million increase compared to Q2 2021. The overall increase in Adjusted EBITDA was primarily driven by the increases in sales and gross profit relative to Q2 2021, partially offset by the decrease in government subsidies received in the comparative periods. Excluding subsidies, Adjusted EBITDA was $2.6 million, or 322%, higher than Q2 2021.

Foreign exchange gains and losses also affect profit (loss) between Q2 2022 and Q2 2021. The Q2 2022 foreign exchange gains were a result of a $0.04 increase in the value of the United States dollar, relative to the Canadian dollar, and the Q2 2021 foreign exchange losses were a result of a $0.02 decrease in the value of the United States dollar, relative to the Canadian dollar.

Consolidated net profit in the quarter was $0.9 million, or $0.07 per share, an increase of $0.3 million, or $0.02 per share, compared to Q2 2021.

Q1 2022 Consolidated Financial Highlights

Sales for the first quarter of 2022 increased by 34% to $18.7 million from $13.9 million in Q1 2021. The overall increase was driven by a 29% increase in the finished product segment and a 40% increase in the component manufacturing segment. Each of the portfolio businesses are experiencing robust customer demand as underlying economic conditions and commodity prices have improved. Relative to Q1 2021, Blaze King sales increased 29%, Slimline sales increased by 28%, driven by agricultural sprayers, Unicast sales were consistent, and Hawk and Northside experienced 29% and 94% sales increases respectively.

During Q1 2022, the businesses in the Group did not receive any government subsidies. In Q1 2021, the Group received $0.4 million from the CEWS and CERS programs, 63% of which was included as a reduction in manufacturing costs and 37% of which was included as a reduction in operating expenses.

Overall gross profit was $6.2 million in Q1 2022, an increase of $1.0 million, or 20%, relative to Q1 2021. Excluding government subsidies, Q1 2022 gross profit was $1.3 million, or 27% higher than Q1 2021. Gross profit percentages decreased in Q1 2022 compared to Q1 2021. This was driven primarily by product mix changes, a decrease in government subsidies, and supply chain and labour availability challenges, which resulted in material, freight, and labour cost increases.

Overall operating expenses increased from $4.6 million in Q1 2021 to $5.3 million in Q1 2022. The increase was primarily a result of increased selling costs associated with the increase in overall sales, decreases in government subsidies, and enhancements to the management team.

Adjusted EBITDA for the first quarter of 2022 was $2.3 million, a $0.1 million increase compared to Q1 2021. The overall increase in Adjusted EBITDA was primarily driven by the increases in sales and gross profit relative to Q1 2021, partially offset by the decrease in government subsidies received in the respective periods. Excluding subsidies, Adjusted EBITDA was $0.6 million, or 33%, higher than Q1 2021.

Consolidated net profit in the quarter was $0.5 million, or $0.04 per share, an increase of $0.2 million, or $0.02 per share, compared to Q1 2021.

Segment Overview and Performance

Decisive's overall business is conducted through three operating segments comprised of finished product; component manufacturing; and head office. An overview of these segments and the businesses within each segment is set forth below.

Finished Product Segment Overview

The finished product segment manufactures and sells products that are purchased and used by end customers as designed. Within the finished product segment, there are four separate businesses: Blaze King, Slimline, Marketing Impact and ACR.

Blaze King

The Company acquired Blaze King in February 2015. The business of Blaze King is producing and selling high-quality, high-efficiency wood burning stoves, wood burning fireplace inserts, gas stoves, gas fireplaces, and gas fireplace inserts. All of its products are manufactured in its premises in Penticton, British Columbia and Walla Walla, Washington. Blaze King has been operating since 1977, and its hearth products are sold worldwide. Blaze King's wood burning stoves and inserts are recognized as some of the longest-burning and most efficient in the hearth market. Blaze King management believes that its products have developed a strong reputation for quality. These factors have helped build the Blaze King brand and reputation, which drives sales through dealer and customer loyalty. Blaze King has a growing distribution base that includes a large network of retailers and distributors across Canada, the United States and New Zealand.

ACR
The Company acquired ACR in October 2022. ACR produces and sells woodburning, multifuel, and gas stoves and sells them primarily in the United Kingdom. It also produces electric stoves, electric fireplaces and outdoor pizza ovens. ACR was founded in 2004, has a well-established brand in the United Kingdom marketplace and is known for its high-quality and attractively designed products. ACR utilizes third party partners to manufacture its products making ACR scalable and versatile. It then distributes these products at accessible price points that drive a strong value proposition for its customers. Further, with its EcoDesign Ready models, ACR is compliant with the emissions standards in place in the United Kingdom and across Europe.

Slimline
The Company acquired Slimline in May 2018. Slimline and predecessor companies have been manufacturing and selling air blast sprayers since 1948. The air blast sprayers are used primarily in the agricultural industry to apply treatments to crops such as apples, cherries, grapes, almonds, walnuts, oranges, and peaches. Slimline also designs, manufactures, and sells EcoMister evaporator systems primarily used in the mining, oil and gas, and waste management industries. In addition to its two main product lines, Slimline manufactures custom products and sells various sprayer, evaporator, and other industrial parts. Slimline's sprayers and evaporators utilize common technology including pumps and fan assemblies. Slimline sells its sprayers under the name "Turbo Mist" which includes a heavy-duty series, a standard series, a cherry blower, and multiple attachments for different crop types. Slimline's sprayers are primarily sold through its dealer network throughout Canada and the United States. Slimline's EcoMister evaporator division has been in operation since 1996. It produces an environmental and economical, state of the art solution that meets specific customer needs in the elimination of wastewater. Slimline's evaporators are sold into markets throughout the world.

Marketing Impact
The Company acquired Marketing Impact in April 2022. Marketing Impact designs, manufactures, and distributes a comprehensive range of merchandising products, systems and solutions for retail customers including grocery stores, convenience stores, and pharmacies. Its catalogue of over 4,000 products includes: product pusher systems, loss prevention solutions, merchandising bins and accessories, shelf management systems, and sign holder systems, among others. Marketing Impact also designs and manufactures displays for consumer-packaged goods customers. Since commencing operations in 1986, Marketing Impact has had a strong reputation for customer service, responsiveness, and innovation amongst its robust list of blue-chip, well-diversified retail customers across North America. Its design team is a leading innovator of merchandising systems and consumer-packaged goods displays as evidenced by the more than 15 patents issued or pending in Marketing Impact's portfolio.

Finished Product Segment Performance

(Stated in thousands of dollars)

	For the three months ended		For the year ended	
December 31,	**2022**	2021	**2022**	2021
Sales	$ **20,388**	$ 9,090	$ **57,444**	$ 32,260
Gross profit	**7,255**	3,656	**22,391**	14,051
Gross profit %	**36%**	40%	**39%**	44%
Profit	**2,237**	1,322	**7,779**	5,500
Add (deduct):				
Financing costs	**95**	54	**307**	175
Income tax expense	**176**	63	**1,205**	726
Amortization and depreciation	**1,005**	384	**2,461**	1,314
Inventory fair value adjustments and write downs	**19**	1	**19**	1
Foreign exchange expense (income)	**37**	(40)	**(84)**	(24)
Interest and other income	**(4)**	(4)	**(14)**	(11)
Gain on sale of equipment	**(7)**	(55)	**(14)**	(72)
Adjusted EBITDA	**3,558**	1,725	**11,659**	7,609

IFRS measurement to non-IFRS measurement reconciliation presented in the table above.

Three Months Ended December 31, 2022
Overall sales for the segment in Q4 2022, increased by $11.3 million, or 124%, relative to Q4 2021. The increase was driven primarily by the sales generated in the two businesses acquired in 2022: Marketing Impact and ACR. Marketing Impact had strong sales in both of its merchandising products and custom display products, resulting in overall sales levels ahead of pre-acquisition averages. ACR witnessed continuing upward demand for its wood stove products and its quarterly sales were also well ahead of pre-acquisition averages. Similarly, demand for Blaze King products continued to be strong in the quarter and is reflected in the 16% increase in its overall sales for the quarter compared to Q4 2021. Slimline sales increased by 22% in Q4 2022, compared to Q4 2021 primarily as a result of wastewater evaporator sales increases in Q4 2022, which were largely sold for use at landfills.

The increase in overall sales resulted in a $3.6 million, or 99%, increase in gross profit in Q4 2022 compared to Q4 2021. The decrease in gross profit percentage in Q4 2022 compared to Q4 2021 was driven by product mix changes that were primarily related to the acquisition of Marketing Impact as well as margin compression on certain Slimline sales. The businesses in this segment did not receive any government subsidies in Q4 2022 or Q4 2021.

Overall segment Adjusted EBITDA was $3.6 million in Q4 2022; an increase of $1.8 million, or 106%, compared to Q4 2021, driven by the increases in sales and gross profit described above.

Year Ended December 31, 2022
Overall sales for the segment in 2022 increased by $25.2 million, or 78%, relative to 2021. The increase was a result of the sales generated by Marketing Impact and ACR since their acquisitions on April 14, 2022 and October 3, 2022 respectively, as well as sales increases in both Blaze King and Slimline. The 23% increase in Blaze King sales in 2022, compared to 2021, was a result of an 8% increase in the number of units sold and pricing increases, which reflects the continuing strong demand for Blaze King's products. Sales for Slimline in 2022 increased 32% relative 2021 as a result of increases in both wastewater evaporator sales and agricultural sprayer sales relative to a year ago. The sales for both Marketing Impact and ACR, since their dates of acquisition, are ahead of their respective pre-acquisition averages.

Overall gross profit increased by $8.3 million, or 59%, in 2022 relative to 2021, driven by the overall increase in sales. The segment generated lower gross profit percentages in 2022 compared to 2021, driven primarily by a decrease in government subsidies and product mix changes with the acquisition of Marketing Impact. The businesses in this segment witnessed material and labour cost increases through the year but were successful in passing most of these cost increases to customers through increased pricing.

The businesses in this segment did not receive any government subsidies in 2022. In 2021, Blaze King and Slimline received $0.8 million in subsidies from the CEWS, CERS and paycheck protection programs, of which 44% was included as a reduction in manufacturing wages and 56% was included as a reduction in operating expenses.

Overall segment Adjusted EBITDA was $11.7 million in 2022; an increase of $4.1 million, or 53%, compared to 2021. Excluding subsidies, segment Adjusted EBITDA increased by $4.9 million, or 72%, in 2022 compared to 2021.

Finished Product Segment Industry Trends and Outlook

Blaze King and ACR
New EPA regulations that took effect in May 2020, pushed the North American wood burning stove industry to meet new stringent emissions levels of under 2.0 grams of particulate emissions per hour. As of the date of this MD&A, all of Blaze King's products meet the requirements of the EPA 2020 Regulations, and 10 of 12 (83%) product lines offered by Blaze King are more than 50% lower than the new maximum 2.0 grams of particulate emissions per hour limit. Of note, Blaze King's top selling King and Princess model woodstoves are listed first and second in North America in terms of efficiency by the

EPA. This represents a significant achievement for Blaze King after investing over $2 million in research and development toward this objective after being acquired by Decisive. This investment positioned Blaze King to increase its market share as, according to information published by the EPA, since October 2019, the total number of wood stove manufacturers has declined by 45% and the total number of certified wood stove models has declined by 66%.

To date, the market share and demand increases witnessed in the previous two years have continued into 2023. In addition, the United States government's tax credit program to encourage consumers to replace older non-efficient wood stoves and fireplaces, was extended in 2022 though the Inflation Reduction Act to 2032. The program currently allows the consumer to apply for a tax credit of up to $2,000 of the complete cost of a new wood stove, including installation, if it has an average efficiency of 75% or greater. This program should continue to buoy demand for Blaze King products sold in the United States for the foreseeable future, as all of its products are eligible for this tax credit. Of the 160 fireboxes currently approved for sale by the EPA, only 59 qualify for the tax credit. Blaze King owns 6, or 10%, of the 59 fireboxes eligible for this tax credit. Furthermore, recent increases in costs of heating alternatives such as natural gas, have also been positive for the demand of wood stoves and fireplaces. These demand tailwinds help support pricing increases that already have been, or are in the process of being, implemented to counter the effect of increased labour, material, and logistics costs.

The concerns surrounding the availability and cost of heating alternatives are even more pronounced in Europe, which supports the thesis of acquiring ACR, a complementary business to Blaze King in the same industry, located in the United Kingdom. Similar to Blaze King, all of ACR's products meet the environmental standards in effect in the United Kingdom and Europe, which has allowed them to take advantage of the current market conditions and significantly increase sales over the last year. Furthermore, the accessible price points that ACR distributes its products at have also driven demand given the inflationary pressures impacting the United Kingdom which is expected to continue to boost demand for the near term.

Blaze King management is focused on increasing production capacity to continue to satisfy its increased demand, and to capitalize on future market expansion opportunities. The significant investments made in 2021 and 2022 in a new fiber laser and two brake presses, are the first steps toward production capacity enhancement for Blaze King, with further investments underway and planned in the coming months. In addition, accessing third party manufactures to help support its production, like ACR does, is another avenue being explored to increase production. The management teams for both Blaze King and ACR are also in the early stages of leveraging synergies between the two businesses which could include the introduction of Blaze King products into Europe and the introduction of ACR products into North America, supported by the extensive dealer networks both businesses have in their respective markets.

Slimline

Slimline has two primary product lines: agricultural sprayers and industrial wastewater evaporators; as well as a parts department to service both lines. Slimline's agriculture sprayers have strong brand equity and market penetration in British Columbia and in the Pacific Northwest. In February 2023, Daryll Lowry was named the new president of Slimline. His focus will be on continuing to serve the existing customer base in the Pacific Northwest while also pursuing expansion in other large agricultural markets in North America, such as California, Florida, Georgia, South Carolina and New York. Slimline is also exploring other worldwide markets such as South America and New Zealand as potential international expansion opportunities, which would help mitigate the effects of seasonality on its North American sprayer business. Slimline will continue to develop its technology to maximize its opportunities in these markets, including the wider industry movement toward precision agriculture.

The industrial evaporator market is still in the relatively early stages of development, and Slimline sees opportunities for its wastewater evaporator products to provide alternative wastewater remediation solutions in the waste management, oil and gas and mining industries. Slimline's wastewater evaporators have had recent success in servicing customers in the landfill space and they are currently developing a larger scale evaporator for use in larger scale tailings ponds as well. Slimline management believes there are considerable opportunities for its wastewater evaporators and expects evaporator sales to increase in the next few years.

Marketing Impact

Marketing Impact services a wide range of top tier retail and consumer packaged goods customers that are in non-cyclical industries selling non-discretionary products. Grocery stores, convenience stores, and pharmacies, as well as the consumer-packaged goods that are shelved by these outlets, have all experienced strong demand trends over the last few years and that is expected to continue.

Marketing Impact is uniquely positioned as a domestic supplier of merchandising products, systems, solutions and displays for these customer groups. In addition, it's product pusher systems can demonstrate a strong return on investment to its customer base as they support labour savings for their customers, which is an important consideration given the rising costs and lowering availability of labour. Similarly, its loss prevention solutions protect high-value or sensitive products from theft, supporting profit enhancement for its customers.

Marketing Impact is well established with its customer base in Eastern Canada. Given its market position and the quality of its products, management believes there are opportunities for growth in Western Canada and the United States. In the United States, the grocery and pharmacy industries are more fragmented than in Canada, which provides for a wider potential customer sales base.

Component Manufacturing Segment Overview

The component manufacturing segment manufactures and sells products based on specifications determined by its customers for use in its customers' processes. Within the component manufacturing segment, there are three separate businesses: Unicast, Hawk and Northside.

Unicast

The Company acquired Unicast in June 2016. The business of Unicast is producing and distributing wear parts and valves for the mining, aggregate and cement industries. Wear parts are consumable parts for machinery that wear out when crushing rock, which is done extensively in the mining, aggregate and cement industries. Unicast has been in operation since 1994. Unicast is focused on providing quality wear parts that are more durable and last longer than the products of its competitors. Unicast's products are designed to have fewer issues regarding installation and maintenance by using novel alloys, precision engineering, three-dimensional scanning technology, robust quality control processes, and comprehensive collaboration agreements involving academia and industry partners. Unicast management believes that these are Unicast's primary competitive advantages over its competitors. Unicast has a growing dealer distribution base that includes distributors across Canada and the United States, with continuing growth in Latin America, the Middle East, Asia, and Europe.

Hawk

The Company acquired Hawk in June 2018. Hawk was founded in 1998 and is positioned in the computer numerical control (CNC) machining/fabrication market as a complete turnkey solution for customized machining products. Over the last five years, customers of Hawk have primarily been market participants in the down hole tool sector of the oil and gas industry, power utility generation, appliance, and other original equipment manufacturers. Products and services include: general machining; hydraulic fracturing tools; ground and subsurface tools; rods and couplings; reconditioning services; and resale parts. Hawk routinely delivers product direct to end-users rather than customers' facilities for inspection as a result of its low historical failure rates.

Northside

The Company acquired Northside in August 2019. Northside was founded in 1967 and is a full-service provider of welding and fabrication solutions for a diverse number of industries. The primary focus of Northside is supplying products for the commercial vehicle and forestry sectors; however, Northside also has exposure to the agriculture, environmental, mining and oil and gas sectors, among others. Northside has produced an expansive range of products for its customers over the years including: truck and automotive components, fuel-hydraulic fluid tanks, j-brackets and straps, bumpers, truck chassis components, cab panels, tanks, architectural components, tool and battery boxes, steel under-decking and much more.

Component Manufacturing Segment Performance

(Stated in thousands of dollars)

	For the three months ended		For the year ended	
December 31,	**2022**	2021	**2022**	2021
Sales	$ **10,390**	$ 8,762	$ **41,143**	$ 30,231
Gross profit	**2,733**	2,187	**10,462**	7,325
Gross profit %	**26%**	25%	**25%**	24%
Profit	**494**	278	**2,703**	561
Add (deduct):				
Financing costs	**22**	33	**101**	131
Income tax expense (recovery)	**132**	63	**235**	(77)
Amortization and depreciation	**644**	587	**2,379**	2,330
Acquisition and restructuring costs	**-**	-	**237**	-
Inventory fair value adjustments and write downs	**3**	26	**3**	26
Foreign exchange expense (income)	**139**	(26)	**(535)**	78
Interest and other expense (income)	**(1)**	-	**(1)**	4
Gain on sale of equipment	**(11)**	-	**(17)**	-
Adjusted EBITDA	**1,422**	961	**5,105**	3,053

IFRS measurement to non-IFRS measurement reconciliation presented in the table above.

Three Months Ended December 31, 2022

The $1.6 million, or 19%, increase in segment sales in Q4 2022 relative to Q4 2021, was primarily driven by sales increases in Unicast and Hawk. Hawk sales increased over 50% in Q4 2022 compared to Q4 2021, Unicast sales increased over 20% while Northside sales were consistent relative to Q4 2021. Demand levels in these businesses has continued to be strong as underlying economic conditions and commodity prices have improved driving increased demand from their historical customers but also from new customers obtained by both Hawk and Unicast.

The increase in sales was a key driver of the $0.5 million, or 25%, increase in segment gross profit for the three-month period ended December 31, 2022, compared to the same period in 2021. In addition, the segment reported higher gross profit percentages in Q4 2022 compared to Q4 2021, as a result of product mix changes and the effect of higher sales covering a larger percentage of fixed costs. The businesses in this segment did not receive any government subsidies in Q4 2022 or Q4 2021.

Segment Adjusted EBITDA was $1.4 million in Q4 2022; an increase of $0.5 million, or 48%, compared to Q4 2021. The increase in segment Adjusted EBITDA was driven by the increased sales and gross profit generated in the quarter.

Year Ended December 31, 2022

For the year ended December 31, 2022, segment sales increased by $10.9 million, or 36%, compared to the same period in 2021. The overall increase was a result of 29%, 48% and 33% respective sales increases in each of Unicast, Hawk and Northside. Demand levels in these businesses increased considerably in 2022 after several periods of relatively low demand levels reflecting strengthening of the industries that the component manufacturing businesses serve. In addition, customer acquisition efforts through the year have further diversified the customer base for both Hawk and Unicast relative to 2021.

Overall segment gross profit in 2022 increased by $3.1 million, or 43%, compared to 2021 based on the higher sales levels generated this year versus last. The businesses in this segment did not receive any government subsidies in 2022. Of the $1.9 million in CEWS and CERS amounts received in 2021, 63% was included as a reduction in manufacturing costs and 37% was included as a reduction in operating expenses. Absent government subsidies, segment gross profit increased by $4.3 million, or 71%, and the 2022 gross profit percentage of 25% was 5% higher relative to 2021.

Segment Adjusted EBITDA in 2022 was $5.1 million; an increase of $2.1 million, or 67%, compared to 2021. The increase in segment Adjusted EBITDA was driven by the increase in year-over-year sales and gross profit. Excluding subsidies, segment Adjusted EBITDA increased by $3.9 million in 2022 compared to 2021.

Component Manufacturing Segment Industry Trends and Outlook

Unicast

The market for Unicast's wear parts is expected to remain relatively strong over the long-term. Increased infrastructure spending in recent years has caused continued upward demand on the cement and aggregate industries, and that has started to accelerate as new infrastructure spending initiatives have been introduced by global governments as part of their post COVID-19 economic recovery plans. Furthermore, cement shortages, especially in North America, have increased demand for Unicast's products as customers adjust to increasing demand. Additionally, commodity prices have remained relatively strong keeping mines active across North, Central and South America. Unicast has continued to introduce new products to grow its product line in response to customer demands. Unicast also continues to pursue new opportunities in Latin America, Africa, Asia, Europe, and the Middle East.

The effects of worldwide supply chain disruptions appear to be lessening as delivery times from foreign ports have improved in recent months as have material prices and shipping costs. Unicast management continues to manage supplier risk by diversifying its supply chain to meet demand with sufficient time to prevent any major delays. Unicast management also continues to balance the proportion of its supply from any one foundry (or group of foundries) to mitigate the risk of late deliveries and quality issues. Since being introduced in Q3 2018, tariffs on Chinese steel products entering the United States have negatively impacted gross profit margins for Unicast. Unicast has started to source some products from foundries in other countries and it has been driving more sales outside of the United States, both of which should continue to help mitigate the negative effect of the above noted steel tariffs on gross profit margin.

In May 2022, Mark Watson was named the new President of Unicast and his focus has been on highlighting Unicast's product differentiators to support sales growth and margin enhancement.

Hawk

Historically, Hawk's products have been primarily sold to one customer, who in turn sells to numerous companies in the North American exploration and production ("E&P") industry. Over the last year, Hawk has diversified its customer base and lessened the reliance on its main customer considerably. Hawk's new customers are also tied closely to the North American oil and gas industry. As such, Hawk's ability to generate revenues from its products primarily depends upon oil and natural gas drilling and production activity in North America, which in turn is directly related to oil and natural gas prices.

The oil and natural gas price rebounds over the last year positively impacted demand for Hawk in 2022 and current oil and natural gas price levels continue to be supportive of strong activity levels in the oil and gas industry, which is positive with respect to demand for Hawk's products. The current oil and natural gas supply shock, stemming from the sanctions imposed as a result of the conflict between Russia and Ukraine, may also continue to drive increased drilling and completion activity to support additional domestic and international demand for Canadian oil and natural gas supplies, which, in such event, would be expected to support increased demand for products manufactured by Hawk.

In January 2022, Tim Stewart was named the new President of Hawk, with a focus on pursuing sales growth from a broad range of customers, supporting the ongoing diversification of Hawk's revenue mix while continuing to provide turnkey services to its main customers.

Northside
Currently, Northside's primary focus is supplying products for the commercial vehicle and forestry sectors and Northside has two main customers in these areas.

North American lumber prices were volatile in 2022 and have declined to date in 2023, as rising interest rates have reduced demand for lumber. Northside has received indications that demand for forestry equipment has moderated as a result.

Demand for Northside's commercial vehicle products increased significantly in 2022 and based on current production forecasts, the provision of these products is expected to continue to increase sales levels with its main commercial vehicle customer in 2023, however the extent of sales increases will be more moderate relative to the significant ramp up witnessed in 2022.

Northside was successful in passing certain labour, material, and logistics cost increases on to its customers in 2022. Although these costs have begun to stabilize, certain costs continue to rise and there are often delays with respect to the contractual mechanisms in place to counter such cost increases, and where such mechanisms do not exist, there is risk that its customers will not accept the level of increase needed to maintain historical margins. In addition, Northside is committed to improving production capacity and efficiency to help mitigate the effect of cost increases and meet the expected future demand levels of its customers.

Head Office Segment Overview
The Canadian public company parent, Decisive Dividend Corporation, is considered a third and separate segment, as its function is as an investment holding and management company.

(Stated in thousands of dollars)

	For the three months ended		For the year ended	
December 31,	**2022**	2021	**2022**	2021
Loss	$ **(2,072)**	$ (682)	$ **(6,398)**	$ (3,779)
Add (deduct):				
Financing costs	**623**	410	**2,116**	1,773
Income tax expense (recovery)	**16**	(59)	**163**	9
Amortization and depreciation	**14**	5	**44**	22
Acquisition and restructuring costs	**440**	115	**840**	115
Share-based compensation expense	**19**	16	**143**	256
Interest and other income	**(2)**	(400)	**(5)**	(401)
Adjusted EBITDA	**(962)**	(595)	**(3,097)**	(2,005)

IFRS measurement to non-IFRS measurement reconciliation presented in the table above.

Three Months Ended December 31, 2022
During the three-month period ended December 31, 2022, Head Office expended $2.1 million, before income taxes, on corporate activities. This was an increase of $0.9 million relative to Q4 2021, as the Q4 2021 segment loss included a $0.4 million non-cash gain on reducing the remaining contingent consideration recorded on the acquisition of Northside in 2019.

The increase was primarily a result of the $0.4 million in legal, due diligence and other costs associated with the acquisition related activity in the quarter. In addition, salaries, wages and benefits increased due to the addition of another resource at head office as well as short-term incentive accruals based on the strong overall operating performance of the Group in 2022. Also, financing costs were $0.2 million higher in Q4 2022, versus Q4 2021, due to the increase in long-term debt used to fund the acquisition of Marketing Impact as well as to fund increased working capital across the Group, and an increase in non-cash charges to amortize deferred financing costs.

<u>*Year Ended December 31, 2022*</u>
For the year ended December 31, 2022, Head Office expended $6.2 million, before income taxes, on corporate activities. This was an increase of $2.1 million relative to 2021, as the 2021 segment loss included a $0.4 million gain on reducing the remaining contingent consideration recorded on the acquisition of Northside in 2019.

The increase in amounts expended was driven by the $0.8 million in legal, due diligence and other costs associated with the acquisition activity in 2022. In addition, salaries, wages and benefits increased as a result of enhancements to the Decisive management team over the last year and the impact of short-term incentive accruals based on the strong overall operating performance of the Group in 2022. In 2021, as part of Decisive's leadership succession plan, the Company undertook a recruitment process which led to the appointment of Jeff Schellenberg as Chief Executive Officer on June 1, 2021. Prior to this appointment, the Chief Executive Officer position was held by the board Chair and did not receive cash compensation. Also, financing costs were $0.3 million higher in 2022, versus 2021, due to the increase in long-term debt used to fund the acquisition of Marketing Impact as well as to fund increased working capital across the Group, and an increase in non-cash charges to amortize deferred financing costs.

Liquidity and Capital Resources

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 adjusts 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 a normal course issuer bid ("NCIB"), 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.

The Company is continuing to manage its financial position in accordance with its capital management objectives and in light of its current operating environment.

The industry trends outlined in the "Finished Product Segment Industry Trends and Outlook" and "Component Manufacturing Segment Industry Trends and Outlook", as well as the market risks described under "Risk Factors" in the Company's Annual Information Form and in this MD&A can significantly affect the financial condition and liquidity of the Company.

Cash and Working Capital

As of the date of this MD&A, the Company had cash of $2.7 million, compared to cash of $4.7 million at December 31, 2022, and cash of $2.1 million at December 31, 2021.

As at December 31, 2022, the Company had net working capital of $17.9 million (December 31, 2021 - $12.8 million) as follows:

(Stated in thousands of dollars)	**December 31, 2022**	December 31, 2021
Cash, net of bank indebtedness	$ **4,734**	$ 2,143
Accounts receivable	**16,380**	10,646
Inventory	**14,940**	10,106
Prepaid expenses	**2,433**	988
Accounts payable	**(17,909)**	(8,841)
Dividends payable	**(447)**	(302)
Prepaid deposits	**(344)**	(363)
Warranty provision	**(579)**	(496)
Current portion of lease obligations	**(1,279)**	(1,128)
Net working capital	$ **17,929**	$ 12,753

Capital Expenditures

(Stated in thousands of dollars)	For the three months ended		For the year ended	
For the year ended December 31,	**2022**	2021	**2022**	2021
Purchase of property and equipment	$ **231**	$ 440	$ **2,140**	$ 1,844
Proceeds from sale of property and equipment	**(19)**	(62)	**(40)**	(91)
	212	378	**2,100**	1,753
Growth capital expenditures	**46**	237	**1,146**	1,087
Maintenance capital expenditures	**166**	141	**954**	666
	$ **212**	$ 378	$ **2,100**	$ 1,753

The increase in capital expenditures was a result of increase in both maintenance capital and growth capital expenditures. Growth capital expenditures over the last two years were centered on improving production capacity, efficiency, and capabilities, including through improved levels of automation used in the Group's production processes. Growth capital expenditures in 2021 included a new fiber laser and brake press at Blaze King. For 2022, growth capital expenditures included another new brake press at Blaze King, a 5-axis mill at Hawk, and a 3D scanner at Unicast.

Free Cash Flow

(Stated in thousands of dollars)	For the three months ended		For the year ended	
For the year ended December 31,	**2022**	2021	**2022**	2021
Cash provided by operating activities	$ **3,314**	$ 2,100	$ **8,427**	$ 3,908
Add (deduct):				
Changes in non-cash working capital	**271**	(120)	**3,192**	3,783
Income taxes paid	**-**	-	**991**	859
Current income tax expense	**(143)**	(186)	**(1,743)**	(1,080)
Acquisition and restructuring costs	**439**	115	**1,078**	115
Interest paid	**(706)**	(462)	**(2,354)**	(1,969)
Lease payments	**(323)**	(275)	**(1,227)**	(1,028)
Required principal repayments on debt	**-**	(1)	**-**	(55)
Free cash flow	$ **2,852**	$ 1,171	**8,364**	4,533

The increase in Free Cash Flow in 2022, was primarily a result of the $5.0 million increase in Adjusted EBITDA relative to 2021, which was partially offset by increases in interest paid, current income taxes and lease payments on right of use assets.

Dividends and Dividend Payout Ratios

The Company's Board of Directors regularly examines the dividends paid to shareholders. The following dividends were declared during the year ended December 31, 2022, and throughout 2021:

(Stated in thousands of dollars, except per share amounts)

	2022		2021	
Month	**Per share ($)**	**Dividend Amount ($)**	Per share ($)	Dividend Amount ($)
January	$ **0.025**	$ **303**	$ -	$ -
February	**0.025**	**304**	-	-
March	**0.025**	**305**	-	-
April	**0.030**	**377**	0.020	237
May	**0.030**	**377**	0.020	238
June	**0.030**	**378**	0.020	239
July	**0.030**	**379**	0.020	240
August	**0.030**	**379**	0.025	300
September	**0.030**	**436**	0.025	301
October	**0.030**	**441**	0.025	302
November	**0.030**	**443**	0.025	302
December	**0.030**	**447**	0.025	302
Total	$ **0.345**	$ **4,569**	$ 0.205	$ 2,461

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid in 2022, $3.6 million were settled in cash and $0.8 million were reinvested in additional common shares of the Company, pursuant to the dividend reinvestment and cash purchase plan "the DRIP".

The Company utilizes Free Cash Flow Less Maintenance Capital to analyze the percentage of cash generated from operations returned to shareholders as dividends. This is analyzed on a trailing twelve-month basis in order to reduce the impact of seasonality on the analysis. Cash outflows associated with acquisitions, including acquisition costs, and growth capital expenditures are not included in this payout ratio as they are expected to generate incremental cash inflows in the future. The Company's dividend payout ratio decreased from 64% in 2021 to 62% in 2022, primarily as a result of the increase in the year-over-year free cash flow generated.

(Stated in thousands of dollars)

	For the three months ended		For the year ended	
For the year ended December 31,	**2022**	2021	**2022**	2021
Free cash flow	$ **2,852**	$ 1,171	$ **8,364**	$ 4,533
Maintenance capital expenditures	**(166)**	(141)	**(954)**	(666)
Free cash flow less maintenance capital	**2,686**	1,030	**7,410**	3,867
Dividends declared	**1,332**	906	**4,569**	2,461
Dividend payout ratio			**62%**	64%

Cumulative dividends, paid since Decisive's inception, for the year ended December 31, 2022, are as follows:

(Stated in thousands of dollars)		December 31, 2022
Cumulative dividends, beginning of year	$	**15,117**
Dividends declared during the year		**4,569**
Cumulative dividends, end of year	$	**19,686**

Subsequent to December 31, 2022, the Company undertook the following dividend actions:

- A dividend of $0.03 per share was declared on January 13, 2023, for shareholders of record on January 31, 2023, which was paid on February 15, 2023.
- A dividend of $0.03 per share was declared on February 15, 2023, for shareholders of record on February 28, 2023, which was paid on March 15, 2023.

  On March 15, 2023, the Company announced an increase in its monthly dividend to $0.035 per share and declared a dividend of $0.035 per share for shareholders of record on March 31, 2023, which is payable on April 14, 2023. The increased monthly dividend represents annualized dividends of $0.42 per common share, up from the previous level set at $0.36 per common share on an annualized basis.

Long-Term Debt

(Stated in thousands of dollars)		Authorized		**March 23, 2023 Outstanding**		**December 31, 2022 Outstanding**		December 31, 2021 Outstanding
Revolving term operating facility (i)	$	10,000	$	**4,616**	$	**4,988**	$	2,052
Revolving term acquisition facility (ii)		15,000		**-**		**-**		-
Non-amortizing term loan (iii)		28,000		**28,000**		**28,000**		21,000
	$	53,000	$	**32,616**	$	**32,988**	$	23,052

The Company has a credit agreement in place with its senior lenders, Canadian Western Bank and CWB Maxium Financial Inc., a wholly-owned division of Canadian Western Bank, which provides for the credit facilities described in (i), (ii) and (iii) below:

(i) The revolving term operating facility bears interest at the lender's prime rate plus 1%. The Company's ability to access the revolving term operating facility is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term operating facility.

(ii) The revolving term acquisition facility bears interest at the lender's prime rate plus 3% and is available to the Company for acquisition purposes. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term acquisition facility.

(iii) The non-amortizing term loan bears interest at a fixed rate of 6.90% with no required principal payments for the term of the loan.

In September 2022, the Company renewed the credit agreement with its senior lenders, increased the amount available, and extended the term of the agreement by one year so that all drawn amounts now mature in September 2025. On renewal, the total amount available under the credit agreement was increased to $53.0 million from $36.0 million as follows:

(Stated in thousands of dollars)	Previously Authorized	Increases	Currently Authorized
Revolving term operating facility (i)	$ 8,000	$ 2,000	$ 10,000
Revolving term acquisition facility (ii)	7,000	8,000	15,000
Non-amortizing term loan (iii)	21,000	7,000	28,000
	$ 36,000	$ 17,000	$ 53,000

In conjunction with the increases in availability above, the $7.0 million previously drawn on the revolving term acquisition facility, which had been used to fund a portion of the acquisition of Marketing Impact, was added to the non-amortizing term loan, resulting in an increase in the blended fixed rate on the non-amortizing term loan from 6.25% to 6.90%. With this change, the revolving term acquisition facility is fully undrawn giving Decisive $15.0 million in dedicated acquisition financing available to fund future acquisitions.

There are no required principal payments on these three facilities for the committed three-year term of the credit agreement, which also provides for annual extension provisions. The credit facilities with the Company's senior lenders are collectively secured by a general security agreement, assignment of insurance, and guarantees. In addition, the Company and its subsidiaries have agreed to maintain the following ratios (as defined in the credit agreement) as a group on a trailing twelve-month basis:

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

As at December 31, 2022, the Group was in compliance with these ratios.

Off-Balance Sheet Arrangements

The Group's does not have any off-balance sheet arrangements.

Disclosure of Outstanding Share Data

The following table sets forth the Company's share capital data as at March 23, 2023, December 31, 2022, and December 31, 2021. Each deferred share unit entitled the holder thereof to one common share of the Company pending the satisfaction of certain vesting, settlement and/or redemption criteria. Each warrant and stock option entitled the holder thereof to purchase one common share of the Company pending the satisfaction of certain vesting criteria.

	March 23, 2023	**December 31, 2022**	December 31, 2021
Common shares, basic	**15,091,762**	**14,888,021**	12,093,113
Warrants outstanding	**924,181**	**924,181**	-
Deferred share units outstanding	**41,948**	**-**	-
Stock options outstanding	**525,166**	**659,666**	950,500
Common shares, fully diluted	**16,583,057**	**16,471,868**	13,043,613

An aggregate of 559,235 common shares were issued during the year ended December 31, 2022, through Decisive's employee share purchase plan, DRIP and the exercise of stock options. These share issuances generated cash proceeds of $1.0 million and reduced the amount of cash dividends paid by $0.8 million. During the year ended December 31, 2022, the Company also purchased and cancelled 14,775 common shares, pursuant to its NCIB, at a weighted average price of $4.21 per common share.

As part of the consideration paid for the acquisition of Marketing Impact, on April 14, 2022, the Company issued 235,294 common shares to the vendors of Marketing Impact. As part of the consideration paid for the acquisition of ACR, on October 3, 2022, the Company issued 166,790 common shares to the vendors of ACR.

On September 27, 2022, the Company closed a non-brokered private placement of 1,848,364 common shares at a price of $4.12 per share for gross proceeds of $7.6 million. In addition, for each common share subscribed for under the private placement, the subscriber also received a one-half common share purchase warrant entitling the holder thereof to purchase one common share at a price of $4.94 for a period of 24 months following the closing of the private placement. The costs associated with this share issuance included $0.2 million in cash expenditures plus $0.3 million in the estimated fair value of the warrants issued.

As at December 31, 2022, there were 402,084 shares in escrow (December 31, 2021 – 105,513) relating to the Company's completed acquisitions, as follows:

- Marketing Impact – 235,294 to be released at one-third per year in April 2023, 2024, and 2025 respectively.
- ACR – 166,790 to be released at one-third per year in October 2023, 2024, and 2025 respectively

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 Group, are those personnel having the authority and responsibility for planning, directing, and controlling the Group.

Key management compensation for the year ended December 31, 2022, included $1.59 million of salaries, benefits and director fees and $0.06 million of share-based compensation (2021 - $0.78 million of salaries and benefits and $0.17 million of share-based compensation).

Accounting Policies

The Company's significant accounting policies are disclosed in Note 3 of Decisive's audited consolidated financial statements for the year ended December 31, 2022. During 2022, there were no changes in the accounting policies or methods of computation used relative to 2021.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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:

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. Significant assumptions include, among others, the determination of projected revenues, cash flows, customer retention rates, discount rates and anticipated average income tax rates.

The Company's acquisitions have been accounted for using the acquisition method when control is transferred to the Group. The consideration paid in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. 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 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.

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 depreciable 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.

Impairment of Non-Financial Assets and Goodwill
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit ("CGU") based on discounted expected future cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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.

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.

Expected credit losses
The Company provides for expected credit losses of its accounts receivable based on 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.

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.

Financial Instruments

The Group's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, dividends payable, and long-term debt.

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.

Fair Value Disclosures

At December 31, 2022 and 2021, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

The Group's long-term debt, as described under heading "Long-Term Debt" earlier in this MD&A, 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.

Financial Risk Management

The Group's primary business activities consist of the acquisition of corporations in the manufacturing sector. 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 Company's board of directors or one of its committees.

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 contractual maturities of financial instruments are as follows:

(Stated in thousands of dollars)

December 31, 2022		**Carrying value**		**Total contractual cash flows**		**Within one year**		**Two to five years**		**More than five years**
Accounts payable	**$**	**17,909**	**$**	17,909	$	14,451	$	3,458	$	-
Dividends payable		**447**		447		447		-		-
Long-term debt		**32,669**		39,186		2,254		36,932		-
Lease obligations		**6,338**		7,218		1,513		4,367		1,338
	$	**57,363**	**$**	64,760	$	18,665	$	44,757	$	1,338

December 31, 2021		Carrying value		Total contractual cash flows		Within one year		Two to five years		More than five years
Accounts payable	$	8,841	$	8,841	$	8,841	$	-	$	-
Dividends payable		302		302		302		-		-
Long-term debt		22,590		26,971		1,383		25,588		-
Lease obligations		2,661		2,850		1,230		1,620		-
	$	34,394	$	38,964	$	11,756	$	27,208	$	-

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 agreement with its senior lenders that provides the Group access to a revolving term operating facility and a revolving term acquisition facility. The Group's ability to access the revolving term operating facility is dependent on a borrowing base which is measured against the Group's accounts receivable and inventory. The Group continues to manage its financial position in accordance with its capital management objectives and in light of its current operating environment.

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, 2022, the Company 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.

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

(Stated in thousands of dollars)

		December 31, 2022			December 31, 2021	
Not yet due	**$**	**12,657**	**79%**	$	8,534	85%
31-60 days overdue		**2,900**	**18%**		1,321	13%
61-90 days overdue		**332**	**2%**		56	1%
>90 days overdue		**142**	**1%**		85	1%
Trade accounts receivable		**16,031**	**100%**		9,996	100%
Less: expected credit losses		**(114)**			(8)	
Net trade accounts receivable	**$**	**15,917**		$	9,988	

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.

Currency Risk

The functional currency for Blaze King Industries Inc. and Unicast is the US dollar ("USD"), the functional currency for ACR 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. As a result, the Group's profit or loss and total comprehensive income are in part impacted by fluctuations in the value of the 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:

(Stated in thousands of dollars)

	Entities with a CAD functional currency		**Entities with a USD functional currency**		**Entities with a GBP functional currency**		
As at December 31, 2022	**CAD**	**USD**	**CAD**	**USD**	**CAD**	**GBP**	**Total**
Cash	$ 267	$ 980	$ 468	$ 153	$ -	$ 2,866	**$ 4,734**
Accounts receivable	8,534	4,202	545	2,106	-	993	**16,380**
Accounts payable	(14,288)	(1,278)	(180)	(872)	-	(1,291)	**(17,909)**
Dividend payable	(447)	-	-	-	-	-	**(447)**
Inter-company amounts	5,486	-	(8,462)	2,976	-	-	**-**
Long-term debt	(32,669)	-	-	-	-	-	**(32,669)**
Net exposure	(33,117)	3,904	(7,629)	4,363	-	2,568	**(29,911)**
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	195	381	-	-	-	**576**
OCI	$ -	$ -	$ -	$ (218)	$ -	$ (128)	**$ (346)**

(Stated in thousands of dollars)

	Entities with a CAD functional currency		Entities with a USD functional currency		Entities with a GBP functional currency		
As at December 31, 2021	CAD	USD	CAD	USD	CAD	USD	Total
Cash	$ 948	$ 1,219	$ (243)	$ 219	$ -	$ -	$ 2,143
Accounts receivable	5,148	3,184	574	1,740	-	-	10,646
Accounts payable	(6,855)	(651)	(112)	(1,223)	-	-	(8,841)
Dividend payable	(302)	-	-	-	-	-	(302)
Inter-company amounts	5,038	-	(7,109)	2,071	-	-	-
Long-term debt	(22,590)	-	-	-	-	-	(22,590)
Net exposure	(18,613)	3,752	(6,890)	2,807	-	-	(18,944)
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	188	345	-	-	-	533
OCI	$ -	$ -	$ -	$ (140)	$ -	$ -	$ (140)

Interest Rate Risk

The Group is exposed to interest rate risk on its long-term debt, as described under the heading "Long-Term Debt" earlier in this MD&A, due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt at December 31, 2022, 15% was variable rate (2021 - 9%). 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:

(Stated in thousands of dollars)

Interest rate risk		December 31, 2022		December 31, 2021
Floating instruments	**$**	**4,988**	$	2,052
Average balance		**7,699**		421
Impact on profit (loss) of a change in interest rates:				
-1%		**77**		4
+1%	**$**	**(77)**	$	(4)

Risk Factors

The Group is subject to a number of risk factors. These risk factors relate to, among other things, the organizational structure of the Company and to the operations of its subsidiaries. The risk factors described below are significant risk factors that management of the Company believes to be material to the business and results of operations of the Group. When reviewing forward-looking statements and other information contained in this report, investors and others should carefully consider these risk factors, as well as other risk factors that may adversely affect the business, operations and future results of the Group. The Group operates in a very competitive and rapidly changing environment. New risk factors emerge from time-to-time and it is not possible for management of the Company to anticipate all risk factors or the impact that such factors may have on the business and financial performance of the Group. The Company assumes no obligation to update or revise these risk factors or other information contained in this report to reflect new events or circumstances, except as may be required by law.

The most significant risks to the Group are categorized by their source and described as follows:

External	Operational	Financial	Human Capital
• General Economic Conditions	• Risk Related to Acquisitions	• Availability of Future Financing	• Reliance on Management and Key Personnel
• Pandemics	• Dependence on Customers, Distributors and Strategic Relationships	• Interest Rates and Debt Financing	• Employees and Labour Relations
• Competition	• Supply and Cost of Raw Materials and Purchased Parts	• Income Tax Matters	• Conflicts of Interest
• Government Regulation	• Operational Performance and Growth	• Foreign Exchange	
• Environmental Regulation	• Implementation of the Growth Strategy	• Dividends	

• Access to Capital	• Product Liability and Warranty Claims	• Trading Volatility of Common Shares	
• Market Trends and Innovation	• Litigation	• Dilution Risk	
• Climate Risk	• Reliance on Technology, Intellectual Property, and Information Systems		
• General Uninsured Losses			

External Risks:

<u>*General Economic Conditions*</u>
The general global economic environment can impact the business and financial performance of the Group. The demand for the Group's products depends on the conditions of the respective industries in which they operate, which are influenced by numerous factors over which the Company has no control, including, without limitation, macro-economic factors such as inflation and interest rates, geopolitical factors, pandemics, oil and natural gas and other commodity prices, the weather and climate, regulatory changes and other economic conditions. A prolonged or more significant downturn in any economy where the Group operates could negatively impact the demand for the Group's products.

Geopolitical instability (including military conflict and the accompanying international responses, including economic sanctions) can be disruptive to the world economy and result in additional volatility in commodity markets, international trade and financial markets, which could impact the Group. The conflict between Russia and the Ukraine has resulted in sanctions imposed upon Russia by the United States, European Union, the United Kingdom, Canada, Australia, Japan, Switzerland, and other countries, which may impact world economic markets and have follow-on effects in particular industries. To date, the conflicts have not impacted the ability of the Group to carry on business and there have been no significant delays or direct security issues affecting operations, offices, or personnel of the Group, and the enacted sanctions have not had a material adverse effect on the business of the Group. The outcome of the conflict between Russian and Ukraine is uncertain at this time, however it has the potential to impact the peace and stability of the region and the world and could affect the global economy, including regions and markets in which the Group operates. Any subsequent supply shortages or volatile commodity prices could have an adverse impact on the world economy and the business of the Group. As geopolitical conflicts occur, re-occur or escalate, they could have a material adverse effect on business, financial condition or results of operations of the Group.

<u>*Pandemics*</u>
The spread of contagious disease and pandemics, including, without limitation, the continuation of the COVID-19 pandemic, could have a material adverse effect on the Group's business and financial performance by triggering global financial market shocks, causing shortages of employees to staff the Group's head office and facilities, interrupting supplies from third parties upon which the Group rely for its business operations, impacting the industries of customers, and disrupting or suspending the Group's business operations entirely in certain circumstances.

<u>*Competition*</u>
New competition or increased competition could have a significant impact on the Group's business, results from operations, and financial conditions.

The industries in which the Group operate are highly competitive and each of the Group competes with a substantial number of companies, some of which have greater technical and financial resources. There

can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Group or that new or existing competitors will not enter the various markets in which the Group is active or that the Group wishes to enter. In certain aspects of its business, the Group also competes with a number of small and medium-sized companies which may have certain competitive advantages such as low overhead costs and specialized regional strengths.

There can be no assurance that competitors will not develop new and unknown technologies with which the Group may have difficulty competing. As well, without remaining cost competitive, there is also a risk that the Group may lose business to its competitors.

The competitive environment in the manufacturing industry has been impacted by customers seeking to take advantage of the low-cost environments that exist in certain countries. As a result, there is the possibility of increased competition from suppliers that have manufacturing operations in these countries. The loss of any significant production contract or other business to competitors in low-cost countries could have an adverse effect on the profitability of the of the Group.

Government Regulation
Certain of the industries in which the Group operate are subject to, and significantly impacted by, governmental regulation. For example, the wood burning stove market in which Blaze King and ACR operate are highly regulated and these regulations are subject to frequent change. There can be no assurance that the Group's business will not be adversely affected in the event of additional regulation in any of the industries or jurisdictions where the Group operate or sell its products.

Current international, multinational and/or bilateral trade agreements and tariffs in effect from time to time can significantly impact the Group's business and financial performance. Such trade agreements and tariffs can impact the demand, cost, and production of the Group's products.

Trade disputes between countries or among multiple countries can disrupt global and local supply chains, distort commodity pricing, impair the ability of the Group to make long-term investment decisions, create volatility in relative foreign exchange rates and contribute to stock market volatility. The continuation or increase of existing tariffs, the implementation of new tariffs, and/or the existence or escalation of trade disputes from time to time could have an adverse effect on the financial results and profitability of the Group.

Environmental Regulation
The past and present operation by the Group of manufacturing facilities and ownership and/or occupation of real property are subject to extensive and changing federal, provincial, state and local environmental laws and regulations, including those relating to discharges in air, water and land, the handling and disposal of solid and hazardous waste and the remediation of contamination associated with releases of hazardous substances. To date, compliance with environmental regulations has not had a material adverse effect on the capital expenditures, earnings or competitive position of the Group. There can be no assurance that compliance with current or more stringent laws or regulations which may be imposed on the Group in the future, stricter interpretation of existing laws or discoveries of contamination at the leased business locations of the Group which occurred prior to the Group's lease of such sites or the advent of environmental regulation will not require the Group to incur significant expenditures in the future, some of which may have a material adverse effect on the capital expenditures, earnings or competitive position of the Group.

Access to Capital
One of the objectives of the Company is to continue to acquire additional businesses or interests therein in order to expand and diversify the Company's investments. The ability to execute this objective is dependent on the Company's ability to raise funds in the capital markets. If the capital markets' desire for income producing investments, such as Decisive's common shares, were to significantly decrease, the Company would have difficulty in executing its acquisition objectives. The Company's current level of

leverage is considered reasonable, which gives the Company the ability to undertake acquisitions, up to a given size, in the short-term without being dependent on the capital markets.

Market Trends and Innovation
The Group's market position is dependent on its ability to effectively anticipate consumer habits and expectations and develop new or modified products in a timely fashion to satisfy these expectations. If the Group is not able to develop new products that are attractive to customers, the Group risks losing those customers to competitors.

Climate Risk
The Group's results of operations could be impacted by fluctuations from weather and natural disasters. Severe weather conditions and natural disaster conditions can significantly disrupt service by impeding the movement of goods or consumer demand, which could have an adverse effect on the Group's business, results of operations and financial condition. In addition, increases in frequency, severity or duration of severe weather events, including changes in the global climate, could result in increases in raw materials costs, freight costs and delivery delays, any of which would increase the potential for loss of revenue and higher costs. For example, Blaze King and ACR may be impacted by the length and severity of the winter season, which drives customer demand for heating appliances as well as alternative sources of fuels. Additionally, the Group's results are impacted by seasonality factors primarily driven by weather patterns in the markets in which they operate and worldwide, including the impact on heating and planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. For example, the impact of weather conditions and patterns on the agriculture sector in North America and worldwide, has a direct impact on activities of the customers of Slimline.

General Uninsured Losses
The Group carries comprehensive general liability, fire, flood and extended coverage insurance with policy specifications, limits and deductibles customarily carried for similar businesses. There are, however, certain types of risks, generally of a catastrophic nature, such as natural disasters, wars, pandemic, and environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, anticipated profits and cash flows could be negatively impacted.

Operational Risks:

Risk Related to Acquisitions
The Company regularly reviews potential acquisition opportunities to support its strategic objective to expand and diversify the Company's investments. The Company's ability to successfully grow or diversify through additional acquisitions will be dependent on several factors, including the identification of suitable acquisition targets in both new and existing markets, the negotiation of purchase agreements on satisfactory terms and prices, securing attractive financing arrangements, and, where applicable, the integration of newly acquired operations into the existing business.

In pursuing a strategy of acquiring other businesses or interests, the Company will face risks commonly encountered with growth through acquisitions. These risks include, but are not limited to, incurring higher capital expenditures and operating expenses than expected, entering new unfamiliar markets, incurring undiscovered liabilities at acquired businesses, disrupting ongoing business, diverting management resources, failing to maintain uniform standards, controls and policies, impairing relationships with employees, suppliers and customers as a result of changes of ownership, causing increased expenses for accounting and computer systems and incorrectly valuing acquired entities.

The Company may not adequately anticipate all the demands that its growth will impose on its personnel, procedures, and structures, including its financial and reporting control systems, data processing systems and management structure. Moreover, the Company's failure to retain qualified management personnel at any acquired business may increase the risk associated with integrating the businesses. If the Company

cannot adequately anticipate and respond to these demands, it may fail to realize the expected operating performance and its resources will be focused on incorporating new operations into its structure rather than on areas that may be more profitable. In addition, although the Company conducts what it believes to be a prudent level of investigation regarding the operating condition of the businesses it purchases, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual operating condition of these businesses.

The Company conducts business, legal and financial due diligence investigations in connection with its acquisitions and the purchase and sale agreements pursuant to which the Company directly or indirectly acquires a business or interest will generally contain customary representations and warranties with respect to the applicable business and related indemnities from the vendors regarding corporate matters, taxes, litigation, environmental, operations, employee matters and financial statements, among other things. However, there can be no assurance the Company will uncover all risks associated with the investment through its due diligence investigations, that the representations and warranties given by such vendors will adequately protect against such risks or that the Company will recover any losses incurred in the event of a breach of a representation or warranty.

With respect to acquired companies, there can be no assurance that the operating performance and financial results of those companies after they have been acquired by the Company will reflect the past operating performance or financial results of such companies.

In addition, while the Company seeks to identify and exploit potential synergies among its various subsidiaries in the Group, there can be no assurance that the Company will successfully identify potential synergies or exploit such synergies for the benefit of the Group.

Dependence on Customers, Distributors and Strategic Relationships

The Group's business may be subject to customer concentration risk in that the financial performance is based substantially on business carried out with a main customer or a small group of customers. For example, Hawk's business is subject to customer concentration risk in that the financial performance of Hawk during recent financial periods was substantially the result of business conducted with a main customer. Northside's financial performance during recent financial periods has been similarly substantially the result of business conducted with two main customers. There can be no assurance that these main customers will continue to conduct business with Hawk and Northside in a similar amount and on similar terms to the business conducted with these subsidiaries each year. In the event that the business prospects of these main customers deteriorate, or in the event that these main customers reduce the amount of business that they conduct with Hawk or Northside, or do not conduct business with Hawk or Northside on similar terms, there may be a material adverse effect on the business and financial performance of Hawk and/or Northside, as applicable. Although Hawk and Northside both have the objective of diversifying their respective customer bases and the industries that they serve, there can be no assurance that they will achieve such objectives. The other subsidiaries in the Group have a fairly broad customer base and do not solely depend on any one customer or group of customers.

Additionally, the future revenue growth of the Group will depend in large part upon its ability to successfully establish and maintain a network of suppliers and distributors for its subsidiaries as well as its ability to enter into strategic alliances. There can be no assurances that the Group will be able to successfully establish and maintain these relationships and if the Group is unable to do so, it may not be able to generate sufficient revenues to maintain profitability.

Supply and Cost of Raw Materials and Purchased Parts

The Group relies on a stable and consistent supply of materials and finished goods in carrying out its operations. Each of the subsidiaries in the Group secure supplies of raw materials and finished goods from various suppliers on an ongoing basis at negotiated prices (including, Chinese and/or other foreign suppliers). An interruption in the availability of, or in the ability to transport, these raw materials or finished goods, from pandemics, natural disasters, trade barriers inflicted on the countries where these suppliers are located, geopolitical factors in certain parts of the world, other factors not within the control of the

Group or otherwise, or significant increases in the prices paid by the Group for them, could have a material adverse effect on the Group's business and financial performance.

The pricing of certain commodities used to produce certain of the Group's products, such as steel, titanium carbide and manganese, are still largely driven by overall market conditions and increases in the cost of these components could increase the Group's manufacturing costs and have a material adverse effect on the Group's business and financial performance.

The Group relies on a number of suppliers to provide products and materials. For the businesses to be successful, such suppliers must provide quality products and material, in substantial quantities, in compliance with regulatory requirements, at acceptable costs and on a timely basis. The Group's ability to obtain a sufficient selection or volume of supplies on a timely basis at competitive prices could suffer as a result of any deterioration or change in its supplier relationships or events that adversely affect its suppliers.

There can be no assurance the Group will be able to detect, prevent or fix all defects in products or materials provided by its suppliers. Failure to detect, prevent, or fix defects, or the occurrence of real or perceived quality or safety problems or material defects in the Group's current and future products, could result in a variety of consequences, including a greater number of product returns than expected from customers, litigation, product recalls, and credit, warranty, or other claims, among others, which could harm the Group's results of operation and financial conditions. Such events could hurt the Group's business image, which is critical to maintaining and expanding its business. Any negative publicity or lawsuits filed against the Group, related to the perceived quality and safety of its products could harm the Group's businesses and decrease demand for their products.

If one or more of the Group's significant suppliers were to sever their relationship or significantly alter the terms of its relationship, including due to changes in applicable trade or border policies, the Group may not be able to obtain replacement products in a timely manner, which could have a material adverse effect on its business, results of operations, and financial condition.

In addition, if any of the Group's suppliers fail to make timely shipments, do not meet its quality standards, or otherwise fail to deliver materials or a product in accordance with the Group's plans, there could be a material adverse effect on their results of operations.

Operational Performance and Growth
The Group's principal source of funds is cash generated from the Company's subsidiaries, which is expected to provide the Group with sufficient liquidity and capital resources to meet its current and future financial obligations at existing business levels, including meeting certain financial ratios with the Company's senior lenders. If additional capital and/or operating expenditures, dependent on increased cash flow or additional financing, arise in the future, lack of such funds could limit or delay the future growth of the Company's subsidiaries. Furthermore, underperformance of a Subsidiary could have an adverse effect by limiting or delaying future growth cash flow, while also potentially impacting the amount of cash available for dividends to the shareholders. The Group continues to manage its financial position in accordance with the Company's capital management objectives and in light of its current operating environment.

Implementation of the Growth Strategy
Historically high valuation multiples have dominated the acquisition market. Management of the Company continues to focus on strategic acquisitions and organic growth. Given the current environment, it continues to be imperative for the Company to maintain its acquisition discipline and not enter into transactions at multiples that exceed the Company's acquisition model.

The Company may not effectively select candidates for acquisition or successfully negotiate or finance such acquisitions. There can be no assurance the acquisitions will be completed on acceptable terms or that the newly acquired companies will be successfully integrated into the Group's operations. Additionally, the Group may experience increased production costs or problems, difficulty in obtaining

financing and increased cost of borrowing as a result of such acquisitions. With the Group's intention to expand the sales focus into new geographic areas there may be exposure to political and economic risks not currently experienced in current geographic sales areas.

Product Liability and Warranty Claims
The Group may be subject to potential product liabilities connected with its operations, including liabilities and expenses associated with product defects. The Group may also be subject to personal injury claims for injuries resulting from use of its products.

Any liability for damages resulting from product malfunctions could be substantial and could materially adversely affect the Group's business, results of operations and financial performance. In addition, a well-publicized actual or perceived claim could adversely affect the market's general perception of the Group's products. This could result in a decline in demand for the Group's products, which would materially adversely affect the Group's business, results of operations and financial performance.

While the Group maintains product liability insurance, there can be no assurance that such insurance will continue to be available on commercially reasonable terms and that it will be sufficient to cover all claims.

Litigation
The Group may be subject to litigation from time to time and such litigation has the potential to materially adversely affect the business and/or financial performance of the Group.

Reliance on Technology, Intellectual Property, and Information Systems
The Group will depend upon improvements in technology to meet customer demands in respect of performance and cost, and to explore additional business opportunities. There can be no assurance that the Group will be successful in its efforts in this regard or that it will have the resources available to meet this demand.

The Group currently relies on intellectual property rights and other contractual or proprietary rights, including, without limitation, copyright, trade secrets, confidential procedures, contractual provisions, licenses and patents, to protect its proprietary technology and commercial advantages. The Group may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This type of litigation can be expensive and time consuming, regardless of whether the Group is successful. The Group may seek patents or other similar protections in respect of particular technology. There can be no assurances that any future patent applications will result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Group. The process of seeking patent protection can also be long and expensive. Competitors may develop technologies that are similar or superior to the technology of the Group or design around the patents owned by the Group, thereby adversely affecting the Group's competitive advantage in one or more of its businesses.

The Group's reliance on information technology to manage its business exposes the Group to potential risks related to cybersecurity attacks and unauthorized access to the Group's customers, suppliers, counterparties and employees sensitive or confidential information (which may include personally identifiable information and credit information) through hacking, viruses or otherwise (collectively "cybersecurity threats"). Through the normal course of business, the Group also collects, processes, and retains sensitive and confidential customer, supplier, counterparty and employee information.

Cybersecurity threats are continually growing and changing and require continuous monitoring and detection efforts to address. While the Group has security measures in place, its systems, assets and information could be vulnerable to cybersecurity attacks and other data security breaches that could cause system failures, disrupt operations, adversely affect safety, result in loss of service to customers and result in the release of sensitive or confidential information. Despite such security measures, there is no assurance that cybersecurity threats can be fully detected, prevented or mitigated. Should such threats materialize, the Group could suffer costs, losses and damages such as property damage,

corruption of data, lower earnings, reduced cash flow, third party claims, fines and penalties; all or some of which may not be recoverable.

Financial Risks:

Availability of Future Financing
In order to execute its business plan, the Group may require a combination of additional debt and equity financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available when needed or on terms acceptable to the Group. The Group's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Group's growth and may have a material adverse effect upon the Group.

Interest Rates and Debt Financing
The Group has significant debt service obligations pursuant to the financing agreements relating to its long-term debt. The degree to which the Group is leveraged could have important consequences to the Group and/or the Company's shareholders, including:

- the ability of the Group to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited;
- a substantial portion of cash flow from operations of the Company are, and will be, dedicated to servicing its indebtedness, thereby reducing funds available for future operations;
- certain borrowings of the Group are, or will be, at variable rates of interest, which will expose the Group to future fluctuations of interest rates; and
- the Group may be more vulnerable to economic downturns and may be limited in its ability to withstand competitive pressure.

The ability of the Group to make scheduled payments of the principal of or interest on, or to refinance, their respective indebtedness will depend on future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. There can be no assurance that the Company will be able to refinance its long-term debt on maturity on terms similar to existing terms, or at all.

The debt financing agreements relating to the Group's long-term debt contain restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants may place significant restrictions on, among other things, the ability of the Group to incur additional indebtedness, to create liens or other encumbrances, to pay dividends, to redeem equity or debt or make certain other payments, investments, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. The financing agreements also contain a number of financial covenants that require the Group to meet certain financial ratios and financial condition tests. A failure to comply with the obligations and covenants under the financing agreements relating to the credit facility could result in an event of default under such agreements, as the case may be, which, if not cured or waived, could permit acceleration of indebtedness. If the indebtedness under such agreements were to be accelerated, there can be no assurance that the assets of the Group would be sufficient to repay that indebtedness in full.

Income Tax Matters
The business and operations of the Group are complex and the computation of income taxes payable involves many complex factors including the Group's interpretation of relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Group's interpretation of the applicable tax legislation and regulations. If any challenge to the Group's tax filing positions were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Group's tax position.

Furthermore, federal or provincial or foreign tax legislation may be amended, or its interpretation changed (whether by legislative or judicial action or decision), retroactively or for the future, which could adversely affect the Group's tax position.

Foreign Exchange

A significant portion of the Group's products are sold in markets outside of Canada, while most of its operating expenses and capital expenditures are denominated in Canadian dollars. Additionally, certain amounts of the raw materials and finished goods used by the Group in its business are denominated in foreign currency when they are sourced from outside of Canada. Also, certain subsidiaries have functional currencies that differ from the Company's reporting currency. As a result, the Group will be exposed to fluctuations in the foreign exchange rates between the Canadian dollar and the currency in which a particular purchase or sale is transacted, which may result in foreign exchange losses that could affect earnings. The Group does not currently manage this exposure through the use of derivative contracts.

Dividends

One of Decisive's objectives is to pay growing and sustainable dividends to its shareholders over the long term. However, dividends are payable if, as and when declared by the Board. While as at the date hereof, a monthly dividend policy is in effect and is currently anticipated to continue, there can be no assurance that dividends will continue in the future at the same frequency, or in the same amounts, or at all. The actual amount of dividends declared and paid by the Company in respect of the common shares will depend upon numerous factors, including profitability, fluctuations in working capital, and the sustainability of margins and capital expenditures of the Group.

Trading Volatility of Common Shares

The common shares of the Company are listed for trading on the TSX Venture Exchange on the date hereof. There can be no assurance as to the price at which the Company's common shares will trade and there can be no assurance that an active trading market for its common shares will be sustained. The market price of and trading in the Company's common shares could be subject to significant fluctuations in response to a number of factors, including variations in financial results, and could potentially be subject to extreme price and volume fluctuations which have been experienced by the securities markets from time to time.

Dilution Risk

The authorized share capital of the Company is comprised of an unlimited number of common shares. The Company may issue additional common shares, or securities which are convertible, exchangeable or exercisable into common shares, for consideration and on those terms and conditions as are established by the Company without the approval of shareholders of the Company. The Company intends to pursue further acquisitions which will likely require the issuance of additional common shares.

Human Capital Risk:

Reliance on Management and Key Personnel

The success of the Company is dependent on a number of key senior employees both at the Company's head-office level and at the subsidiary level. The loss of any one of these key employees may impair the Company's ability to operate at its optimum level of performance and could have an adverse effect on the Group's business, results from operations and financial condition. There can be no assurance that the Company will be able to retain its existing senior management, attract additional qualified executives or adequately fill new senior management positions or vacancies created by expansion or turnover at either the head office level or subsidiary level.

Employees and Labour Relations

The success of the Company's subsidiaries is dependent in large part upon their ability to attract and retain key management and employees. Recruiting and maintaining personnel in the industries in which the subsidiaries are involved is highly competitive and it cannot be guaranteed that these entities will be able to attract and retain the qualified personnel needed for their businesses. A failure to attract or retain

qualified personnel could have an adverse effect on the Company's businesses, results from operations and financial condition.

Conflicts of Interest
The Group may be subject to various conflicts of interest due to the fact that its directors and management are or may be engaged in a wide range of other business activities. The Group may become involved in transactions that conflict with the interests of these other business activities. The directors and management of the Group and associates or affiliates may from time-to-time deal with persons, firms, institutions or organizations with which the Group may be dealing, or which may be seeking investments similar to those desired by the Company. The interests of these persons could conflict with those of the Group. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Any such conflicts will be resolved in accordance with the provisions of the *Business Corporations Act* (British Columbia) relating to conflicts of interest. Additionally, Decisive has a Code of Business Conduct and Ethics that provides guidance to, officers and employees on how to deal with potential conflicts of interest.

Non-IFRS Financial Measures

"Adjusted EBITDA", "Free Cash Flow", "Growth Capital Expenditures", "Maintenance Capital Expenditures", "Dividend Payout Ratio" and "Return on Invested Capital" are not recognized financial measures under IFRS but are believed to be meaningful in the assessment of the Group's performance as defined below.

"**Adjusted EBITDA**" is defined as earnings before finance costs, income taxes, depreciation, amortization, foreign exchange gains or losses, other non-cash items such as gains or losses recognized on the fair value of contingent consideration items, asset impairment, share-based compensation, and restructuring costs, and other non-operating items such as acquisition costs.

Adjusted EBITDA is a financial performance measure that management believes is useful for investors to analyze the results of the Group's operating activities prior to consideration of how those activities are financed and the impact of non-operating charges related to planned or completed acquisitions, foreign exchange, taxation, depreciation, amortization, and impairment charges.

The most directly comparable financial measure is profit or loss. Set forth below are descriptions of the financial items that have been excluded from profit or loss to calculate Adjusted EBITDA and the material limitations associated with using these Non-IFRS financial measures as compared to profit or loss:

- The amount of interest expense incurred, or interest income generated, may be useful for investors to consider and may result in current cash inflows or outflows. However, management does not consider the amount of interest expense or interest income to be a representative component of the day-to-day operating performance of the Group.
- Depreciation and amortization expense may be useful for investors to consider because it generally represents the wear and tear on the property and equipment used in the Group's operations. However, management does not believe these charges necessarily reflect the current and ongoing cash charges related to the Group's operating costs as they also include expenses related to the amortization of the fair value of intangible assets acquired in business combinations.
- Acquisition costs are non-operating expenses that can affect costs with respect to planned and completed acquisitions. While a necessary expense as part of an acquisition, the magnitude and timing of these items may vary significantly depending upon the acquisition. As such, management does not consider acquisition costs incurred to be a representative component of the day-to-day operating performance of the Group.

- Additionally, management does not consider foreign exchange gains or losses to be a representative component of the day-to-day operating performance of the Group.
- Manufacturing costs include non-cash charges to expense the fair value increment of acquired inventories sold in the period that were originally valued as part of the initial purchase in a business acquisition, inventory write downs, and allowances for inventory obsolescence. Management does not consider these non-cash charges to be a representative component of the day-to-day operating performance of the Group.
- Similarly, goodwill impairment losses and gains or losses recognized on fair value adjustments of contingent consideration liabilities are non-cash items that management does not consider to be a representative component of the day-to-day operating performance of the Group.
- Share-based compensation may be useful for investors to consider because it is an estimate of the non-cash component of compensation received by the Group's directors, officers and employees. Management does not consider these non-cash charges to be a representative component of the day-to-day operating performance of the Group as the decisions that gave rise to these expenses were not made to increase revenue in a particular period, but were made for the Group's long-term benefit over multiple periods.

Adjusted EBITDA per share is also presented, which is calculated by dividing Adjusted EBITDA, as defined above, by the weighted average number of shares outstanding during the period.

"**Free Cash Flow**" is defined as cash provided by operating activities, as defined by IFRS, adjusted for changes in non-cash working capital, timing considerations between current income tax expense and income taxes paid, interest payments, required principal payments on long-term debt and right of use lease liabilities, and any unusual non-operating one-time items such as acquisition and restructuring costs (as described above).

Free Cash Flow is a financial performance measure used by management to analyze the cash generated from operations before the impact of changes in working capital items or other unusual items and after giving effect to expected income taxes thereon, as well as required interest and principal payments on long-term debt and right of use lease liabilities.

The most directly comparable financial measure is cash provided by operating activities. Adjustments made to cash provided by operating activities in the calculation of Free Cash Flow include other IFRS measures, including changes in non-cash working capital, current income tax expense, income taxes paid, interest paid, and principal payments on long-term debt and right of use lease liabilities.

Free Cash Flow per share is also presented, which is calculated by dividing Free Cash Flow, as defined above, by the weighted average number of shares outstanding during the period.

"**Free Cash Flow Less Maintenance Capital**" is defined as Free Cash Flow, as defined above, less Maintenance Capital Expenditures, as defined below. Free Cash Flow Less Maintenance Capital is a financial performance measure used by management to analyze the cash generated from operations before the impact of changes in working capital items or other unusual items and after giving effect to expected income taxes thereon, as well as required interest and principal payments on long-term debt and right of use lease liabilities, and capital expenditures required to sustain the current operations of the Company.

The Company presents Free Cash Flow Less Maintenance Capital Expenditures per share, which is calculated by dividing Free Cash Flow Less Maintenance Capital, as defined above, by the weighted average number of shares outstanding during the period.

"**Growth and Maintenance Capital Expenditures**" maintenance capital expenditures are defined as capital expenditures required to maintain the operations of the Group at the current level and are net of proceeds from the sale of property and equipment. Growth capital expenditures are defined as capital expenditures that are expected to generate incremental cash inflows and are not considered by management in determining the cash flows required to sustain the current operations of the Company. While there are no comparable IFRS measures for Maintenance Capital Expenditures or Growth Capital Expenditures, the total of Maintenance Capital Expenditures and Growth Capital Expenditures is equivalent to the total purchases of property and equipment, net of proceeds from the sale of property and equipment, on the Company's statement of cash flows.

"**Dividend Payout Ratio**" the Company presents a dividend payout ratio, which is calculated by dividing dividends declared by the Company by Free Cash Flow Less Maintenance Capital, as defined above. The Dividend Payout Ratio is a financial ratio used by management to analyze the percentage of cash generated from operations, before the impact of changes in working capital items or other unusual items and after giving effect to expected income taxes thereon, as well as required interest and principal payments on long-term debt and right of use lease liabilities, and capital expenditures required to sustain the current operations of the Company, returned to shareholders as dividends.

"**Return on Invested Capital**" the Company references a return on invested capital ratio, which is calculated by dividing Free Cash Flow Less Maintenance Capital, as defined above, by the associated capital cost of the applicable investment. For example, the Return on Invested Capital for the aggregate investments completed by the Company to the end of 2022 would be measured as follows: cumulative Free Cash Flow Less Maintenance Capital (as defined above) divided by the sum of: 1) the aggregate consideration paid for completed acquisitions (net of cash acquired); 2) aggregate acquisition costs (as described above); and 3) aggregate Growth Capital Expenditures (as defined above). The Return on Invested Capital Ratio is a financial ratio used by management to analyze the returns of competing investment opportunities.

While the above Non-IFRS financial measures are used by management of the Company to assess the historical financial performance of the Group, as applicable, readers are cautioned that:

- Non-IFRS financial measures, such as Adjusted EBITDA, Free Cash Flow, Growth Capital Expenditures, Maintenance Capital Expenditures and Dividend Payout Ratio, are not recognized financial measures under IFRS;
- The Company's method of calculating Non-IFRS financial measures may differ from that of other corporations or entities and therefore may not be directly comparable to measures utilized by other corporations or entities;
- In the future, the Company may disclose different Non-IFRS financial measures in order to help its investors more meaningfully evaluate and compare future results of operations to previously reported results of operations.
- Non-IFRS financial measures should not be viewed as an alternative to measures that are recognized under IFRS such as profit or loss or cash provided by operating activities; and
- A reader should not place undue reliance on any Non-IFRS financial measures.

Reconciliations of Non-IFRS financial measures to their most relevant IFRS measures, are included in this MD&A under "Overall Performance – Financial Highlights", "Summary of Quarterly Results", and "Segment Overview and Performance".

Cautionary Statement Regarding Forward Looking Information and Statements

Certain statements in this MD&A constitute forward-looking information and forward-looking statements. All statements other than statements of historical fact contained in this report are forward-looking statements, including, without limitation, statements regarding the future financial position, operations, business strategy, future acquisitions, and the potential impact of completed acquisitions on the operations, financial condition, capital resources and business of the Company and its subsidiaries, the Company's policy with respect to the amount and/or frequency of dividends, if any, budgets, forecasts, litigation, projected costs and plans and objectives of or involving the Company and/or its subsidiaries. Readers can identify many of these forward-looking statements by looking for words such as "believes", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative and grammatical variations thereof.

Forward-looking statements are necessarily based upon a number of expectations or assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are beyond the Company's control and many of which are subject to change. Readers are cautioned to not place undue reliance on forward-looking statements which only speak as to the date they are made. Although management believes that the expectations and assumptions underlying such forward-looking statements are reasonable, there can be no assurance that such expectations or assumptions will prove to be correct. A number of factors could cause actual future results, performance, achievements and developments of the Company to differ materially from anticipated results, performance, achievements and developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to risks relating to: general economic conditions; pandemics; competition; government regulation; environmental regulation; access to capital; market trends and innovation; climate risk; general uninsured losses; risk related to acquisitions; dependence on customers, distributors and strategic relationships; supply and cost of raw materials and purchased parts; operational performance and growth; implementation of the growth strategy; product liability and warranty claims; litigation; reliance on technology, intellectual property, and information systems; availability of future financing; interest rates and debt financing; income tax matters; foreign exchange; dividends; trading volatility of common shares; dilution risk; reliance on management and key personnel; employee and labour relations; and conflicts of interest.

Assumptions about the performance of the businesses of the Company are considered in setting the business plan and financial targets for the Company and its businesses. Key assumptions include assumptions relating to the demand for products and services of the businesses of the Company and relating to the Canadian and other markets in which the businesses are active. **Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Group may vary materially from those described in forward-looking statements.**

All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company disclaims any obligation to update any forward-looking information or forward-looking statements to reflect future events or results or otherwise.

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the annual information form, the annual financial statements and this MD&A (the "Annual Filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the Annual Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Annual Filings; and (b) the annual financial statements together with the other financial information included in the Annual Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented in the Annual Filings.

Investors should be aware that there are inherent limitations on the ability of the certifying officers to cost effectively design and implement Disclosure Controls and Procedures and Internal Controls over Financial Reporting (as those terms are used in NI 52-109). This may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Financial Statements of

Decisive Dividend
Corporation

For the year ended December 31, 2022

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, 2022 and 2021, 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).

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

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- 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, which include significant accounting policies 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, 2022. These matters were

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

addressed in the context of our audit of the consolidated financial statements as a whole, and in forming 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 *Refer to note 2 – Basis of preparation and statement of compliance, note 3 – Significant accounting policies, note 8 – Intangible assets and note 9 – Goodwill to the consolidated financial statements.* The Company had goodwill of $26.4 million and brand intangible assets of $2.4 million as at December 31, 2022. 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 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. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. As at December 31, 2022, annual impairment tests were performed and management has estimated the recoverable amounts of the CGUs based on the value-in-use method using discounted cash flow models. Significant assumptions used by management in estimating the recoverable amounts included revenue growth rates, operating margins and discount rates. No impairment was recognized as a result of the 2022 impairment tests. We considered this a key audit matter due to the judgment by management in determining the recoverable amounts of the CGUs, including the development of significant assumptions. This in	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amounts 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 the budgets approved by the Board of Directors, 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 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.

Key audit matter	How our audit addressed the key audit matter
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 intangible assets acquired in the business combinations of Marketing Impact Limited (Marketing Impact) and ACR Heat Products Limited (ACR) *Refer to note 2 – Basis of preparation and statement of compliance, note 4 – Acquisitions and note 8 – Intangible assets to the consolidated financial statements.* The Company acquired Marketing Impact and ACR for a total consideration of $10.6 million and $10.9 million respectively during 2022. The fair values of the identifiable assets acquired from Marketing Impact and ACR included $6.6 million and $5.9 million in intangible assets respectively, which primarily relate to customer relationships. Management applied judgment in estimating the fair values of the customer relationships intangible assets. To estimate the fair values of the customer relationships intangible assets, management used the excess earnings method. The customer relationships intangible assets were fair valued using discounted cash flow models. Management developed significant assumptions related to projected revenues, operating margin forecasts, customer retention rates and discount rates. We considered this a key audit matter due to the judgment by management in estimating the fair values of the customer relationships intangible assets, including the development of significant assumptions. This in turn led to a high degree of	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated the fair values of the customer relationships intangible assets, which included the following: – Read the purchase agreements. – Evaluated the reasonableness of significant assumptions used by management related to projected revenues, operating margin forecasts and customer retention rates by considering the past performance of Marketing Impact and ACR, the budgets approved by the Board of Directors 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 management's method and discounted cash flow models, as well evaluating the reasonableness of certain significant assumptions such as the customer retention rates and discount rates. – Tested the underlying data used in the discounted cash flow models.

Key audit matter	How our audit addressed the key audit matter
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.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 23, 2023

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	December 31, 2022	December 31, 2021
Assets		
Cash	**$ 4,734**	$ 2,143
Accounts receivable (note 5)	**16,380**	10,646
Inventory (note 6)	**14,940**	10,106
Prepaid expenses and deposits	**2,433**	988
Total current assets	**38,487**	23,883
Property and equipment (note 7)	**12,299**	7,586
Intangible assets (note 8)	**21,174**	10,129
Goodwill (note 9)	**26,474**	18,699
Total assets	**$ 98,434**	$ 60,297
Liabilities		
Accounts payable and accrued liabilities (note 10)	**$ 17,909**	$ 8,841
Dividends payable (note 16)	**447**	302
Warranty provision (note 11)	**579**	496
Customer deposits	**344**	363
Current portion of lease obligations (note 12)	**1,279**	1,128
Total current liabilities	**20,558**	11,130
Lease obligations (note 12)	**5,059**	1,533
Long-term debt (note 13)	**32,669**	22,590
Deferred income taxes (note 14)	**6,018**	2,822
Total liabilities	**64,304**	38,075
Equity		
Share capital (note 15)	**44,094**	32,818
Contributed surplus	**1,028**	1,282
Cumulative profit	**6,869**	2,785
Cumulative dividends (note 16)	**(19,686)**	(15,117)
	32,305	21,768
Accumulated other comprehensive income	**1,825**	454
Total equity	**34,130**	22,222
Total liabilities and equity	**$ 98,434**	$ 60,297

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,	2022	2021
Sales (note 18)	$ **98,587**	$ 62,491
Manufacturing costs (note 19)	**65,734**	41,115
Gross profit	**32,853**	21,376
Expenses		
Amortization and depreciation	**3,309**	2,221
Financing costs (note 20)	**2,524**	2,079
Occupancy costs	**1,353**	535
Professional fees	**1,772**	781
Salaries, wages and benefits	**13,157**	8,752
Selling, general and administration	**5,721**	4,494
	27,836	18,862
Operating profit	**5,017**	2,514
Other items		
Interest and other income	**20**	408
Foreign exchange gains (losses)	**619**	(54)
Gain on sale of equipment	**31**	72
	670	426
Profit before income taxes	**5,687**	2,940
Income taxes (note 14)		
Current expense	**1,743**	1,080
Deferred recovery	**(140)**	(422)
	1,603	658
Profit	$ **4,084**	$ 2,282
Other comprehensive income		
Foreign operation currency translation differences	**1,371**	187
Total comprehensive income	$ **5,455**	$ 2,469
Profit per share		
Basic	**0.31**	0.19
Diluted	**0.29**	0.18
Weighted average number of shares outstanding (000s):		
Basic	**13,033**	11,925
Diluted	**13,912**	12,560

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, 2022 and 2021	Share Capital Number (000s)	Share Capital Amount	Contributed Surplus	Deficit Cumulative Dividends	Deficit Cumulative Profit	Accumulated Other Comprehensive Income	Total Equity
Balance, January 1, 2021	11,633	$ 31,545	$ 1,609	$ (12,656)	$ 503	$ 267	$ 21,268
Shares issued under ESPP (note 15)	80	233	(2)	-	-	-	231
Shares issued under DRIP (note 15)	74	274	-	-	-	-	274
Exercise of stock options (note 15)	208	401	(114)	-	-	-	287
Redemption of RSUs and DSUs (note 15)	108	404	(404)	-	-	-	-
Share-based payment awards (note 15)	-	-	193	-	-	-	193
Shares purchased and cancelled under NCIB (note 15)	(10)	(39)	-	-	-	-	(39)
Total comprehensive income for the year	-	-	-	-	2,282	187	2,469
Dividends declared (note 16)	-	-	-	(2,461)	-	-	(2,461)
Balance, December 31, 2021	12,093	$ 32,818	$ 1,282	$ (15,117)	$ 2,785	$ 454	$ 22,222
Shares issued under ESPP (note 15)	71	264	2	-	-	-	266
Shares issued under DRIP (note 15)	189	833	-	-	-	-	833
Exercise of stock options (note 15)	300	1,363	(607)	-	-	-	756
Share-based payment awards (note 15)	-	-	82	-	-	-	82
Shares purchased and cancelled under NCIB (note 15)	(15)	(62)	-	-	-	-	(62)
Shares issued to vendors on business acquisitions (note 15)	402	1,719	-	-	-	-	1,719
Shares issued for cash proceeds (note 15)	1,848	7,615	-	-	-	-	7,615
Share issuance costs (note 15)	-	(456)	269	-	-	-	(187)
Total comprehensive income for the year	-	-	-	-	4,084	1,371	5,455
Dividends declared (note 16)	-	-	-	(4,569)	-	-	(4,569)
Balance, December 31, 2022	**14,888**	**$ 44,094**	**$ 1,028**	**$ (19,686)**	**$ 6,869**	**$ 1,825**	**$ 34,130**

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,	2022	2021
Operating activities		
Profit	$ 4,084	$ 2,282
Adjusted by:		
Amortization and depreciation	4,884	3,666
Financing costs	2,524	2,079
Share-based compensation	143	256
Foreign exchange (gains) losses	(619)	54
Fair value gain on contingent liabilities	-	(400)
Inventory write-downs and obsolescence	22	27
Gain on sale of equipment	(31)	(72)
Income tax expense	1,603	658
	12,610	8,550
Changes in non-cash working capital (note 21)	(3,192)	(3,783)
	9,418	4,767
Income taxes paid	(991)	(859)
Cash provided by operating activities	8,427	3,908
Financing activities		
Proceeds from issuance of shares	8,338	421
Dividends paid (note 16)	(3,602)	(1,891)
Proceeds from long-term debt (note 13)	9,936	2,107
Repayment of long-term debt (note 13)	-	(55)
Debt issuance costs	(28)	(406)
Loan forgiveness	-	(161)
Lease payments	(1,227)	(1,028)
Interest paid	(2,354)	(1,969)
Cash provided by (used in) financing activities	11,063	(2,982)
Investing activities		
Purchase of Marketing Impact Limited(note 4)	(8,633)	-
Purchase of ACR Heat Products Limited(note 4)	(6,464)	-
Purchase of property and equipment	(2,140)	(1,844)
Proceeds from sale of property and equipment	40	91
Cash used in investing activities	(17,197)	(1,753)
Increase (decrease) in cash during the year	2,293	(827)
Cash, beginning of year	2,143	2,999
Effect of movements in exchange rates	298	(29)
Cash, end of year	$ 4,734	$ 2,143

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

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021
(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, 2022, 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.

Component Manufacturing Segment

- Unicast Inc. ("Unicast"); acquired in June 2016.
- Hawk Machine Works Ltd. ("Hawk"); acquired in June 2018.
- Northside Industries Inc. ("Northside"); acquired in August 2019.

These consolidated financial statements comprise the Company and its subsidiaries, collectively referred to as the "Group". The 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 ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors of the Company for issue on March 23, 2023.

b) *Basis of measurement*

The financial statements have been prepared using the historical cost basis specified by IFRS 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 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 customer relationships. Significant assumptions include, among others, the determination of projected revenues, operating margin forecasts, customer retention rates, discount rates and anticipated average income tax 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, 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.

3. Significant 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 retail and 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.

Revenue from the sale of retail products is recognized when control of the product has passed to the customer, which is generally when the product is shipped, and title has passed.

On long-term custom price contracts, revenues are recognized over time based on the stage of completion. The stage of completion is determined based on the costs incurred to date in comparison to the expected total costs. Such contracts provide that the customer accept completion of progress to date and compensate the Company for services rendered.

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, 2022 and 2021, the Group has determined that Blaze King USA and Unicast have a United States dollar functional currency, ACR has 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 the 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, 2022 or December 31, 2021.

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
Costs to obtain a contract	3-6 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	1-10 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. 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. 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 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 cash equivalents 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 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 may comprise 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 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”), 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 and RSUs, fair value is measured based on the volume weighted average trading price of Decisive’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. 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) Earnings (loss) per share

Basic earnings (loss) per share (“EPS”) 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 EPS 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 EPS 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

a) Marketing Impact Limited

On April 14, 2022, the Company acquired all of the shares of Marketing Impact. Marketing Impact, which is in the Greater Toronto Area, designs, manufactures, and distributes a comprehensive range of merchandising products, systems and solutions for retail customers including grocery stores, convenience stores, and pharmacies. It also designs and manufactures displays for consumer-packaged goods customers for use within those same channels.

The Marketing Impact purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The components of the consideration paid to acquire Marketing Impact are as follows:

Cash	$	8,987
Common shares		1,000
Contingent consideration		600
	$	10,587

The purchase price included a payment of cash and the issuance of common shares to the vendors, plus up to an additional $1,500 contingent on Marketing Impact 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 funded through the Company's revolving term acquisition facility and revolving term operating facility (Note 13). The share portion of the consideration was funded through the issuance of 235,294 common shares to the vendors (note 15). The common shares issued to the vendors of Marketing Impact are held in escrow and are scheduled to be released at one-third per year in April 2023, 2024, and 2025 respectively.

The allocation of the purchase price, to the fair value of the assets acquired and liabilities assumed is, as follows:

Cash	$	354
Accounts receivable		1,999
Prepaid expenses and deposits		66
Inventory		1,469
Property and equipment		1,689
Intangible assets		6,620
Goodwill		3,727
Accounts payable and accrued liabilities		(1,841)
Customer deposits		(416)
Lease obligation		(1,427)
Deferred income taxes		(1,653)
	$	10,587

The Group incurred acquisition-related costs of $382 relating to legal fees, accounting fees, and due diligence costs. These costs are included in professional fees in the consolidated statement of profit and comprehensive income.

The consolidated statement of profit includes revenue of $12,674 and profit of $395 for the period from acquisition to December 31, 2022. Had the business combination been effective from January 1, 2022, the Group would have recognized revenue of $16,116 and profit of $232 for the year ended December 31, 2022.

b) ACR Heat Products Limited

On October 3, 2022, the Company acquired all the shares of ACR. ACR, located in Birmingham in the United Kingdom, manufactures EcoDesign Ready woodburning, multifuel, and gas stoves and sells them primarily in the United Kingdom. It also manufactures electric stoves, electric fireplaces, and outdoor pizza ovens.

The ACR purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The components of the consideration paid to acquire ACR are as follows:

Cash	$	7,374
Common shares		719
Contingent consideration		2,858
	$	10,951

The purchase price included a payment of cash and the issuance of common shares to the vendors, plus up to an additional £2.75 million contingent on ACR 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 funded through a private placement offering of common shares of Decisive completed in September 2022 (Note 15). The share portion of the consideration was funded through the issuance of 166,790 common shares to the vendors of ACR (Note 15). The common shares issued to the vendors of ACR are held in escrow and are scheduled to be released at one-third per year in October 2023, 2024, and 2025 respectively.

The allocation of the purchase price, to the fair value of the assets acquired and liabilities assumed is, as follows:

Cash	$	910
Accounts receivable		947
Prepaid expenses and deposits		1,338
Inventory		944
Property and equipment		813
Intangible assets		5,945
Goodwill		3,521
Accounts payable and accrued liabilities		(1,178)
Lease obligation		(799)
Deferred income taxes		(1,490)
	$	10,951

The Group incurred acquisition-related costs of $456 relating to legal fees, accounting fees, and due diligence costs. These costs are included in professional fees in the consolidated statement of profit and comprehensive income.

The consolidated statement of profit includes revenue of $4,439 and profit of $663 for the period from acquisition to December 31, 2022. Had the business combination been effective from January 1, 2022, the Group would have recognized revenue of $12,299 and profit of $2,347 for the year ended December 31, 2022.

5. Accounts Receivable

	December 31, 2022	December 31, 2021
Trade receivables	$ **16,031**	$ 9,996
Expected credit losses	**(114)**	(8)
Sales tax and other receivables	**463**	658
	$ **16,380**	$ 10,646

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

	December 31, 2022	December 31, 2021
Raw materials	$ **7,133**	$ 4,285
Work in progress	**2,352**	2,300
Finished goods	**5,914**	3,833
Allowance for obsolescence	**(459)**	(312)
	$ **14,940**	$ 10,106

7. Property and Equipment

	Automotive	Manufacturing Equipment	Office Equipment	Computer Equipment	Leasehold Improvements	Right of Use Assets	Total
Cost							
Balance, January 1, 2021	$ 297	$ 7,036	$ 118	$ 932	$ 452	$ 4,609	$ 13,444
Additions	26	1,523	73	160	62	488	2,332
Disposals	(31)	-	(3)	-	-	(271)	(305)
Effect of movements in exchange rates	-	(2)	-	(1)	-	(8)	(11)
Balance, December 31, 2021	$ 292	$ 8,557	$ 188	$ 1,091	$ 514	$ 4,818	$ 15,460
Additions	66	1,639	5	244	186	2,561	4,701
Acquired through business combination	15	180	47	33	-	2,226	2,501
Disposals	(4)	-	-	(25)	-	(101)	(130)
Effect of movements in exchange rates	5	48	2	21	7	142	225
Balance, December 31, 2022	$ **374**	$ **10,424**	$ **242**	$ **1,364**	$ **707**	$ **9,646**	$ **22,757**

Accumulated Depreciation							
Balance, January 1, 2021	$ 137	$ 3,146	$ 57	$ 592	$ 322	$ 1,655	$ 5,909
Depreciation	48	937	19	127	71	1,063	2,265
Disposals	(12)	(5)	(2)	-	-	(271)	(290)
Effect of movements in exchange rates	-	(1)	-	(1)	-	(8)	(10)
Balance, December 31, 2021	$ 173	$ 4,077	$ 74	$ 718	$ 393	$ 2,439	$ 7,874
Depreciation	49	1,059	30	148	83	1,261	2,630
Disposals	(3)	-	-	(16)	-	(101)	(120)
Effect of movements in exchange rates	4	22	2	15	3	28	74
Balance, December 31, 2022	**$ 223**	**$ 5,158**	**$ 106**	**$ 865**	**$ 479**	**$ 3,627**	**$ 10,458**
Net Book Value							
Balance, December 31, 2021	$ 119	$ 4,480	$ 114	$ 373	$ 121	$ 2,379	$ 7,586
Balance, December 31, 2022	**$ 151**	**$ 5,266**	**$ 136**	**$ 499**	**$ 228**	**$ 6,019**	**$ 12,299**

8. Intangible Assets

	Manufacturing Technology	Customer Relationships	Distribution Agreements	Development Costs	Contract Costs	Brand	Total
Cost							
Balance, January 1, 2021	$ 2,605	$ 9,904	$ 720	$ 429	$ 377	$ 1,704	$ 15,739
Effect of movements in exchange rates	(2)	(14)	-	-	-	(1)	(17)
Balance, December 31, 2021	$ 2,603	$ 9,890	$ 720	$ 429	$ 377	$ 1,703	$ 15,722
Acquired through business combination	310	10,699	700	-	246	610	12,565
Effect of movements in exchange rates	28	833	-	-	28	46	935
Balance, December 31, 2022	**$ 2,941**	**$ 21,422**	**$ 1,420**	**$ 429**	**$ 651**	**$ 2,359**	**$ 29,222**
Accumulated Amortization							
Balance, January 1, 2021	$ 1,143	$ 2,808	$ 99	$ 25	$ 89	$ -	$ 4,164
Amortization	261	997	72	25	76	-	1,431
Effect of movements in exchange rates	(1)	(1)	-	-	-	-	(2)
Balance, December 31, 2021	$ 1,403	$ 3,804	$ 171	$ 50	$ 165	$ -	$ 5,593
Amortization	285	1,476	147	25	360	-	2,293
Effect of movements in exchange rates	16	140	-	-	6	-	162
Balance, December 31, 2022	**$ 1,704**	**$ 5,420**	**$ 318**	**$ 75**	**$ 531**	**$ -**	**$ 8,048**
Carrying amount							
Balance, December 31, 2021	$ 1,200	$ 6,086	$ 549	$ 379	$ 212	$ 1,703	$ 10,129
Balance, December 31, 2022	**$ 1,237**	**$ 16,002**	**$ 1,102**	**$ 354**	**$ 120**	**$ 2,359**	**$ 21,174**

9. Goodwill

Balance, January 1, 2021	$	18,709
Effect of movements in exchange rates		(10)
Balance, December 31, 2021	$	18,699
Acquired through business combination		7,249
Effect of movements in exchange rates		526
Balance, December 31, 2022	**$**	**26,474**

For the purpose of impairment testing for 2022 and 2021, goodwill and intangible assets with indefinite lives acquired through business combinations were allocated to the Group's CGUs as follows:

December 31, 2022		Brand		Goodwill		Total
Blaze King	$	853	$	1,633	$	**2,486**
Unicast		193		2,346		**2,539**
Slimline		670		1,326		**1,996**
Hawk		-		6,750		**6,750**
Northside		-		6,795		**6,795**
Marketing Impact		320		3,728		**4,048**
ACR		323		3,896		**4,219**
	$	2,359	$	26,474	$	**28,833**

December 31, 2021		Brand		Goodwill		Total
Blaze King	$	853	$	1,633	$	2,486
Unicast		180		2,195		2,375
Slimline		670		1,326		1,996
Hawk		-		6,750		6,750
Northside		-		6,795		6,795
	$	1,703	$	18,699	$	20,402

The Company performed annual impairment tests of goodwill and indefinite life intangible assets as at December 31, 2022 and 2021.

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% (2021 - 1% to 2%) thereafter, depending on the CGU. The Company assumed pre-tax discount rates of 16% to 19% (2021 - 17% 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, 2022 and 2021 impairment tests performed did not result in any 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, 2022 impairment tests, were as follows: All else being equal, a 1% increase in the discount rate would have led to impairment losses of $580 on the Hawk CGU and $277 on the Northside CGU. All else being equal, a 1% decrease in operating margins would have led to impairment losses of $433 on the Hawk CGU. All else being equal, a 1% decrease in the revenue growth rates would have led to impairment losses of $558 on the Hawk CGU and $288 on the Northside CGU. 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

		December 31, 2022		December 31, 2021
Trade payables	**$**	**8,268**	$	3,282
Accrued liabilities		**6,719**		2,821
Wages and benefits payable		**1,035**		1,749
Income taxes payable		**1,887**		989
	$	**17,909**	$	8,841

11. Warranty Provision

		December 31, 2022		December 31, 2021
Warranty provision - opening	**$**	**496**	$	341
Warranty charges incurred		**(320)**		(303)
Warranty provision included in cost of goods sold		**403**		458
	$	**579**	$	496

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 2024 and September 2032. As at December 31, 2022, minimum lease payments required over the next five years were as follows:

For the years ending December 31,		**2022**		2021
2022	**$**	**-**	$	1,230
2023		**1,513**		812
2024		**1,502**		586
2025		**1,094**		194
2026		**855**		28
2027		**917**		-
thereafter		**1,337**		-
		7,218		2,850
Less: interest portion		**(880)**		(189)
Less: current portion		**(1,279)**		(1,128)
	$	**5,059**	$	1,533

13. Long-term Debt

	Interest Rate	Maturity Date	Authorized	**December 31, 2022 Outstanding**	December 31, 2021 Outstanding
Revolving term operating facility	P+1.00%	Sep-25	$ 10,000	**$ 4,988**	$ 2,052
Revolving term acquisition facility	P+3.00%	Sep-25	15,000	**-**	-
Non-amortizing term loan	6.90%	Sep-25	28,000	**28,000**	21,000
			53,000	**32,988**	23,052
Less: debt issuance costs				**(319)**	(462)
Total long-term debt				**$ 32,669**	$ 22,590

"P" in the table above denotes prime rate

In September 2022, the Company renewed the credit agreement in place with its senior lenders, Canadian Western Bank and CWB Maxium Financial Inc., a wholly-owned division of Canadian Western Bank, increased the amount available and extended the term of the agreement by one year. The credit agreement with its senior lenders provides for the revolving term operating facility, revolving term acquisition facility and non-amortizing term loan outlined in the table above. On renewal, the total amount available under the credit agreement was increased to $53,000 from $36,000 previously. As part of the increase in overall availability, the $7,000 drawn on the revolving term acquisition facility to fund part of the acquisition of Marketing Impact, was added to the non-amortizing term loan. There are no required principal payments on these three facilities for the committed three-year term of this credit agreement, which also provides for annual extension provisions.

The Company's ability to access the revolving term operating facility is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. The revolving term acquisition facility is available to the Company for acquisition purposes. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term facilities.

The credit facilities with the Company's senior lenders are collectively secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees. Additionally, the Group has agreed to maintain the following ratios (as defined in the credit agreement) on a consolidated trailing twelve-month basis, otherwise outstanding facilities are due on demand:

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

As at December 31, 2022, the Company was in compliance with these ratios.

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, 2022 and 2021 was generated in the following jurisdictions with the following corporate income tax rates:

For the year ended December 31,	**2022**	2021
British Columbia	**27.0%**	27.0%
Alberta	**23.0%**	23.0%
Ontario	**26.5%**	-
United States	**21.0%**	21.0%
United Kingdom	**19.0%**	-

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,		**2022**		2021
Profit before income taxes	**$**	**5,687**	$	2,940
Combined Canadian federal and provincial income tax rates		**27%**		27%
Expected income tax expense		**1,535**		794
Items that cause an increase (decrease):				
Permanent differences		**179**		5
Differing tax rates in foreign jurisdiction		**(170)**		(53)
Change in unrecognized temporary differences		**51**		(110)
Change in foreign exchange rates		**11**		(3)
Adjustment to prior year provisions and other		**(3)**		25
Income tax expense	**$**	**1,603**	$	658

For the year ended December 31,		**2022**		2021
Current income tax expense	**$**	**1,743**	$	1,080
Deferred income tax recovery		**(140)**		(422)
Income tax expense	**$**	**1,603**	$	658

b) Deferred tax assets and liabilities

The composition of the Group's net deferred income tax liabilities at December 31, 2022 and 2021 are as follows:

		December 31, 2022		December 31, 2021
Deferred income tax assets (liabilities):				
Property and equipment	**$**	**(942)**	$	(860)
Non-capital losses		**40**		199
Share issuance and other financing costs		**31**		194
Tax reserves deductible in the future		**302**		349
Intangible assets and other		**(5,448)**		(2,704)
Deferred income tax liability	**$**	**(6,017)**	**$**	(2,822)

c) Non-capital losses and unused tax credits

At December 31, 2022, the Company had $155 (2021 - $671) in losses for income tax purposes which may be used to reduce future taxable income in Canada. At December 31, 2022, the Company had deductible share issuance and other financing costs of $476 (2021 - $717) which may be used to reduce future taxable income in Canada. These non-capital losses and 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, 2021	11,633	$	31,545
Shares issued under ESPP	80		233
Shares issued under DRIP	74		274
Exercise of stock options	208		401
Redemption of RSUs and DSUs	108		404
Shares purchased and cancelled under NCIB	(10)		(39)
Balance as at, December 31, 2021	12,093	$	32,818
Shares issued under ESPP	71		264
Shares issued under DRIP	189		833
Exercise of stock options	300		1,363
Shares purchased and cancelled under NCIB	(15)		(62)
Shares issued to vendors on business acquisitions	402		1,719
Shares issued for cash proceeds	1,848		7,615
Share issuance costs	-		(456)
Balance as at December 31, 2022	**14,888**	**$**	**44,094**

The Company had the following share capital transactions for the year ended December 31, 2022:

(i) The Company issued 70,694 common shares pursuant to the employee share purchase plan (the "ESPP").

(ii) The Company issued 188,787 common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP")

(iii) The Company issued 299,754 common shares on the exercise of stock options.

(iv) The Company purchased and cancelled 14,775 common shares pursuant to its normal course issuer bid (the "NCIB").

(v) As part of the consideration paid for the acquisition of Marketing Impact (note 4(a)), on April 14, 2022, the Company issued 235,294 common shares to the vendors of Marketing Impact at a price of $4.25 per share.

In addition, as part of the consideration paid for the acquisition of ACR (note 4(b)), on October 3, 2022, the Company issued 166,790 common shares to the vendors of ACR at a price of $4.31 per share.

(vi) On September 27, 2022, the Company closed a non-brokered private placement of 1,848,364 common shares at a price of $4.12 per share. In addition, for each common share subscribed for under the private placement, the subscriber also received a one-half common share purchase warrant entitling the holder thereof to purchase one common share at a price of $4.94 for a period of 24 months following the closing of the private placement. The $269 estimated fair value of the warrants issued is included in share issuance costs in the table above.

Common shares that remain in escrow are as follows:

In (000s)	**December 31, 2022**	December 31, 2021
In relation to the acquisition of:		
Northside	**-**	106
Marketing Impact	**235**	-
ACR	**167**	-
	402	106

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, 2021	-	$	-	$	-	-
Outstanding and exercisable, December 31, 2021	-	$	-	$	-	-
Warrants issued	924		4.94		0.29	-
Outstanding and exercisable, December 31, 2022	**924**	**$**	**4.94**	**$**	**0.29**	**1.75**

The above warrants were issued in connection with the September 2022 private placement of common shares described above. To value the warrants issued in 2022, the Company used the Black-Scholes option–pricing model with the following assumptions: dividend yield of 8.8%; expected volatility of 32%; risk-free interest rate of 3.8%; forfeiture rate of 0%; market price of $4.12, and a weighted average life of two years.

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”), 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, 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, 2021	1,118	$	3.16	$	1.07	8.60
Options issued	120		3.19		0.59	-
Options exercised	(208)		1.38		0.55	-
Options expired	(80)		4.10		0.92	-
Outstanding and exercisable, December 31, 2021	950	$	3.48	$	1.14	6.23
Options issued	120		4.12		0.75	-
Options exercised	(388)		3.09		1.56	-
Options expired	(22)		3.83		0.47	-
Outstanding and exercisable, December 31, 2022	**660**	**$**	**3.81**	**$**	**0.84**	**6.49**

In 2022, the Company recorded $82 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 2022, the Company used the Black-Scholes option–pricing model with the following assumptions: dividend yields of 7.4% to 8.4%; expected volatility of 40%; risk-free interest rates of 1.9% to 2.7%; forfeiture rates of 0%; market prices of $4.06, $4.30, and $4.50, 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, 2021	25	-	$ 3.68	NA
DSUs redeemed	(25)	-	3.68	-
Outstanding, December 31, 2021	-	-	$ -	-
Outstanding, December 31, 2022	**-**	**-**	**$ -**	**-**

Subsequent to December 31, 2022, and before these financial statements were authorized, 41,948 DSUs were granted to the directors of the Company at a fair market value of $5.01 per DSU.

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

Restricted Share Units	**Number of RSUs (000s)**	**Number of RSUs exercisable (000s)**	**Weighted average grant date fair value ($)**	**Weighted average years remaining**
Outstanding, January 1, 2021	83	-	$ 3.78	0.92
RSUs redeemed	(83)	-	3.78	-
Outstanding, December 31, 2021	-	-	$ -	-
Outstanding, December 31, 2022	**-**	**-**	**$ -**	**-**

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, 2022 and December 31, 2021:

	2022		2021	
Month	**Per share ($)**	**Dividend Amount ($)**	Per share ($)	Dividend Amount ($)
January	$ **0.025**	$ **303**	$ -	$ -
February	**0.025**	**304**	-	-
March	**0.025**	**305**	-	-
April	**0.030**	**377**	0.020	237
May	**0.030**	**377**	0.020	238
June	**0.030**	**378**	0.020	239
July	**0.030**	**379**	0.020	240
August	**0.030**	**379**	0.025	300
September	**0.030**	**436**	0.025	301
October	**0.030**	**441**	0.025	302
November	**0.030**	**443**	0.025	302
December	**0.030**	**447**	0.025	302
Total	$ **0.345**	$ **4,569**	$ 0.205	$ 2,461

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, 2022, $3,602 (2021 - $1,891) were settled in cash and $823 (2021 - $268) were reinvested in additional common shares of the Company, pursuant to the DRIP.

Subsequent to December 31, 2022, and before these financial statements were authorized, the Company undertook the following dividend actions:

- A dividend of $0.03 per share was declared on January 13, 2023, for shareholders of record on January 31, 2023, which was paid on February 15, 2023.
- A dividend of $0.03 per share was declared on February 15, 2023, for shareholders of record on February 28, 2023, which was paid on March 15, 2023.
- On March 15, 2023, the Company announced an increase in its monthly dividend to $0.035 per share and declared a dividend of $0.035 per share for shareholders of record on March 31, 2023, which is payable on April 14, 2023. The increased monthly dividend represents annualized dividends of $0.42 per common share, up from the previous level set at $0.36 per common share on an annualized basis.

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 Group's credit agreement with its senior lenders imposes certain external minimum capital requirements including, but not limited to, maximum debt to EBITDA ratios and minimum fixed charge coverage ratios. Additionally, the Group's ability to access the revolving term loan is dependent on a borrowing base which is measured against the Group's accounts receivable and inventory.

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

For the years ended December 31, 2022, and 2021, there were no changes in the Company's capital management policy.

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

		December 31, 2022		December 31, 2021
Equity	**$**	**34,129**	$	22,222
Long-term debt, excluding debt issuance costs		**32,988**		23,052
		67,117		45,274
Less: cash		**(4,734)**		(2,143)
	$	**62,383**	$	43,131

18. Sales

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

For the year ended December 31,		2022		2021
Manufactured products	**$**	**96,437**	$	60,613
Retail products		**2,150**		1,878
	$	**98,587**	$	62,491

All of the retail sales occurred in Slimline.

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

For the year ended December 31,		2022		2021
Agricultural products	**$**	**8,618**	$	6,920
Cast wear-part products		**12,184**		9,423
Hearth products		**33,978**		24,055
Industrial products		**18,390**		13,500
Machined products		**12,743**		8,593
Merchandising products		**12,674**		-
	$	**98,587**	$	62,491

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

For the year ended December 31,		2022		2021
Canada	**$**	**46,984**	$	26,187
United States		**47,406**		32,098
Other		**4,197**		4,206
	$	**98,587**	$	62,491

19. Manufacturing Costs

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

For the year ended December 31,		2022		2021
Labour and materials	**$**	**57,811**	$	35,643
Freight and shipping		**5,923**		3,542
Depreciation		**1,575**		1,445
Inventory write-downs and obsolescence allowance		**22**		27
Warranty		**403**		458
	$	**65,734**	$	41,115

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

The Group did not receive any subsidy amounts in 2022.

20. Financing Costs

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

For the year ended December 31,		2022		2021
Interest and bank charges	**$**	**403**	$	282
Interest on lease obligations		**167**		144
Interest on long-term debt		**1,954**		1,653
	$	**2,524**	$	2,079

21. Supplemental Cash Flow Information

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

For the year ended December 31,		2022		2021
Accounts receivable	**$**	**(2,015)**	$	(3,145)
Inventory		**(1,791)**		(2,641)
Prepaid expenses and deposits		**154**		(111)
Accounts payable and accrued liabilities		**812**		2,188
Customer deposits		**(433)**		(229)
Warranty provision		**83**		155
	$	**(3,190)**	$	(3,783)

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, 2022 and 2021, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

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 contractual maturities of financial instruments are as follows:

December 31, 2022	**Carrying value**	**Total contractual cash flows**	**Within one year**	**Two to five years**	**More than five years**
Accounts payable	**$ 17,909**	$ 17,909	$ 14,451	$ 3,458	$ -
Dividends payable	**447**	447	447	-	-
Long-term debt	**32,669**	39,186	2,254	36,932	-
Lease obligations	**6,338**	7,218	1,513	4,367	1,338
	$ 57,363	$ 64,760	$ 18,665	$ 44,757	$ 1,338

December 31, 2021	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	$ 8,841	$ 8,841	$ 8,841	$ -	$ -
Dividends payable	302	302	302	-	-
Long-term debt	22,590	26,971	1,383	25,588	-
Lease obligations	2,661	2,850	1,230	1,620	-
	$ 34,394	$ 38,964	$ 11,756	$ 27,208	$ -

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 agreement with its senior lenders that provides the Group access to a revolving term operating facility and a revolving term acquisition facility (note 13). The Group's ability to access the revolving term operating facility is dependent on a borrowing base which is measured against the Group's accounts receivable and inventory. 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, 2022, 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, 2022			December 31, 2021		
Not yet due	**$**	**12,657**	**79%**	$	8,534	85%
31-60 days overdue		**2,900**	**18%**		1,321	13%
61-90 days overdue		**332**	**2%**		56	1%
>90 days overdue		**142**	**1%**		85	1%
Trade accounts receivable		**16,031**	**100%**		9,996	100%
Less: expected credit losses		**(114)**			(8)	
Net trade accounts receivable	**$**	**15,917**		$	9,988	

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.

(iii) Currency risk

The functional currency for Blaze King USA and Unicast is the United States dollar ("USD"), the functional currency for ACR 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 the 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 December 31, 2022	Entities with a CAD functional currency		Entities with a USD functional currency		Entities with a GBP functional currency		
	CAD	**USD**	**CAD**	**USD**	**CAD**	**GBP**	**Total**
Cash	$ 267	$ 980	$ 468	$ 153	$ -	$ 2,866	**$ 4,734**
Accounts receivable	8,534	4,202	545	2,106	-	993	**16,380**
Accounts payable	(14,288)	(1,278)	(180)	(872)	-	(1,291)	**(17,909)**
Dividend payable	(447)	-	-	-	-	-	**(447)**
Inter-company amounts	5,486	-	(8,462)	2,976	-	-	**-**
Long-term debt	(32,669)	-	-	-	-	-	**(32,669)**
Net exposure	(33,117)	3,904	(7,629)	4,363	-	2,568	**(29,911)**
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	195	381	-	-	-	**576**
OCI	$ -	$ -	$ -	$ (218)	$ -	$ (128)	**$ (346)**

As at December 31, 2021	Entities with a CAD functional currency		Entities with a USD functional currency		Entities with a GBP functional currency		
	CAD	USD	CAD	USD	CAD	USD	Total
Cash	$ 948	$ 1,219	$ (243)	$ 219	$ -	$ -	$ 2,143
Accounts receivable	5,148	3,184	574	1,740	-	-	10,646
Accounts payable	(6,855)	(651)	(112)	(1,223)	-	-	(8,841)
Dividend payable	(302)	-	-	-	-	-	(302)
Inter-company amounts	5,038	-	(7,109)	2,071	-	-	-
Long-term debt	(22,590)	-	-	-	-	-	(22,590)
Net exposure	(18,613)	3,752	(6,890)	2,807	-	-	(18,944)
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	188	345	-	-	-	533
OCI	$ -	$ -	$ -	$ (140)	$ -	$ -	$ (140)

(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, 2022, 15% was variable rate (2021 - 9%). 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, 2022		December 31, 2021
Floating instruments	**$**	**4,988**	$	2,052
Average balance		**7,699**		421
Impact on profit (loss) of a change in interest rates:				
-1%		**77**		4
+1%	**$**	**(77)**	$	(4)

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, 2022 and 2021 includes:

		2022		2021
Salaries, benefits and director fees	**$**	**1,586**	$	776
Share-based compensation		**62**		174
	$	**1,648**	$	950

In 2022, the Company granted 70,000 stock options (2021 - 110,000 stock options) to directors and officers of the Company. Share-based compensation expense recorded in the consolidated statement of profit and comprehensive income with respect to these grants 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 four separate businesses: ACR, Blaze King, 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 three separate businesses: Hawk, Northside 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.

The Group's reporting of segment performance for the year ended December 31, 2022 and 2021 is as follows:

For the year ended December 31, 2022		**Finished Product**		**Component Manufacturing**		**Head Office**		**Total**
Sales	$	57,444	$	41,143	$	-	$	**98,587**
Manufacturing costs		35,053		30,681		-		**65,734**
Gross profit		22,391		10,462		-		**32,853**
Profit (loss) before taxes		8,984		2,938		(6,235)		**5,687**
Income tax expense		1,205		235		163		**1,603**
Profit (loss)		7,779		2,703		(6,398)		**4,084**
Total comprehensive income (loss)	$	9,118	$	2,735	$	(6,398)	$	**5,455**

For the year ended December 31, 2021		Finished Product		Component Manufacturing		Head Office		Total
Sales	$	32,260	$	30,231	$	-	$	62,491
Manufacturing costs		18,209		22,906		-		41,115
Gross profit		14,051		7,325		-		21,376
Profit (loss) before taxes		6,226		484		(3,770)		2,940
Income tax expense (recovery)		726		(77)		9		658
Profit (loss)		5,500		561		(3,779)		2,282
Total comprehensive income (loss)	$	5,678	$	570	$	(3,779)	$	2,469

The Group's reporting of segment financial condition as at December 31, 2022 and December 31, 2021 is as follows:

December 31, 2022		**Finished Product**		**Component Manufacturing**		**Head Office**		**Total**
Total current assets	$	25,183	$	11,996	$	1,308	$	**38,487**
Total current liabilities		10,036		5,846		4,676		**20,558**
Total assets		47,349		38,516		12,569		**98,434**
Total liabilities	$	17,732	$	9,061	$	37,511	$	**64,304**

December 31, 2021		Finished Product		Component Manufacturing		Head Office		Total
Total current assets	$	11,895	$	11,196	$	792	$	23,883
Total current liabilities		4,872		5,360		898		11,130
Total assets		22,468		37,025		804		60,297
Total liabilities	$	6,837	$	7,943	$	23,295	$	38,075

For the year ended December 31, 2022, the Group's largest customer accounted for 10% of sales. For the year ended December 31, 2021, the Group's largest two customers accounted for 24% of sales. Sales from these customers are included in the component manufacturing segment. Other than these two customers, the Group is not dependent on any other customer for more than 10% of its sales.