

Management's Discussion and Analysis of



# Decisive Dividend

— Corporation —

For the nine months ended September 30, 2021

## 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' whose companies we acquire 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 better than we do; 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 five manufacturing companies. The principal wholly-owned operating subsidiaries of the Company are as follows:

- Valley Comfort Systems Inc. and its wholly-owned subsidiary Blaze King Industries Inc.; collectively referred to herein as "Blaze King"; acquired in February 2015.
- Unicast Inc. ("Unicast"); acquired in June 2016.
- Slimline Manufacturing Ltd. ("Slimline"); acquired in May 2018.
- 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 unaudited interim condensed consolidated financial statements of Decisive for the three and nine months ended September 30, 2021 and 2020. The condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. 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 unaudited interim condensed consolidated financial statements and the related notes for the period ended September 30, 2021, the annual audited consolidated financial statements and the related notes for the year ended December 31, 2020, the annual MD&A for the year ended December 31, 2020, the unaudited interim condensed consolidated financial statements for the period ended September 30, 2020, as well as the Cautionary Statement Regarding Forward-Looking Information and Statements in this MD&A. This MD&A covers the nine months ended September 30, 2021 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](http://www.sedar.com), or on the Company's website at [www.decisivedividend.com](http://www.decisivedividend.com).

This MD&A was prepared effective October 28, 2021.

## Non-IFRS Measures

In this MD&A, reference is made to the measures "EBITDA" and "Adjusted EBITDA", which is believed to be meaningful in the assessment of the Company's performance.

- "EBITDA" is defined as earnings before finance costs, income taxes, depreciation and amortization.
- "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 and restructuring costs, and any unusual non-operating one-time items such as acquisition costs.

Set forth below are descriptions of the financial items that have been excluded from profit or loss to calculate "EBITDA" and "Adjusted EBITDA" and the material limitations associated with using these non-IFRS financial measures as compared to profit or loss:

### ***Exclusions re: EBITDA and Adjusted EBITDA***

- 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 Company.
- 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 Company's operations. However, management does not believe these charges necessarily reflect the current and ongoing cash charges related to the Company's operating costs as they also include expenses related to the amortization of the fair value of intangible assets acquired in business combinations.

### ***Exclusions re: Adjusted EBITDA***

- 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 Company.
- Additionally, management does not consider foreign exchange gains or losses to be a representative component of the day-to-day operating performance of the Company.

- 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 Company.
- 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 Company.
- 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 Company'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 Company as the decisions that gave rise to these expenses were not made to increase revenue in a particular period, but were made for the Company's long-term benefit over multiple periods.

While EBITDA and Adjusted EBITDA are used by management of the Company to assess the historical financial performance of the Company and its businesses, as applicable, readers are cautioned that:

- Non-IFRS financial measures, such as EBITDA and Adjusted EBITDA, are not recognized financial measures under IFRS;
- The Company's method of calculating Non-IFRS financial measures, such as EBITDA and Adjusted EBITDA, 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, such as EBITDA and Adjusted EBITDA, should not be viewed as an alternative to measures that are recognized under IFRS such as net income or cash from operating activities; and
- A reader should not place undue reliance on any Non-IFRS financial measures.

For a reconciliation of a Non-IFRS financial measure to its most relevant IFRS measure, see "Overall Performance – Financial Highlights" in this MD&A.

## Forward Looking Statements

Certain statements in this report 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; pandemic; 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 and intellectual property risks; 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; conflicts of interest; information technology; potential failure to achieve synergies and customer concentration risk.

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.

## Overall Performance

### Financial Highlights

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

<b>FINANCIAL PERFORMANCE</b>				
<i>(Stated in thousands of dollars, except per share amounts)</i>				
	For the three months ended		For the nine months ended	
September 30,	2021	2020	2021	2020
Sales	\$ 16,500	\$ 11,823	\$ 44,639	\$ 33,643
Gross profit	5,064	5,098	15,533	14,058
Gross profit %	31%	43%	35%	42%
Adjusted EBITDA <sup>1</sup>	1,837	2,452	6,566	6,076
Per share basic	0.15	0.21	0.55	0.52
Profit (loss) before tax	593	636	1,955	(150)
Profit (loss)	489	375	1,364	(708)
Per share basic	0.04	0.03	0.11	(0.06)
Per share diluted	0.04	0.03	0.11	n/a
Dividends declared	841	-	1,555	1,037
Per share basic	0.07	-	0.13	0.09

<sup>1</sup> – see IFRS measurement to non-IFRS measurement reconciliation table below.

**FINANCIAL POSITION***(Stated in thousands of dollars)*

	<b>September 30,</b>	December 31,
	<b>2021</b>	2020
Working capital	<b>\$ 10,900</b>	\$ 9,879
Property and equipment	<b>7,774</b>	7,535
Total assets	<b>58,702</b>	56,385
Long-term debt, excluding debt issuance costs	<b>21,155</b>	21,109
Equity	<b>22,069</b>	21,268
<b>Share Information (000s)</b>		
Common shares issued and outstanding	<b>12,051</b>	11,633

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)*

September 30,	For the three months ended		For the nine months ended	
	<b>2021</b>	2020	<b>2021</b>	2020
<b>Profit (loss) for the period</b>	<b>\$ 489</b>	\$ 375	<b>\$ 1,364</b>	\$ (708)
Add:				
Financing costs	<b>531</b>	536	<b>1,581</b>	1,640
Income tax expense	<b>104</b>	261	<b>591</b>	558
Amortization and depreciation	<b>914</b>	953	<b>2,689</b>	2,915
<b>EBITDA</b>	<b>2,038</b>	2,125	<b>6,225</b>	4,405
Add (deduct):				
Goodwill impairment losses	-	-	-	1,368
Share-based compensation expense	<b>23</b>	185	<b>241</b>	386
Foreign exchange expense (income)	<b>(221)</b>	208	<b>120</b>	1
Interest and other expense (income)	-	(2)	<b>(3)</b>	(13)
Gain on sale of equipment	<b>(3)</b>	(64)	<b>(17)</b>	(71)
<b>Adjusted EBITDA</b>	<b>1,837</b>	2,452	<b>6,566</b>	6,076

**Discussion of Overall Performance****Q3 Consolidated Financial Highlights**

Sales for the second quarter increased to \$16.5 million from \$11.8 million in Q3 2020. The overall increase was driven by Blaze King and the component manufacturing segment businesses. The component manufacturing businesses each experienced a dramatic increase in customer demand relative to Q3 2020, which led to a 93% increase in sales for that segment. Demand levels for Blaze King also remained robust and unit sales increased 16% relative to Q3 2020. Slimline sales in the quarter decreased compared to Q3 2020, based on decreases in wastewater evaporator sales, which more than offset increases in its agricultural sprayer and parts divisions.

During the quarter, certain businesses in the Group were eligible to receive amounts under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs. In Q3 2021, the Group received an aggregate of \$0.5 million (Q3 2020 - \$1.4 million) from the CEWS and CERS programs. Of the subsidy amounts received, 56% (Q3 2020 - 49%) was included as a reduction in manufacturing costs and 44% (Q3 2020 - 51%) was included as a reduction in operating expenses.

Overall gross profit of \$5.1 million in the quarter was similar with the gross profit in Q3 2021. Excluding government subsidies, Q3 2021 gross profit was 8% higher than Q3 2020. Gross profit percentages decreased in Q3 2021 compared to Q3 2020. This was driven by a change in sales mix relative to Q3 2020, a decrease in government subsidies, a lower exchange rate on United States dollar denominated sales, and supply chain and labour availability challenges, which resulted in material, freight, and labour cost increases. The supply chain and labour availability challenges especially impacted the component manufacturing segment businesses, as their customer demand increased rapidly during a period of global increases to input costs and a shortage of skilled labour.

Overall operating expenses increased from \$4.3 million in Q3 2020 to \$4.7 million in Q3 2021. The increase was primarily a result of increased selling costs associated with the increase in overall sales and decreases in government subsidies.

Adjusted EBITDA for the third quarter of 2021 was \$1.8 million, a \$0.6 million decrease compared to Q3 2020. The overall decrease in Adjusted EBITDA was primarily driven by the decrease in government subsidies received in the respective periods. Excluding subsidies, Adjusted EBITDA was \$0.3 million, or 24%, higher than Q3 2020.

Consolidated net profit in the quarter was \$0.5 million, or \$0.04 per share, an increase of \$0.1 million, or \$0.01 per share, compared to Q3 2020.

#### Year-to-Date Consolidated Financial Highlights

Sales for the first nine months of 2021 increased to \$44.6 million from \$33.6 million in the first nine months of 2020. The increase was primarily a result of a 49% increase in the number of Blaze King units sold, which reflects strong demand for their products and their increased market share after new EPA regulations took effect in May 2020. Unicast, Hawk and Northside also contributed to the overall sales increase, as demand levels in these businesses have increased considerably after several periods of relatively low demand levels driven in part by the effects of the COVID-19 pandemic. Slimline sales in the first nine months of 2021 decreased compared to the same period in 2020, based on decreases in wastewater evaporator sales, which more than offset increases in its agricultural sprayer and parts divisions.

The overall sales increase led to an overall gross profit increase of \$1.5 million, or 11% in the first nine months of 2021 compared to the same period in 2020. Excluding subsidies, year-to-date 2021 gross profit was 10% higher than the same period in 2020. Gross profit percentages decreased to 35% from 42% in the same respective periods. The decline in gross profit percentages was driven by a change in sales mix relative to the first nine months of 2020, a lower exchange rate on United States dollar denominated sales, and supply chain and labour availability challenges, which resulted in material, freight, and labour cost increases.

The Group received \$2.7 million in subsidies from the CEWS, CERS and paycheck protection programs in the first nine months of 2021 (2020 - \$2.7 million). Of the subsidy amounts received, 57% (2020 - 50%) was included as a reduction in manufacturing costs and 43% (2020 - 50%) was included as a reduction in operating expenses.

Adjusted EBITDA for the first nine months of 2021 was \$6.6 million, a \$0.5 million, or 8%, increase compared to the first nine months of 2020. The overall increase in Adjusted EBITDA was primarily driven by the increase in sales and gross profit noted above. Excluding subsidies, year-to-date 2021 Adjusted EBITDA\* was 13% higher than the same period in 2020.

Other items affecting profit (loss) between the first nine months of 2021 and 2020 included a \$1.4 million non-cash impairment loss recorded against Hawk's goodwill in Q1 2020. The Q1 2020 goodwill impairment loss was triggered by the onset of the worldwide COVID-19 pandemic and significant decline in global oil prices, and the effect of these events on expected oil and gas activity in Western Canada at that time.

Consolidated net profit in the first nine months of 2021 was \$1.4 million, or \$0.11 per share, an increase of \$2.1 million, or \$0.17 per share, compared to the first nine months of 2020.

## Outlook

A key aspect of Decisive's business model is diversification. The operations of the Company's operating subsidiaries are diversified in terms of the industries, customers, and geographies they serve. The value of this diversification has been exhibited throughout 2021, as robust demand and margins for both Blaze King and Slimline's agricultural products has afforded Hawk, Northside, and Unicast time for demand to return to more normalized levels.

That return in demand levels accelerated through the last two quarters, and with that, each of the portfolio businesses began experiencing supply chain and labour availability challenges to varying degrees. These challenges especially impacted the component manufacturing segment businesses, as their customer demand increased rapidly during a period of global increases to input costs and a shortage of skilled labour. Each of the businesses are working to pass these cost increases to their customers, but the timing and magnitude of such pricing increases will vary. In addition, initial investments have been made toward increasing production capacity and improving operational efficiency, with \$0.7 million in equipment purchased for Blaze King and \$0.2 million in equipment purchased for Northside. Further productivity and automation initiatives are being explored to help mitigate the effect of cost increases and labour shortages, meet the expected future demand levels of the Group's customers, and capitalize on future market expansion opportunities. These margin enhancing initiatives are especially important as the various subsidy programs offered by the governments of Canada and the United States either conclude or continue to reduce in magnitude and scope. 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".

Management remains confident in its long-term strategic and operational plans. The Company's senior leadership is encouraged about the long-term business prospects of each of its subsidiaries and believes that the Group is well positioned for future growth. Based on results to date in 2021, as well as management's assessment of Decisive's improving prospects, the Company increased its monthly dividend to \$0.025 per share effective September 2021. This increase is the latest step towards returning the dividend to pre-pandemic levels and is consistent with Decisive's objective of providing shareholders with long-term, sustainable, and growing dividends.

The refinancing agreement entered into with CWB Maxium Financial Inc. in September 2021 will strengthen the balance sheet and has reduced the refinancing risk on the Company's existing debt facilities. This refinancing will increase Decisive's liquidity and debt availability with lower overall borrowing costs and increased flexibility through less restrictive financial covenants and greater ability to fund both operations and acquisitions. Further details on this refinancing are provided in the MD&A under the heading "Liquidity and Capital Resources".



Management is also confident that its disciplined acquisition approach is the best path to generating shareholder value in the long term. Decisive continues to build its acquisition prospect pipeline by identifying and evaluating potential acquisitions which, if completed, will bolster its diversity and add strength and resilience to operations. However, there can be no assurance that target companies identified from time to time will meet Decisive's acquisition criteria or that Decisive will successfully acquire identified target companies that meet such criteria. In addition, given the significant impact that COVID-19 has had on financial markets and the global economy, capital availability may be constrained in the near-term. Management believes that the balance sheet strength and flexibility gained over the last year has the Company well positioned to take advantage of potential opportunities as they arise.

## Summary of Quarterly Results

The Group's interim results are impacted by seasonality factors primarily driven by weather patterns in North America, including the impact on heating and planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. Blaze King's business historically experiences lower demand in the first and second quarters of the calendar year, Slimline's business historically experiences lower demand in the third and fourth quarters and Hawk's business historically experiences lower demand in the second quarter. Seasonality does not have a significant impact on the Unicast or Northside 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)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Sales	\$ 16,500	\$ 14,194	\$ 13,945	\$ 14,815
Gross profit	5,064	5,312	5,157	4,365
Gross profit %	31%	37%	37%	29%
Adjusted EBITDA <sup>1</sup>	1,837	2,564	2,165	1,985
Per share basic	0.15	0.22	0.18	0.17
Profit (loss) before tax	593	877	485	(11)
Profit (loss)	489	597	278	(26)
Per share basic	0.04	0.05	0.02	-
Per share diluted	0.04	0.05	0.02	n/a
	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Sales	11,823	8,874	12,945	14,265
Gross profit	5,098	4,279	4,680	4,889
Gross profit %	43%	48%	36%	34%
Adjusted EBITDA <sup>1</sup>	2,452	1,973	1,653	2,199
Per share basic	0.21	0.17	0.14	0.19
Profit (loss) before tax	636	135	(921)	329
Profit (loss)	375	4	(1,088)	456
Per share basic	0.03	-	(0.09)	0.04
Per share diluted	0.03	-	n/a	0.04

<sup>1</sup> – 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)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Profit (loss) for the period</b>	\$ 489	\$ 597	\$ 278	\$ (26)
Add:				
Financing costs	531	530	521	549
Income tax expense	104	280	207	16
Amortization and depreciation	914	891	884	990
<b>EBITDA</b>	<b>2,038</b>	<b>2,298</b>	<b>1,890</b>	<b>1,529</b>
Add (deduct):				
Inventory fair value adjustments and write downs	-	-	-	586
Share-based compensation expense	23	64	154	56
Foreign exchange expense (income)	(221)	207	134	421
Interest and other expense (income)	-	(5)	1	(607)
Gain on sale of equipment	(3)	-	(14)	-
<b>Adjusted EBITDA</b>	<b>1,837</b>	<b>2,564</b>	<b>2,165</b>	<b>1,985</b>
	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Profit (loss) for the period</b>	\$ 375	\$ 4	\$ (1,088)	\$ 456
Add:				
Financing costs	536	528	576	570
Income tax expense	261	131	167	(127)
Amortization and depreciation	953	991	971	919
<b>EBITDA</b>	<b>2,125</b>	<b>1,654</b>	<b>626</b>	<b>1,818</b>
Add (deduct):				
Goodwill impairment losses	-	-	1,368	-
Inventory fair value adjustments and write downs	-	-	-	191
Share-based compensation expense	185	62	140	47
Foreign exchange expense (income)	208	260	(466)	117
Interest and other expense (income)	(2)	(3)	(8)	26
Gain on sale of equipment	(64)	-	(7)	-
<b>Adjusted EBITDA</b>	<b>2,452</b>	<b>1,973</b>	<b>1,653</b>	<b>2,199</b>

**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:

Q3 2021 Consolidated Financial Highlights

For the discussion of Q3 results see "Overall Performance" earlier in this MD&A.

Q2 2021 Consolidated Financial Highlights

Sales for the second quarter increased to \$14.2 million from \$8.9 million in Q2 2020. The overall increase was driven by Blaze King and the component manufacturing segment businesses. The 79% increase in Blaze King sales reflects their improved market share, after new United States Environmental Protection Agency ("EPA") regulations took effect in May 2020, and increased demand for its products. The component manufacturing businesses each experienced a dramatic increase in customer demand relative to Q2 2020, when the onset of the COVID-19 pandemic limited sales in that quarter. Slimline

sales in the quarter were consistent compared to Q2 2020, as increases in agricultural sprayer sales largely offset decreases in wastewater evaporator sales.

Overall gross profit was \$5.3 million in Q2 2021, an increase of \$1.0 million, or 24%, relative to Q2 2020, driven by the increase in overall sales. Gross profit percentages decreased in Q2 2021 compared to Q2 2020. This was driven by a change in sales mix relative to Q2 2020, a lower exchange rate on United States dollar denominated sales, and supply chain and labour availability challenges, which resulted in material, freight, and labour cost increases. The supply chain and labour availability challenges especially impacted the component manufacturing segment businesses, as their customer demand increased rapidly during a period of global increases to input costs and a shortage of skilled labour.

During the quarter, certain businesses in the Group were eligible to receive amounts under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs. In Q2 2021, the Group received an aggregate of \$1.6 million (Q2 2020 - \$1.3 million) from the CEWS and CERS programs. In addition, Blaze King's \$0.2 million paycheck protection program loan was forgiven in Q2 2021. Of the subsidy amounts received, 56% (Q2 2020 - 50%) was included as a reduction in manufacturing costs and 44% (Q2 2020 - 50%) was included as a reduction in operating expenses.

Overall operating expenses increased from \$3.9 million in Q2 2020 to \$4.2 million in Q2 2021. The increase was primarily a result of increased selling costs associated with the increase in overall sales and increases in short-term incentive accruals in the finished product segment based on that segment's strong performance in the first half of the year.

Adjusted EBITDA for the second quarter of 2021 was \$2.6 million, a \$0.6 million increase compared to Q2 2020. The overall increase in Adjusted EBITDA was primarily driven by the increase in sales and gross profit noted above, as well as the impact of subsidies received in the respective periods.

Consolidated net profit in the quarter was \$0.6 million, or \$0.05 per share, an increase of \$0.6 million, or \$0.05 per share, compared to Q2 2020.

#### Q1 2021 Consolidated Financial Highlights

Sales for the first quarter of 2021 increased to \$13.9 million from \$12.9 million in Q1 2020. The overall increase was driven by Blaze King and reflects their increased market share after new EPA regulations took effect in May 2020. Q1 2021 sales for Blaze King increased 83% compared to Q1 2020, which more than offset the 34% decrease in Hawk sales relative to Q1 2020. Sales for the other subsidiaries in the quarter were more consistent compared to Q1 2020.

Overall gross profit was \$5.2 million in Q1 2021, an increase of \$0.5 million, or 10%, relative to Q1 2020, driven by the increase in overall sales.

In Q1 2021, the Group received an aggregate of \$0.4 million from the CEWS and CERS programs, which partially mitigated the impact COVID-19 had on certain businesses in the Group. Of the CEWS and CERS amounts received, 63% was included as a reduction in manufacturing costs and 37% was included as a reduction in operating expenses.

Adjusted EBITDA for the first quarter of 2021 was \$2.2 million, a \$0.5 million increase compared to Q1 2020. The overall increase in Adjusted EBITDA was primarily driven by the increase in sales and gross profit noted above.

Other items affecting profit (loss) between the first quarters of 2021 and 2020 included a \$1.4 million non-cash impairment loss recorded against Hawk's goodwill in Q1 2020. The Q1 2020 goodwill impairment loss was triggered by the onset of the worldwide COVID-19 pandemic and significant decline in global oil prices, and the effect of these events on expected oil and gas activity in Western Canada at that time. Foreign exchange gains and losses also impacted overall profit differences between Q1 2021 and Q1 2020. In Q1 2021, the Group recorded \$0.1 million in foreign exchange losses for the quarter based on a \$0.02 decrease in the value of the United States dollar, relative to the Canadian dollar in the quarter. The

Q1 2020 foreign exchange gains of \$0.5 million were a result of the \$0.12 decrease in the value of the United States dollar, relative to the Canadian dollar, in the first three months of 2020.

Consolidated net profit in the quarter was \$0.3 million, or \$0.02 per share, an increase of \$1.4 million, or \$0.11 per share, compared to Q1 2020.

#### Q4 2020 Consolidated Financial Highlights

Sales for the fourth quarter of 2020 increased to \$14.8 million from \$14.3 million in Q4 2019. The overall increase was driven by Blaze King and reflects their increased market share after new EPA regulations took effect in May 2020. Q4 sales for Blaze King increased 37% compared to last year, which more than offset the 40% decrease in Hawk sales relative to Q4 2019, as persisting low oil prices reduced demand for Hawk's products. Sales for the other subsidiaries in the quarter were more consistent compared to Q4 2019.

Overall gross profit was \$4.4 million in Q4 2020, a decrease of \$0.5 million, or 10%, relative to Q4 2019. The aggregate \$1.2 million in inventory obsolescence and fair value provisions, bad debt, and other provisions incurred in Q4 2020 in the component manufacturing segment, negatively impacted overall gross profit and Adjusted EBITDA in the quarter.

In Q4 2020, the Group received \$0.7 million from the CEWS program, which partially mitigated the impact COVID-19 had on the Group. Of the CEWS amounts received, 65% was included as a reduction in manufacturing wages and 35% was included as a reduction in administrative wages.

Adjusted EBITDA for the fourth quarter was \$2.0 million, a \$0.2 million decrease compared to Q4 2019. The overall decrease in Adjusted EBITDA was primarily driven by the decrease in gross profit and the above noted provisions incurred in the fourth quarter that impacted Adjusted EBITDA.

The above noted provisions incurred in Q4 2020 also contributed to the \$0.5 million decrease in overall profit relative to Q4 2019.

Other items affecting profit (loss) between the fourth quarters of 2020 and 2019 included a \$0.6 million gain on the adjustment to the estimated fair value of the contingent consideration originally recorded in connection with the acquisition of Northside in 2019. The purchase price for Northside included consideration contingent on Northside meeting certain earnings targets over the first three years post-acquisition, which was reduced effective December 31, 2020. The reduction was included in interest and other income in Q4 2020. Foreign exchange gains and losses also impacted overall profit differences between Q4 2020 and Q4 2019. In Q4 2020, the Group recorded \$0.4 million in foreign exchange losses for the quarter based on a \$0.06 decrease in the value of the United States dollar, relative to the Canadian dollar in the quarter. The Q4 2019 foreign exchange losses of \$0.1 million were a result of the \$0.02 decrease in the value of the United States dollar, relative to the Canadian dollar, in the last three months of 2019.

## **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 two separate businesses: Blaze King and Slimline.

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, 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.

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 turbines. Slimline sells its sprayers under the name "Turbo Mist" which includes a heavy-duty series, a standard series, a cherry blower, a multi-row air blast sprayer and a rotomister sprayer used to combat insect plagues. 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, patented, 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.

**Finished Product Segment Performance**

(Stated in thousands of dollars)

September 30,	For the three months ended		For the nine months ended	
	2021	2020	2021	2020
Sales	\$ 8,041	\$ 7,434	\$ 23,170	\$ 18,296
Gross profit	3,446	3,918	10,396	9,322
Gross profit %	43%	53%	45%	51%
Profit	1,324	1,457	4,178	3,279
Add:				
Financing costs	39	37	121	108
Income tax expense	167	322	662	722
Amortization and depreciation	315	347	932	1,032
EBITDA	1,845	2,163	5,893	5,141
Add (deduct):				
Foreign exchange expense (income)	(42)	16	16	(63)
Interest and other income	(1)	(1)	(7)	(4)
Gain on sale of equipment	(3)	-	(17)	(7)
Adjusted EBITDA	1,799	2,178	5,885	5,067

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

Three Months Ended September 30, 2021

Overall sales for the segment in Q3 2021, increased by \$0.6 million, or 8%, relative to Q3 2020. The increase was primarily a result of Blaze King selling 16% more units in Q3 2021 than it did in Q3 2020, based on continued strong demand in the quarter. Overall sales for Slimline decreased in the quarter compared to Q3 2020, as a result of decreases in wastewater evaporator sales. Slimline sold more agricultural sprayers in Q3 2021, relative to Q3 2020, however the third quarter is a seasonal low period

for these products and the magnitude of the sales increase was not sufficient to offset the decrease in wastewater evaporator sales.

The businesses in this segment did not receive any government subsidies in Q3 2021. In Q3 2020 these businesses received \$0.6 million from the CEWS program. Of the subsidy amounts received in Q3 2020, 49% was included as a reduction in manufacturing wages and 51% was included as a reduction in operating expenses.

Despite the increase in overall sales, the segment generated a \$0.5 million, or 12%, decrease in gross profit in Q3 2021 compared to Q3 2020 as a result of lower gross profit percentages. The gross profit percentages decreases in Q3 2021 compared to Q3 2020, were driven by a decrease in CEWS, a lower exchange rate on United States dollar denominated sales, supply chain challenges, which resulted in material, freight, and labour cost increases, and the effect of selling fewer higher margin evaporators in Slimline in Q3 2021 than in Q3 2020.

The decrease in CEWS was the primary driver for the \$0.4 million, or 17%, decrease in segment Adjusted EBITDA to \$1.8 million in Q3 2021.

#### Nine Months Ended September 30, 2021

Overall sales for the segment in the first nine months of 2021, increased by \$4.9 million, or 27%, relative to the first nine months of 2020. The increase was primarily a result of a 49% increase in the number of Blaze King units sold, which reflects Blaze King's increased market share over the last year and the strong demand for their products. Sales for Slimline in the first nine months of 2021 decreased 11% relative to the same period in 2020, as decreases in wastewater evaporator sales more than offset sales increases in the agricultural sprayer and parts divisions.

Overall gross profit increased by \$1.1 million, or 12%, in the first nine months of 2021, driven by the increase in Blaze King sales. The segment generated lower gross profit percentages in the first nine months of 2021 compared to the same period in 2020. This was driven primarily by lower exchange rates on United States dollar denominated sales, supply chain challenges, which resulted in material, freight, and labour cost increases, as well as the effect of selling fewer higher margin evaporators in Slimline in the first half of 2021 than in the first half of 2020.

The businesses in this segment received \$0.8 million in subsidies from the CEWS, CERS and paycheck protection programs in the first nine months of 2021 (2020 - \$1.1 million). Of the subsidy amounts received, 44% (2020 - 49%) was included as a reduction in manufacturing wages and 56% (2020 - 51%) was included as a reduction in operating expenses.

The increase in sales and gross profit, resulted in a \$0.8 million, or 16%, increase in segment Adjusted EBITDA, which was \$5.9 million in the first nine months of 2021.

### ***Finished Product Segment Industry Trends and Outlook***

#### Blaze King

Design trends for the hearth industry continue to evolve, and consumer tastes vary from region to region. Rural markets continue to favor traditional designs while urban areas tend to favor more modern designs. Eastern North American markets place more emphasis on cast iron surfaces while Western North American markets prefer steel finishes. Regional variances can also be seen in fuel choices: gas remains the most desirable fuel in urban areas as a plentiful supply is available, whereas wood remains the fuel choice in rural areas. Blaze King offers a wide variety of designs. Whether it is cast iron or steel including painted or enamel color finishes, modern or a traditional design, gas or wood, freestanding or insert, Blaze King has a model that will meet most regional preferences.

New EPA regulations that took effect in May 2020, pushed the 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 over the last four years. This investment well positioned Blaze King and has contributed to its increased market share over the last year. According to information published by the EPA, as of the date hereof compared to 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%.

There are also market opportunities for Blaze King's wood products outside of North America and Blaze King has expanded into the New Zealand market. The New Zealand wood stove market is subject to the Ultra-Low Emission Burners ("ULEB") test which stipulate a maximum of 0.5 grams of emissions per kilogram of wood burned. Blaze King currently has four models that have passed all testing requirements of the New Zealand ULEB emission standards. Blaze King management believes that its success in entering the New Zealand market could pave the way for future expansion into Europe, which is a much larger international market with what is expected to be similarly stringent emissions standards coming into force in the next few years.

Management of Blaze King believes that the Blaze King brand has significant opportunities for growth in both the wood and gas sectors of the hearth industry. Blaze King continues its product development in gas fireplaces and inserts and anticipates new models to be ready for market in the next few years. Blaze King's distribution network in Eastern Canada, the Northeastern United States, and New Zealand is now established, and it is anticipated that this will lead to Blaze King increasing its market share in these areas.

To date, the market share and demand increases witnessed in the second half of 2020 have continued into 2021. In addition, in early 2021, the United States government expanded a tax credit program to encourage consumers to replace older non-efficient wood stoves and fireplaces. The program is available for a period of three years and allows the consumer to apply for a tax credit of up to 26% of the complete cost of a new wood stove, including installation, if it has an average efficiency of 75% or greater. This program could continue to buoy demand for Blaze King products sold in the United States as all are eligible for this tax credit. Of the 145 fireboxes currently approved for sale by the EPA, only 52 qualify for the tax credit. Blaze King owns 6, or 12%, of the 52 fireboxes eligible for this tax credit.

Blaze King management is focused on increasing production capacity in order to continue satisfying its increased demand, and to capitalize on future market expansion opportunities. The significant investment made in Q2 2021 in a new fiber laser is the first step toward production capacity enhancement for Blaze King.

#### Slimline

Technological developments as well as a general market consolidation in agriculture have been influential in driving changes in the farm sector. Innovations in animal and crop genetics, chemicals, equipment, and farm organization have enabled continuing output growth without adding much to inputs. As a result, even as the amount of land and labor used in farming declined, total farm output more than doubled between 1948 and 2015. As the Agriculture industry continues to focus on crop diversification, efficiency and productivity, producers will continue to embrace revolutionary strategies for producing food, increasing productivity, and making sustainability a priority. The major advancement in spray application technology over the next few years will be in the area of matching the sprayer characteristics to the target canopy. This will be accomplished by using a system of sensors that detect the height, shape, and density of the tree and adjust the sprayer, air jet(s), spray droplet size, and spray application rate to match the target tree. Slimline is working to adapt to these changing conditions in the industry.

Slimline has two primary product lines: agricultural sprayers and industrial evaporators; as well as a parts department to service both lines. The agriculture equipment market is in its maturity and the dealership groups are consolidating into larger corporate groups across its customer base. This consolidation provides an opportunity to direct sales to a larger dealership group and offer incentives on that basis, rather than standalones. The focus of Slimline previously was selling sprayers in the Pacific Northwest: current management has focused on serving the existing base in the Pacific Northwest while also focusing on aggressive expansion through a number of markets in North America, such as California, Florida, Georgia, South Carolina and New York, and targeting large grower operations. Slimline is also exploring 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 current new technology to maximize its opportunities in several of these markets, such as multi-row and tower sprayers. In addition, opportunities to apply Slimline's sprayer technology to other areas such as dust suppression and de-icing are in the early stages of development.

The industrial evaporator market is also still in the relatively early stages of development, and Slimline is looking to partner with other service providers to deliver comprehensive remediation solutions to the waste management, oil and gas and mining industries. Management developed a new go-to-market strategy, building on previous success in the oil and gas, mining, solid and wastewater, food and beverage, power generation and chemical processing industries. Slimline management believes there are considerable opportunities for its wastewater evaporators and expects evaporator sales to continue to increase in the next few years.

### ***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 also designed to have fewer issues regarding installation and maintenance. 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 planned growth in Latin America, Mexico, and the Middle East.

#### ***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's primary focus is on servicing producers of hydraulic fracturing sleeves for the oil and gas industry. Hawk is currently the only turnkey supplier for its main customer. Hawk routinely delivers product direct to end-users rather than customers' facilities for inspection as its historical failure rate is less than 0.005%.

#### ***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 in 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)

September 30,	For the three months ended		For the nine months ended	
	2021	2020	2021	2020
Sales	\$ 8,459	\$ 4,389	\$ 21,469	\$ 15,347
Gross profit	1,618	1,180	5,137	4,736
Gross profit %	19%	27%	24%	31%
Profit (loss)	119	(86)	283	(940)
Add (deduct):				
Financing costs	31	32	98	98
Income tax recovery	(80)	(90)	(139)	(275)
Amortization and depreciation	594	601	1,741	1,867
EBITDA	664	457	1,983	750
Add (deduct):				
Goodwill impairment losses	-	-	-	1,368
Foreign exchange expense (income)	(179)	192	104	64
Interest and other expense (income)	1	-	4	(7)
Gain on sale of equipment	-	(64)	-	(64)
Adjusted EBITDA	486	585	2,091	2,111

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

Three Months Ended September 30, 2021

Each of the three businesses in the component manufacturing segment contributed to the increase in segment sales in Q3 2021 relative to Q3 2020. Demand levels in these businesses has increased significantly as the negative effects the COVID-19 pandemic had on their customers have reduced.

The increase in sales drove a \$0.4 million, or 37%, increase in segment gross profit for the three-month period ended September 30, 2021 compared to the same period in 2020. Gross profit percentages decreased in Q3 2021 compared to Q3 2020. This decrease was driven by a change in sales mix relative to Q3 2020, and by supply chain and labour availability challenges, which resulted in material, freight, and labour cost increases. These challenges negatively affected the component manufacturing segment, particularly as each of the businesses in this segment experienced a dramatic increase in customer demand after several periods of relatively low demand levels.

The businesses in this segment received \$0.5 million from the CEWS and CERS programs in the quarter (Q3 2020 - \$0.8 million). Of the CEWS and CERS amounts received, 57% (Q3 2020 - 50%) was included as a reduction in manufacturing costs and 43% (Q3 2020 - 50%) was included as a reduction in operating expenses.

Segment Adjusted EBITDA was \$0.5 million in Q3 2021; a decrease of \$0.1 million compared to Q3 2020. The decrease was driven by a decrease in government subsidies, which more than offset the increased gross profit generated by the underlying businesses.

Nine Months Ended September 30, 2021

For the nine months ended September 30, 2021, segment sales increased 40% as a result of an increase in sales in each of Unicast, Hawk and Northside. Demand levels in these businesses have increased considerably after several periods of relatively low demand levels driven in part by the effects of the COVID-19 pandemic.

Overall segment gross profit in the first nine months of 2021 increased by \$0.4 million compared to the same period in 2020 based on the higher sales levels generated this year versus last. Gross profit percentages declined in the same respective periods, driven by a change in sales mix relative to the first nine months of 2020, and by supply chain and labour availability challenges. These challenges resulted in material, freight, and labour cost increases, particularly as customer demand increased rapidly during a period of global increases to input costs and a shortage of skilled labour.

In the first nine months of 2021, the businesses in this segment received \$1.9 million from the CEWS and CERS programs (2020 - \$1.6 million). Of the CEWS and CERS amounts received, 63% (2020 - 50%) was included as a reduction in manufacturing costs and 37% (2020 - 50%) was included as a reduction in operating expenses.

Segment Adjusted EBITDA in the first nine months of 2021 was \$2.1 million, consistent with the first nine months of 2020.

### ***Component Manufacturing Segment Industry Trends and Outlook***

#### **Unicast**

Industry trends in the mining, aggregate and cement plant wear-parts industry include a shift towards different alloys and metals and away from traditional manganese and steel fabrication. Demand for titanium carbide wear parts and ceramic imbedded wear parts is continuing to grow due to the increases in wear life attributed to these new innovations. Unicast has developed titanium carbide and ceramic imbedded wear parts over the last several years and is in a position to improve its market share in both of these areas by continuing to add more titanium carbide products to its current product line and continue introducing new ceramic embedded products as they are designed and tested.

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 industry, and that is expected to accelerate as new infrastructure spending initiatives are introduced as global governments announce post COVID-19 economic recovery plans. Additionally, certain 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, Mexico, Africa, and the Middle East.

Due to the effects of COVID-19, delivery times from many Chinese ports continue to be delayed which could result in revenue timing disruptions and shipping cost increases in the coming quarters. Material prices also continue to increase, and while Unicast endeavors to pass these on to its customers there is the risk that its customers will not accept the level of increase needed to maintain historical margins. Unicast management continues to manage supplier risk through the use of secondary vendors 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 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 help mitigate the negative effect of the above noted steel tariffs on gross margin in 2021.

There is also uncertainty over how demand will be impacted for the remainder of 2021 and into 2022 with the risk that cement plants and mines in Canada, the United States and South America continue to operate on a reduced basis due to COVID-19 related measures. Additionally, the ability to conduct normal in person sales meetings or service calls continues to be limited due to COVID-19, which could negatively impact sales in 2021. Unicast management will work to contain costs to mitigate the impact of lower sales should demand levels dictate; however, early indications are that demand should continue to improve for the remainder of 2021 and into 2022.

Hawk

Hawk's products are primarily sold to one customer, who in turn sells to numerous companies in the North American exploration and production ("E&P") industry. 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.

Over the past several years, North American E&P companies have been able to reduce their cost structures in response to lower oil and natural gas prices and have also utilized technologies to increase efficiency and improve well performance. Sustained declines in commodity prices, combined with potential increases in the cost of drilling and completing wells resulting from high utilization in certain oilfield services categories could lead North American E&P companies to reduce drilling and completion activity, which could negatively impact Hawk's business.

The oil and natural gas price rebounds in 2021 positively impacted demand for Hawk in the first nine months of the year. If current oil and natural gas price levels are sustained, oil and natural gas activity in Q4 2021 should exceed activity levels from Q4 2020 which would be positive with respect to demand for Hawk's products. Additionally, if these commodity prices are sustained into next year, it is expected that E&P companies will increase spending in 2022 relative to 2021, which should positively impact demand for Hawk. Material prices have increased, and while Hawk endeavors to pass these on to its customers there is the risk that its customers will not accept the level of increase needed to maintain historical margins.

Northside

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

As North American lumber prices have begun to stabilize, Northside has received indications that demand for forestry equipment has improved compared to the cyclically lower levels experienced by this sector in 2020. As a result, demand for Northside's forestry equipment related products is expected to continue to increase for the remainder of 2021 and into 2022.

Northside entered into a significant new contract with its main commercial vehicle customer in mid-2020. The five-year contract builds on the work that was already being done for this customer and includes products that it requires for a new line of commercial vehicles. Based on current production forecasts, the provision of these products is expected to significantly increase sales levels with this customer each year during the term of the contract.

Continued increases to input costs and a shortage of skilled labour, have negatively affected margins. Northside endeavors to pass cost increases on to its customers, however, there are often delays with respect to the contractual mechanisms to do so, 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. 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. In 2021, Northside purchased and installed \$0.2 million of equipment that improved the level of automation used in its production process and is exploring further productivity and automation initiatives.

Northside is also actively working to further diversify its business in terms of both the customers it serves and the products it manufactures. Opportunities to supply products it currently produces, like fuel tanks, to different industries are yielding positive results.

**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)

September 30,	For the three months ended		For the nine months ended	
	2021	2020	2021	2020
Loss	\$ (954)	\$ (996)	\$ (3,097)	\$ (3,047)
Add:				
Financing costs	461	467	1,362	1,434
Income tax expense	17	29	68	111
Amortization and depreciation	5	5	16	16
EBITDA	(471)	(495)	(1,651)	(1,486)
Add (deduct):				
Share-based compensation expense	23	185	241	386
Interest and other income	-	(1)	-	(2)
Adjusted EBITDA	(448)	(311)	(1,410)	(1,102)

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

**Three Months Ended September 30, 2021**

During the three-month period ended September 30, 2021, Head Office expended \$0.9 million, before income taxes, on corporate activities (\$1.0 million in 2020), a decrease of \$0.1 million. The decrease was primarily a result of decreased share-based compensation expenses.

**Nine Months Ended September 30, 2021**

For the nine months ended September 30, 2021, Head Office expended \$3.0 million, before income taxes, on corporate activities (\$2.9 million in 2020), an increase of \$0.1 million. The increase was driven primarily by enhancements to the Decisive management team over the last year. In Q4 2020, a Corporate Development Manager was hired to assist in expanding the Company's acquisition prospect pipeline. In Q2 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. Prior to this appointment, the Chief Executive Officer position was held by the board Chair and did not receive cash compensation.

**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 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.

In light of the economic uncertainty stemming from the worldwide COVID-19 pandemic, Decisive has actively managed its liquidity. The directors and management of Decisive believe that the capital preservation measures taken since the onset of the COVID-19 pandemic provided greater financial strength through this period of uncertainty. The Group 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 its Annual 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 \$1.5 million, compared to cash of \$0.5 million at September 30, 2021, and cash of \$3.0 million at December 31, 2020.

As at September 30, 2021, the Company had net working capital of \$10.9 million (December 31, 2020 - \$9.9 million) as follows:

<i>(Stated in thousands of dollars)</i>	September 30, 2021	December 31, 2020	Change
Cash, net of bank indebtedness	\$ 470	\$ 2,999	(2,529)
Accounts receivable	10,369	7,338	3,031
Inventory	9,607	7,358	2,249
Prepaid expenses	1,274	871	403
Accounts payable	(8,363)	(6,721)	(1,642)
Dividends payable	(301)	-	(301)
Warranty provision	(397)	(341)	(56)
Prepaid deposits	(633)	(604)	(29)
Current portion of lease obligations	(1,126)	(966)	(160)
Current portion of long-term debt	-	(55)	55
Net working capital	\$ 10,900	\$ 9,879	1,021

**Dividends**

The Company's Board of Directors regularly examines the dividends paid to shareholders.

In April 2021, the Company reinstated its monthly dividend after a one-year pause, that was taken out of an abundance of caution, in response to the considerable economic uncertainty surrounding the onset of the worldwide COVID-19 pandemic.

The following dividends were declared during the nine months ended September 30, 2021 and 2020:

Month	2021		2020	
	Per share (\$)	Dividend Amount (\$)	Per share (\$)	Dividend Amount (\$)
January	\$ -	\$ -	\$ 0.030	\$ 344
February	-	-	0.030	345
March	-	-	0.030	348
April	0.020	237	-	-
May	0.020	238	-	-
June	0.020	239	-	-
July	0.020	240	-	-
August	0.025	300	-	-
September	0.025	301	-	-
<b>Total</b>	<b>\$ 0.130</b>	<b>\$ 1,555</b>	<b>\$ 0.090</b>	<b>\$ 1,037</b>

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid in 2021, \$1.1 million (2020 - \$1.2 million) were settled in cash and \$0.2 million (2020 - \$0.2 million) were reinvested in additional common shares of the Company, pursuant to the dividend reinvestment and cash purchase plan "the DRIP".

Cumulative dividends, paid since Decisive's inception, for the nine months ended September 30, 2021 are as follows:

<i>(Stated in thousands of dollars)</i>	<b>September 30, 2021</b>
Cumulative dividends, beginning of period	<b>\$ 12,656</b>
Dividends declared during the period	<b>1,555</b>
Cumulative dividends, end of period	<b>\$ 14,211</b>

Subsequent to September 30, 2021, a dividend of \$0.025 per share was declared on October 15, 2021 for shareholders of record on October 29, 2021 and is payable on November 15, 2021.

**Long-Term Debt**

<i>(Stated in thousands of dollars)</i>	Authorized	<b>October 28, 2021 Outstanding</b>	<b>September 30, 2021 Outstanding</b>	December 31, 2020 Outstanding
Bank of Nova Scotia revolving term loan (i)	8,000	\$ -	\$ 210	\$ -
Roynat Capital non-amortizing term loan (ii)	20,945	<b>20,945</b>	<b>20,945</b>	20,945
Paycheck protection program forgivable loan	-	-	-	164
Trumpf Finance equipment loans	-	-	-	55
	28,945	<b>20,945</b>	<b>21,155</b>	21,164
Less: current portion		-	-	(55)
Long-term portion		<b>20,945</b>	<b>21,155</b>	21,109

The Company has a credit agreement in place with its senior lenders, the Bank of Nova Scotia ("BNS") and Roynat Capital Inc., a subsidiary of BNS, which provides for the credit facilities described in (i) and (ii) below:

- (i) The revolving term loan with BNS is for a committed three-year term and all drawn amounts are due in August 2022. The Company's ability to access the revolving term loan is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. The revolving term loan bears interest at the lender's prime rate plus 1% or bankers' acceptances plus 2.5%. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term loan.
- (ii) The non-amortizing term loan with Roynat Capital Inc. is for a committed three-year term and all drawn amounts are due in August 2022. The term loan bears interest at a fixed rate of 8% with no required principal payments for the three-year term of the loan.

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 a group on a trailing twelve-month basis:

- Maximum total funded debt to EBITDA of 3.0:1
- Minimum fixed charge coverage ratio of 1.1:1

As at September 30, 2021, the Group was in compliance with these ratios.

In September 2021, the Company entered into an agreement with CWB Maxium Financial Inc. ("CWB"), a wholly-owned division of Canadian Western Bank, to refinance the Company's existing debt facilities and provide additional available financing.

Upon closing of the refinancing, the credit facility described in (i) above will be replaced with a new revolving term loan with substantially similar terms. The credit facility described in (ii) above will be replaced with a new \$21,000 term loan bearing interest at a fixed rate of 6.25%. In addition, a new \$7,000 revolving term loan, bearing interest at the lender's prime rate plus 3%, will be made available to the Company for acquisition purposes.

Consistent with the credit facilities described in (i) and (ii) above, the new agreement will not require any principal payments during the term of these loans and will require substantially similar security as described above. The new agreement will require compliance with the following ratios:

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

Each of the facilities under the new agreement will be for a committed three-year term and will also provide for annual extension provisions. As a result, and since this refinancing agreement was entered into prior to September 30, 2021, the Company has classified its existing debt as long-term.

In 2020, Blaze King Industries Inc. received a \$0.2 million paycheck protection program forgivable loan through the United States federal government's financial aid program. The loan was forgiven in Q2 2021.

#### **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 October 28, 2021, September 30, 2021 and December 31, 2020. Each deferred share unit ("DSU") and restricted share unit ("RSU") entitled the holder thereof to one common share of the Company pending the satisfaction of certain vesting, settlement and/or redemption criteria. Each stock option entitled the holder thereof to purchase one common share of the Company.

	October 28, 2021	September 30, 2021	December 31, 2020
Common shares, basic	12,066,170	12,050,923	11,633,496
Deferred and restricted share units outstanding	-	-	107,740
Stock options outstanding	965,500	972,000	1,118,000
Common shares, fully diluted	13,031,670	13,022,923	12,859,236

In 2020, the Company's equity incentive plan was re-approved by a majority of all shareholders but not by a majority of disinterested shareholders, which means that the 10% rolling stock option component of the plan remains in effect, but no further DSUs or RSUs may be issued. As a result, all outstanding DSUs and RSUs were redeemed for common shares in January 2021, which resulted in \$0.1 million in share-based compensation expense in Q1 2021. For the foreseeable future the Company intends to use stock options as the sole form of share-based compensation.

In addition, an aggregate of 309,687 common shares were issued during the nine months ended September 30, 2021, through Decisive's employee share purchase plan, DRIP and the exercise of stock options. These share issuances generated cash proceeds of \$0.6 million and reduced the amount of cash dividends paid by \$0.2 million.

As at September 30, 2021, there were 105,513 shares in escrow (December 31, 2020 – 531,543) relating to the Company's completed acquisitions, as follows:

- Northside – 105,513 to be released in August 2022.

## 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 nine months ended September 30, 2021 included \$0.55 million of salaries, benefits and director fees (2020 - \$0.46 million) and \$0.17 million of share-based compensation (2020 - \$0.28 million).

During the nine months ended September 30, 2021, the Company incurred nominal legal fees (2020 - \$0.02 million) with a law firm in which a director of the Company was a partner.

During the nine months ended September 30, 2021, the Company made lease obligation payments of \$0.14 million (2020 - \$0.14 million) towards property beneficially owned by a president of one of the Company's wholly owned subsidiaries.

## 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, 2020. During 2021, there have not been any changes in the accounting policies or methods of computation used.

## Critical Accounting Estimates

This MD&A is based on the Company's consolidated financial statements. The preparation of the consolidated financial statements requires that certain estimates and judgements be made with respect to the reported amounts of revenues and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgement. Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. The estimates and judgements considered to be the most significant in the preparation of the consolidated financial statements were described in the Company's 2020 Annual MD&A under the heading "Critical Accounting Estimates". There were no significant changes to the methodologies employed in applying these estimates and judgements in the first nine months of 2021.



## Financial Instruments and Financial Risk Management

### Fair Value Measurement and Disclosures

The basis for fair value measurements and/or disclosures were described in the Company's 2020 Annual MD&A under the heading "Financial Instruments". There were no changes in the classification or in the fair value measurement basis of the Group's financial instruments since December 31, 2020.

At September 30, 2021 and December 31, 2020, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

Management determined that the fair value of the Company's long-term debt was not materially different than their carrying amounts as they are based on market interest rates.

### Financial Risk Management

The Company's primary business activities consist of the acquisition of businesses in the manufacturing sector. The Company examines the various financial risks to which the Group 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. There were no changes in the Company's assessment of risks from the use of financial instruments or in the financial risk management policies of the Company since December 31, 2020.

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 Group's cash is held in business accounts which are available on demand for the Group's programs. The contractual maturities of financial instruments are as follows:

*(Stated in thousands of dollars)*

September 30, 2021	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 8,363	\$ 8,363	\$ 8,363	\$ -	\$ -
Dividends payable	301	301	301	-	-
Long-term debt	21,063	25,309	1,350	23,959	-
Lease obligations	2,935	3,161	1,241	1,920	-
	\$ 32,662	\$ 37,134	\$ 11,255	\$ 25,879	\$ -

December 31, 2020	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 6,721	\$ 6,721	\$ 6,321	\$ 400	\$ -
Long-term debt	20,997	23,723	1,731	21,992	-
Lease obligations	3,204	3,477	1,094	2,383	-
	\$ 30,922	\$ 33,921	\$ 9,146	\$ 24,775	\$ -

As discussed in this MD&A, the Group has and expects to continue to experience some negative impacts from the worldwide COVID-19 pandemic. These events have created uncertainty in forecasted results for 2021 and 2022 which, depending on the extent and duration of these impacts, could impair the Company's ability to meet certain debt covenants. The Company was in compliance with its debt covenants at September 30, 2021.

The Group has actively managed liquidity and is continuing to manage its financial position in accordance with its capital management objectives and in light of its current operating environment. Management is satisfied that the steps taken since the onset of the COVID-19 pandemic are currently adequate to enable the Group to continue operating for the foreseeable future. However, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy and the Group's operations, further actions may be necessary.

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 September 30, 2021, the Company expects to recover the full amount of such assets, less any expected credit losses.

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

*(Stated in thousands of dollars)*

	September 30, 2021		December 31, 2020	
Current	\$ 5,874	57%	\$ 4,322	59%
31-60 days	2,430	23%	1,582	22%
61-90 days	982	9%	439	6%
>90 days	1,099	11%	976	13%
Trade accounts receivable	10,385	100%	7,319	100%
Less: expected credit losses	(232)		(247)	
Net trade accounts receivable	\$ 10,153		\$ 7,072	

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. Included in amounts outstanding for more than 90 days since being invoiced at September 30, 2021 are receivables where extended terms were offered to customers and the sales are not yet payable.

Cash and cash equivalents are only deposited with or held by major financial institutions where the Group conducts its business. In order to manage credit and liquidity risk, the Group invests only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

The Group's functional currency for Blaze King Industries Inc. and Unicast is the US dollar ("USD"), while all other entities in the group have a Canadian dollar functional currency ("CAD"), and the reporting currency is the Canadian dollar, therefore the Group's earnings and total comprehensive income are in part impacted by fluctuations in the value of the USD 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)

As at September 30, 2021	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ (1,019)	\$ 554	\$ 771	\$ 164	470
Accounts receivable	5,921	2,236	318	1,894	10,369
Accounts payable	(6,662)	(379)	(72)	(1,250)	(8,363)
Dividend payable	(301)	-	-	-	(301)
Inter-company amounts	6,047	-	(7,830)	1,783	-
Long-term debt	(21,063)	-	-	-	(21,063)
Net exposure	(17,077)	2,411	(6,813)	2,591	(18,888)
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	121	341	-	462
OCI	\$ -	\$ -	\$ -	\$ (130)	(130)

(Stated in thousands of dollars)

As at December 31, 2020	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ 1,203	\$ 1,341	\$ (63)	\$ 518	2,999
Accounts receivable	2,984	2,191	400	1,763	7,338
Accounts payable	(5,261)	(395)	(790)	(275)	(6,721)
Inter-company amounts	5,605	-	(7,362)	1,757	-
Long-term debt	(20,942)	(55)	-	-	(20,997)
Net exposure	(16,411)	3,082	(7,815)	3,763	(17,381)
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	154	391	-	545
OCI	\$ -	\$ -	\$ -	\$ (188)	(188)

The Company is at times 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 Company's interest-bearing debt outstanding at September 30, 2021, 1% was variable rate. The Company does not enter into derivative contracts to manage this risk.

The table below summarizes the quantitative data about the Company's exposure to interest rate risk:

(Stated in thousands of dollars)

Interest rate risk	September 30, 2021	December 31, 2020
Floating instruments	\$ 210	\$ -
Average balance	171	1,913
Impact on profit (loss) of a change in interest rates:		
-1%	2	19
+1%	\$ (2)	\$ (19)

## Risk Factors

The Company and its subsidiaries are subject to a number of risk factors. These risk factors relate to the organizational structure of the Company and to the operations of its subsidiaries. There were no changes to the principal risk factors from those reported in the Company's Annual MD&A for the year ended December 31, 2020.

## Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the most recent interim financial report and this MD&A (the "Interim Filings") of the Company and that, based on their knowledge having exercised reasonable diligence: (a) the Interim 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 Interim Filings; and (b) the interim financial report together with the other financial information included in the Interim 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 Interim 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.