

Annual Report of



Decisive Dividend

— Corporation —

For the year ended December 31, 2024

Letter from the Chair of the Board

In this year's annual message to you, our shareholders, as Chair of Decisive Dividend Corporation, I am going to discuss the strength of our model, and how its success is based upon its consistent and continuous execution over the long term. The Company has experienced incredible growth and has had very strong performance since successfully navigating through the Covid pandemic in 2020, including the record performance of 2023, only to take a pause in financial performance in the first half of 2024, but then drive a stronger Q3 2024 and go on produce our best Q4 financial results to date in Q4 2024. While we tend to be measured by our quarterly financial results, it should also be important to shareholders to note that our management team and our subsidiaries were able to diligently work through the Q1 and Q2 2024 pause in positive financial performance, and the corresponding short term dip in financial metrics and payout ratios, to ensure that Decisive be in an even stronger more balanced position to effect the stronger Q3 and thereafter produce our best Q4 results to date, with the corresponding financial metrics improving to as expected levels.

I have met with our business leaders and am very happy to say that Decisive is in an excellent position to drive financial success as we leave 2024. This is directly as a result of the coordinated effort of management and our businesses to directly and positively deal with a plethora of issues this year including: the acquisitions of Techbelt in the United Kingdom and Alberta Production Machining in Edmonton, and closing our new banking facilities which took our banking and debt facilities from \$68 million to \$175 million, to, across the subsidiaries, new product development, and improvements in product quality, safety, manufacturing systems and delivery, personnel, contracts, capacity, and productivity, as well as investments in growth capital expenditures, new premises, and improvements to existing premises. Much of the foregoing work was carried out in the first half of the 2024 when we were experiencing the challenging financial results. The return to strength of our financial results in the second half of the year and now as we enter 2025 are a direct result of those efforts. I will let Jeff Schellenberg, our CEO, deal with the specifics of the 2024 year in his report, and also deal with the specifics of our 2025 prospects and the potential impact of external challenges like tariffs, but suffice it to say that the very hard work undertaken by our entire team has created the balanced strength of our operations that we are currently experiencing. It is the long term commitment to our principles which must be consistently adhered to and applied which allow for and provide for our long term success. We have proven on several occasions and throughout our operational history that where there are challenges, we are very capable of working through them in the short term to ensure the long term success of Decisive. Even the initial United States tariffs on Chinese steel products which initially directly affected Unicast, and which have been in place now for several years, we have been able to effectively reduce their impact by implementing several different initiatives. It is imperative that we continue to anticipate and create solutions to the external events that, while beyond our control, require our ability to manage them effectively, and we are in a position of strength because of our commitment to our model.

If you understand our model you will understand our fierce commitment to it. Decisive's business model has not changed since inception. 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 that supports our monthly dividends, which next month will surpass \$40 million in cumulative dividends paid since acquiring our first business in 2015. We maintain growth by investing in our existing subsidiaries and providing them with the tools and opportunities to induce their accelerated growth, and in addition, adding to our subsidiary portfolio by way of purchasing new companies on an accretive basis and by adding tuck-ins to our existing businesses which are also immediately expected to be accretive.

James A. Paterson
Chair, Board of Directors

Letter from the CEO

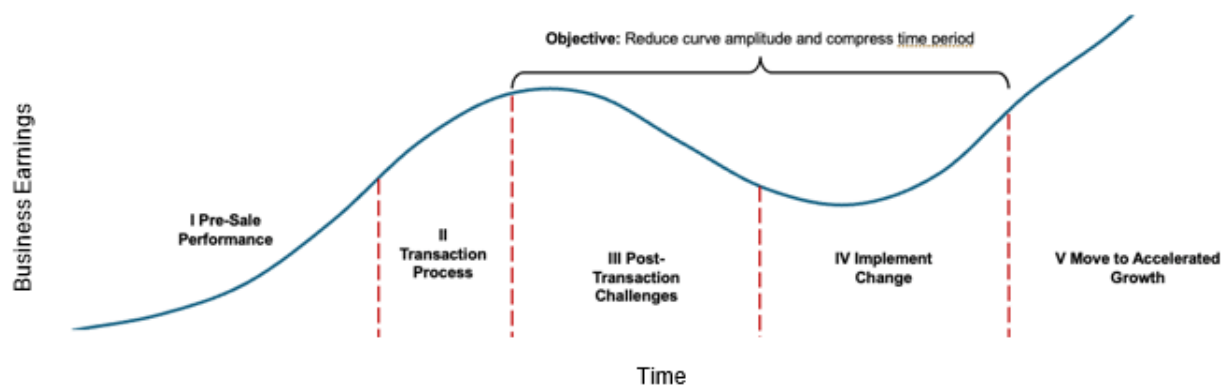
It is a privilege to communicate with you, our shareholders, in this my third annual CEO Letter. 2024 wrapped up with the strongest Q4 in the history of Decisive. This strong performance was a result of the across-the-board effort of our subsidiaries to add profitable new customers and increase operating efficiency through the calendar year, which we saw beginning to bear fruit in Q3 2024 after a challenging first half of the year. The significant improvement in operating performance in Q4 2024 illustrates the quality of the portfolio of companies and the capability of their leadership teams to take steps to methodically improve subsidiary business performance, even as they were faced with challenging macroeconomic conditions in many of the sectors they operate in.

This letter follows my [2022 letter](#), where I provided an overview of our business model. I would encourage you to read that letter as it provides the foundational elements of our business model that continue to guide our decision-making processes today. In my [2023 letter](#), I discussed how the accomplishments we achieved in 2023 were replicable and scalable outcomes of execution under our business model. In this 2024 letter, I'd like to discuss the opportunity that exists to drive return as we integrate the small businesses we acquire using the concept of the small and medium-sized enterprise ("SME") value creation s-curve. This curve provides some background as to why we saw some of the challenges we experienced in early 2024 but also why these challenges are temporary, why we saw the improvement we did throughout the 2024 year and why we should expect to return to stronger performance levels moving forward. I will also discuss some of the steps we are taking to reduce the impact of volatility on our business in the future. Finally, I will include some comments regarding the outlook for our business for 2025.

The Impact of Integration – the SME Value Creation S-Curve

Having completed the acquisition of 13 small businesses (< \$25mm enterprise value) since 2015, we have seen some consistent patterns play out in the performance of the businesses before, during and after acquisition completion that takes the shape of an s-curve. While the specifics of each of our acquisitions is different, the shape of this curve illustrates the challenges that can be experienced when acquiring SMEs, but also the tremendous potential to drive return that the businesses we acquire have as we successfully move them into the accelerated growth portion of the curve. The s-curve is outlined graphically below, and I will provide comments on each of the phases of the s-curve in this letter as well as how we are adjusting our organization to address the opportunities this s-curve represents.

SME Value Creation S-Curve



Phase I – Pre-Sale Performance

As business owners / founders approach the stage of exiting a SME, the business often achieves high-water mark performance under the business owner's watch close to the time of the transaction. Given the vendor is understanding they are approaching a sale, there is often a concerted effort to pursue maximum value through driving revenue and profitability to make the business as attractive as possible to

achieve the highest valuation possible. While we characterize our target vendor as a “legacy-minded exiting business owner,” whose focus is not strictly on maximizing value (as discussed in the 2022 CEO letter), we have seen these types of results consistently in the transactions we have completed as the motivation is high to achieve the best possible financial outcome in a transaction scenario.

Phase II – Transaction Process

The deal process consumes a significant amount of time and effort while also being emotionally and psychologically draining for business owners and/or operators as they walk through the decision to sell a business which is often a core part of the identity of the vendor. The time taken to interview and hire advisors, produce initial information materials to market the business, gather data, prepare data rooms and produce other due diligence materials, conduct management meetings and answer questions for various potential buyers, even when supported by an M&A advisor, is significant for a vendor, who will also often have very limited transaction experience to draw on. Though this is the case, we’ve seen the wave of energy and emotion the owner is riding through this process continuing to propel the business even during the disruptive transaction process. However, what is often impacted during this process is future business generation activity in the form of ongoing new orders, which then contributes to the next phase of the s-curve. Vendor motivation to see the process through and commitment to support the transition of operations to a new leader are made during this phase with a strong sense of optimism around the potential of the business under new ownership and the ability and motivation to continue to work with the purchaser post-sale.

Phase III – Post-Transaction Challenge

After the adrenaline rush of the transaction process, and the transition of ownership to a new entity, the vendor, even when they have committed to transition leadership, faces the reality of the fact that they are no longer the owner of the business and the fact that they will be moving into a new chapter of their lives which does not have, as a priority, the work of being a business owner and/or operator. As a new owner steps in to introduce new leadership or systems and processes with the objective of scaling the business, there frequently is some level of friction with the vendor who is transitioning leadership of the business as there is a lack of comfort with thinking about doing business differently than what has been done in the past. Further, the distraction of the transaction process often catches up to the business during this phase, with the pipeline of future opportunities having been impacted through lack of focused business development effort during the time-consuming transaction process. The result of this is some energy lost in the business as a result of friction in this process and, very likely, a step-back in the performance of the business during this phase.

Phase IV – Implementation of Change

Phase III and Phase IV are often co-mingled as the new business owner seeks to implement systems, processes and best practices to drive the return they are committed to achieve for their investors. For us, this includes the financial elements we require as a publicly traded company. Oftentimes this involves engaging professional leaders to replace the retiring business owner, which can cause complications due to the potential impact on culture a new leader can have as well as various other challenges that can arise. For instance, often the acquired companies have highly committed long-term employees who occupy positions that have reported into the previous owner / operator who may not have developed or communicated strategic objectives for the business, established accountability to ensure these objectives were achieved, provided access to information to allow these subordinates to make informed decisions or, in other cases, given the subordinate leaders the responsibility to be the driver of performance for the area they operate in. As a new leader steps in and begins developing a long-term strategy, implementing best practices to help achieve these strategic objectives, sharing information, deploying incentive / accountability programs, developing standard operating procedures and measuring key performance indicators, the business becomes prepared to move into an accelerated growth mode. This transition is typically very challenging as there can be a learning curve for a group of long-term committed individuals who have worked at the acquired business for a long time but are now faced with additional responsibility and a change in role from what they had under the previous private ownership. Sometimes these individuals thrive under the new responsibility and become keenly engaged in learning and training to close the capability / knowledge gap they may not have recognized they have, but other times the

individuals occupying these roles are not equipped to transition into greater responsibility, which creates some turnover in the positions below the retiring business owner as well. As the incumbents rise to the occasion or these roles are filled with individuals who understand what is required to scale an area of a business and are given the agency to do so, the business is prepared to move into the next phase of accelerated growth.

Phase V – Move to Accelerated Growth

Emerging out of Phase III and IV, the business is positioned to move into an accelerated growth phase. This is the value creation phase for investors, as leadership has been able to build a team and install systems and processes that allow the business to operate safely, consistently (improving quality and delivery timelines) and with improved control of costs which allows the business to pursue growth.

Having acquired 8 businesses in 24 months from April 2022 to April 2024, we were in Phase III (Post-Transaction Challenge) and IV (Implementation of Change) in a lot of businesses in 2024. The value Decisive paid for the businesses we acquired reflects the fact that the journey along this s-curve will be taken. However, reducing the amplitude of the earnings impact of the business and compressing the timeline to move through these phases is the critical return driver for our shareholders which drives our focus on continuing to develop our playbook that we can utilize to identify potential issues during the diligence process, address the most critical points during the integration process while pursuing a common set of best practices that help move us more effectively through these phases into the accelerated growth / value creation stage for our shareholders as quickly as possible.

As we enter 2025, we are encouraged about how the businesses we acquired have worked through some key challenges, embraced change, established responsibility throughout the organizations, improved the quality of the teams and addressed different safety, quality, delivery, cost and systems issues that have moved the businesses towards being able to pursue accelerated growth. We have seen this play out in the acquisitions completed prior to 2022 and have been rewarded by years of really strong performance from Blaze King, who rode this curve and, especially in 2024, the performance of Northside, which faced some of the most significant challenges we've seen in a portfolio company post-acquisition. The encouragement for our shareholders of these examples along with what we are seeing from our current group of recent acquisitions is that we have been able to work through the types of Phase III and Phase IV challenges we have seen before. So, what might this look like for some of our more recent acquisitions?

- **Marketing Impact:** Marc Gosselin was hired in March 2024 and has transformed the business development, operations and administrative departments of the business, automating significant processes, reducing overhead expenditures while enabling the use of analytics to measure business process success, positioning Marketing Impact for accelerated growth in 2025.
- **Micon/Procore:** Brian McDonald was hired in September 2023 and focused on developing processes and training individuals on these processes to increase manufacturing capacity from ~30 radiators / day when the business was acquired to ~80 radiators / day currently while enhancing safety, maintaining quality and adding new customers across multiple geographies to the business.
- **Capital I:** Though the initial leader we hired to replace the vendor was not successful, given the business shared a major client with Hawk, Tim Stewart, President of Hawk, was named acting President of Capital I on January 2, 2025, and has been working with the team at Capital I to ensure our major client is receiving deliveries on contractually committed timelines, while also working to identify operational area leaders to oversee Capital I's various product lines, standardize various procedures that have been core to Capital I's historical success and improve role clarity for the employee base at Capital I. We have recently hired Cory Magnusson, who will join the business as its permanent leader in Q2 2025, who we strongly believe will be able to continue the progress Tim has made during a short period of time under his oversight of Capital I. This organization would be in Phase IV of the Value Creation Curve now.
- **IHT:** IHT completed the move to its new facility at the end of 2023, launched a new heating mat manufactured out of fiber reinforced plastic ("FRP") material in late 2023 / early 2024, while also commissioning a press to be able to manufacture these FRP shells in house and developing new

glueing compounds and processes because of the move to FRP material. These significant changes in the business along with the downturn in hog prices which impacted the pork industry broadly, resulted in 2024 being a challenging year for IHT. The processes and procedures developed in 2024 in its larger facility resulted in additional manufacturing capacity to in-source fabrication which supports product quality and margins. In addition, we are in process of working with one of the vendors we bought the business from, Matt Robins, who has indicated a desire to step back out of the business. Chris Grant, the other vendor we acquired the business from, will continue as President of the business and we will be hiring an operational leader to support Chris to move the business through Phase IV of the Value Creation Curve as well.

- Techbelt: The acquisition of Techbelt was completed in April 2024 and Simon Sparkes, one of three previous family members who owned and operated the business, took over operations at that time. As Techbelt had strong supporting leadership in place prior to the acquisition, the decision was made to add additional sales staff to bolster its existing team and online order generating capabilities which has driven some strong early results in 2025. The continuity of Simon's leadership, the strength of Techbelt's systems, processes and culture and the energy created in the organization through the acquisition by Decisive has positioned Techbelt well to move very quickly through the SME value creation s-curve into accelerated growth mode.

Lessons Learned Around Living with Volatility

Given some of the evident cyclicity / volatility in the earnings streams of the businesses we own along with the characteristics of the types of businesses we acquire and the SME value creation s-curve these businesses move through over the course of an acquisition process, there are a few critical factors we need to be highly conscious of as we execute on our business strategy and build our portfolio, including how we ensure balance sheet strength and flexibility and how we effect our capital allocation program.

First, building a diversified portfolio of businesses over time that are not all exposed to the same customer / industry dynamics, are not all at the same phase of the SME value creation s-curve, and who serve a variety of end markets and geographies, will help reduce earnings volatility which is what we are seeking to build with our investments in various hearth, industrial, wear-parts, agriculture and merchandising businesses. While recently we have had a concentration of businesses who have been at similar stages of the SME value creation s-curve, the examples we have provided above illustrate how we are moving into the accelerated growth part of the curve for a few of these businesses, while working to finalize the changes necessary to pursue growth in the others.

From a balance sheet and capital allocation perspective, Decisive entered 2024 with less than 2.0 times leverage ratio including the debt funding of both the APM and Techbelt acquisitions in early 2024. Decisive's cumulative acquisition funding mix (after 13 acquisitions) is 52% debt and 48% equity, in line with the targeted 50% debt and 50% equity acquisition funding mix. From a dividend payout ratio perspective, Decisive entered 2024 with a 54% payout ratio which, at the time of the dividend increase announced in February 2024, increased to 66% on a pro forma basis. Thus, Decisive was in a very solid position from both a financial covenant and payout ratio perspective as it entered 2024. The volatility in earnings seen across Decisive's portfolio, especially in the first half of 2024, illustrated how dramatically key financial covenants and payout ratios can be impacted by periods of earnings volatility, even when that volatility is temporary. While the balance sheet strength Decisive entered the year with allowed it to withstand the operational challenges experienced in 2024, the increase in its leverage ratios and reduction in its coverage ratios limited capital availability under its syndicated credit facility and increased the cost of capital as a result of the share price compression experienced. As operating performance has improved in the second half of 2024, the importance of conservative balance sheet management to ensure flexible access to capital is maintained at an advantageous cost has been highlighted. Operating with a payout ratio that is more in line with where the Company entered 2024 and where the Company ended up at in the fourth quarter, with a three-month dividend payout ratio of 55%, will also provide greater flexibility in the overall capital allocation program. Decisive remains dedicated to its commitment to its shareholders to provide sustainable and growing dividends and its business leaders have worked extremely hard to drive the improvement in earnings that demonstrates, as it did in Q4 2024, that the business is able to support the current dividend at a payout ratio level that supports balance sheet flexibility. Maintaining this flexibility with future dividend growth will be critical.

2025 Outlook

Wrapping up the year with an inflection point quarter like Q3 2024 and the strongest Q4 in the company's history reinforces the point that the challenges we saw in early 2024 were a result of various temporary macroeconomic factors impacting demand for our products and the challenges being experienced based on the phase of the SME value creation s-curve several of our acquired companies were operating in. The improvement in demand for our products that we began to see in Q3 2024 and which continued in Q4 2024 has also been continued in the first part of Q1 2025 as order levels have outpaced both 2023 and 2024 levels of orders seen at a similar time in those years and with sales outpacing 2024 and approaching 2023 levels, with strong contributions from across the group. While the hearth industry businesses are performing more in line with levels seen in 2024, the strength in the performance of the other businesses is driving the strength in performance relative to 2023. The subsidiary performance improvement in the second half of 2024 and early 2025 is based on deliberate steps and actions taken to strengthen sales teams, improve internal processes to allow sales teams to focus on business development rather than project management, product quality and performance improvements, improved communication around product differentiators and the onboarding of new clients we are manufacturing components for. These steps, along with improved outlook for our customers (especially in agriculture), are resulting in the improved order levels and sales that we are seeing. Further, there are several new products that we'll be introducing across our portfolio in 2025 that we believe will support improved performance in our business. Specifically, in our hearth businesses, we are launching seven new products (two in North America and five in the United Kingdom / Europe) that include a smaller Blaze King unit for North America (named the E16) and the overnight burn stove in the United Kingdom that incorporates Blaze King combustion technology (named the Tempus) that, we believe, will have a positive impact on results in the second half of 2025 and beyond.

As we stated in our operational update on March 6, 2025, the work done to position Decisive and its subsidiaries for improved performance in 2025 has been somewhat overshadowed by the significant uncertainty surrounding U.S. tariffs on Canadian goods. While Decisive and its subsidiaries will be impacted if significant long-term blanket tariffs are imposed on Canadian goods with respect to its U.S. destined sales, which accounted for 48% of 2024 sales, there are factors that were outlined in that operational update which should mitigate or insulate certain subsidiaries from the impact of tariffs, and subsidiary management teams have been assessing strategies and exploring numerous alternatives to minimize the impact of tariffs.

The focus of this update has been operational in nature, which is justified as it has been critical for us to rebuild the strength of our earnings base to, as mentioned earlier, increase the available capacity we have under our credit facility and improve the cost of capital we can raise equity at by delivering earnings that support an improved share price to support future M&A. Further, the tools we have been able to develop and implement as we have worked through different Phase III and Phase IV onboarding and integration challenges in the different businesses we have acquired has helped put us in a position to improve our integration processes for future acquisitions. While operations have been our focus, we have not stopped looking at acquisition opportunities and continue to see a strong flow of opportunities that fit well within the parameters of the types of businesses we are looking for. As a result, we fully expect to complete additional acquisitions in 2025 and look forward to providing further updates on that to our shareholders.

In summary, through the challenge of early 2024 and the recovery in the back half of 2024 to record Q4 2024 results, this has been an important year in our business as it helped us refine some of the core elements of our business model and give us a set of learnings and tools we'll be able to utilize for many years to come, including our ability and resilience to weather storms we face in our business which is important even in the context of the global political and economic uncertainty that we are currently surrounded with. We want to thank all of our stakeholders for their support throughout this year and look forward to communicating further with you in the future as our business continues to grow and evolve.

Jeff Schellenberg
Chief Executive Officer

Management's Discussion and Analysis of



Decisive Dividend

— Corporation —

For the year ended December 31, 2024

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.

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.
- Capital I Industries Inc. ("Capital I"); acquired in April 2023.
- Innovative Heating Technologies Inc. ("IHT"); acquired in July 2023.

Component Manufacturing Segment

- Unicast Inc. ("Unicast"); acquired in June 2016.
- Hawk Machine Works Ltd. ("Hawk"); acquired in June 2018.
- Northside Industries Inc. ("Northside"); acquired in August 2019.
- Procore International Radiators Ltd. ("Procore") and Micon Industries Ltd. ("Micon"); both acquired in April 2023 and amalgamated as Procore in December 2024.
- Techbelt Limited ("Techbelt"); acquired in April 2024.

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, 2024 and 2023. The audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). 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, 2024 and 2023. This MD&A covers the year ended December 31, 2024 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".

This MD&A was prepared effective March 18, 2025.

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 Accounting Standards 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 Accounting Standards measure are included throughout the MD&A where applicable.

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

Overall Performance

The following is selected financial information of the Group for the periods indicated below:

FINANCIAL PERFORMANCE

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

For the year ended December 31,	2024	2023	2022
Sales	\$ 127,853	\$ 134,881	\$ 98,587
Gross profit	47,869	52,763	32,853
Gross profit %	37%	39%	33%
Adjusted EBITDA ¹	20,306	25,204	13,667
Per share basic	1.05	1.45	1.05
Profit before tax	3,257	11,750	5,687
Profit	2,011	8,333	4,084
Per share basic	0.10	0.48	0.31
Per share diluted	0.10	0.45	0.29
Free cash flow ¹	11,794	15,626	8,363
Per share basic	0.61	0.90	0.64
Free cash flow less maintenance capital ¹	10,866	14,282	7,409
Per share basic	0.56	0.82	0.57
Dividends declared	10,401	7,732	4,569
Per share basic	0.54	0.44	0.35
Dividend payout ratio ¹	96%	54%	62%

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 Accounting Standards measures reported in the Company's consolidated financial statements as follows:

Adjusted EBITDA

(Stated in thousands of dollars)

For the year ended December 31,	2024	2023	2022
Profit for the period	\$ 2,011	\$ 8,333	\$ 4,084
Add (deduct):			
Financing costs	5,639	3,795	2,524
Income tax expense	1,246	3,417	1,603
Amortization and depreciation	9,694	7,895	4,884
Acquisition and restructuring costs	1,038	1,001	1,077
Impairment losses	4,456	-	-
Inventory fair value adjustments and write downs	369	28	22
Share-based compensation expense	1,289	745	143
Foreign exchange losses (gains)	(854)	96	(619)
Other income	(4,538)	(9)	(20)
Gain on sale of equipment	(44)	(97)	(31)
Adjusted EBITDA	20,306	25,204	13,667

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

(Stated in thousands of dollars)

For the year ended December 31,	2024	2023	2022
Cash provided by operating activities	\$ 12,776	\$ 15,789	\$ 8,427
Add (deduct):			
Changes in non-cash working capital	4,458	4,117	3,192
Income taxes paid	2,107	4,306	991
Current income tax expense	(836)	(4,274)	(1,743)
Acquisition and restructuring costs	1,038	1,001	1,077
Interest paid	(5,391)	(3,650)	(2,354)
Lease payments	(2,127)	(1,492)	(1,227)
Required principal repayments on debt	(231)	(171)	-
Free cash flow	11,794	15,626	8,363
Maintenance capital expenditures	(928)	(1,344)	(954)
Free cash flow less maintenance capital	10,866	14,282	7,409
Dividends declared	10,401	7,732	4,569
Dividend payout ratio	96%	54%	62%

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

FINANCIAL POSITION

(Stated in thousands of dollars)

As at December 31	2024	2023	2022
Working capital	\$ 31,057	\$ 21,686	\$ 17,929
Property and equipment	30,398	23,776	12,299
Total assets	165,228	152,567	98,434
Long-term debt, excluding debt issuance costs	60,979	45,282	32,988
Equity	56,884	57,751	34,130
Share Information (000s)			
Common shares issued and outstanding	19,696	18,911	14,888

Discussion of Overall PerformanceAnnual Consolidated Financial Highlights

Sales in 2024 decreased by 5% to \$127.9 million from \$134.9 million in 2023, driven by decreases in Finished Product segment sales that were partially offset by increases in Component Manufacturing segment sales. Increases in Component Manufacturing segment sales were driven by strong a strong year of sales at Northside as well as the sales generated in the businesses acquired in 2023 and 2024, Micon, Procore, and Techbelt, partially offset by sales decreases in Unicast. Northside sales increased 14% relative to 2023 as demand levels in the commercial vehicle industry have continued to be strong. The sales generated by the three acquired businesses were consistent with or ahead of pre-acquisition averages. Hawk sales were consistent with 2023, as decreases in certain project-based sales were offset by increases from the APM assets it acquired in March 2024. Unicast sales decreased as economic and geopolitical uncertainty resulted in reduced order activity leading into and during the early part of 2024, although Unicast sales were higher in Q4 2024 than in Q4 2023. In the Finished Product segment, lower

2024 aggregate demand backlogs, reduced overall consumer spending, warmer weather and lower energy prices resulted in a 34% decline in hearth product sales in 2024 compared to 2023, although order activity was higher in Q4 2024 than in Q4 2023. Slimline sales were also lower in 2024 compared to 2023, with sales of both agricultural sprayers and wastewater evaporators experiencing decreases. Agricultural sprayer sales were impacted by lower farmer profitability, while product enhancements related to Slimline's larger scale wastewater evaporator delayed certain orders of that product. However, sales of both products were higher in Q4 2024 than in Q4 2023. Sales at Marketing Impact were consistent year-over-year, and the sales generated in the two Finished Product segment businesses acquired in 2023, Capital I and IHT, partially offset the Slimline and hearth declines noted above. Capital I sales levels were consistent with 2023 when pro-rated for a full year. IHT sales in 2024 were below pre-acquisition averages as customers deferred capital projects based on their cash flows which had been negatively impacted due to challenging pork industry conditions and overall economic uncertainty, although IHT sales rebounded in Q4 2024.

The decrease in overall sales resulted in a \$4.9 million, or 9%, decrease in consolidated gross profit compared to 2023. A change in product mix and the negative impact of fixed overhead costs on lower overall sales contributed to a decrease in gross profit percentages, which declined by 2 percentage points to 37% compared to 39% in 2023.

Overall operating expenses increased from \$41.0 million in 2023 to \$45.6 million in 2024. The increase was primarily a result of the overall increase in scale due to the six acquisitions completed in 2023 and 2024, as well as increased financing costs related to the debt funded portion of those acquisitions.

Adjusted EBITDA for 2024 was \$20.3 million, a \$4.9 million, or 19%, decrease compared to the record levels achieved in 2023, driven by the decrease in sales and gross profit described above.

Foreign exchange gains also affected profit between Q4 2024 and Q4 2023. Non-cash foreign exchange gains in Q4 2024 primarily arose on the translation of U.S. dollar denominated assets based on the increased value of the U.S. dollar relative to the Canadian dollar during the quarter.

As a result of the Company's annual impairment testing of goodwill, \$4.5 million in non-cash impairment losses were recorded in 2024, which are included in impairment losses in the table above. The impairment tests were conducted on a value-in-use basis, using estimated future cash flows that considered past experience, economic trends and industry trends, including the challenging agricultural industry conditions noted above, assumptions around which represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty. A significant portion of the impairment losses related to the goodwill recorded on the acquisition of IHT, the value of which included the estimated fair value of contingent consideration at the time of acquisition, premised on IHT meeting certain earnings targets for a three-year period post-acquisition. Contingent consideration liabilities associated with historical acquisitions are reviewed at each reporting period and adjusted to the estimated amount required to settle the obligation, based on the most reliable evidence available on the reporting date. The review conducted in Q4 2024 resulted in a \$4.5 million reduction in the estimated fair value of accrued contingent consideration recorded on historical acquisitions, which is included in other income in the table above. Overall, the above impairment losses were more than offset by the reduction in the fair value of accrued contingent consideration recorded on historical acquisitions, including IHT. Although this did not have a significant impact on overall net profit, this highlights a strength in Decisive's acquisition structure where it pays reasonable up-front acquisition multiples on historical earnings, with the ability for vendors of the businesses acquired to earn more only if those businesses perform to specified levels post-acquisition.

Consolidated net profit in 2024 was \$2.0 million, or \$0.10 per share, a decrease of \$6.3 million, \$0.38 lower on a per share basis, compared to 2023. The overall decreases in net profit were primarily driven by the decrease in sales and gross profit described above and the increase in the scale of the organization and the associated operating expenses relative to 2023.

2024 Acquisitions

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

On April 10, 2024, the Company added to its growing portfolio of wear parts businesses through the acquisition of 100% ownership of Techbelt, a manufacturer of polytetrafluoroethylene ("PTFE") conveyor belts, PTFE tapes, and PTFE materials.

These businesses are further described later in this MD&A under the heading "Component Manufacturing Segment Overview".

The acquisitions of APM and Techbelt are anticipated to have a positive financial impact on Decisive as they are expected to result in an increase in sales, gross profit, profit, and Adjusted EBITDA. The table below sets forth the pro forma combined financial information of Decisive and the applicable pre-acquisition periods for the 2024 acquisitions:

<i>(Stated in thousands of dollars, except per share amounts)</i>			
		Add pre-acquisition periods for acquired businesses**	Pro forma
For the trailing twelve month period ended December 31, 2024	Decisive [*]		
Sales	\$ 127,853	\$ 1,771	\$ 129,624
Gross profit	47,869	721	48,590
Gross profit %	37%	41%	37%
Profit	2,011	293	2,304
Per share basic	0.10		0.12
Adjusted EBITDA ¹	20,306	457	20,763
Per share basic	1.05		1.07

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

* – based on Decisive's audited financial information reported for the year ended December 31, 2024.

** – based on the unaudited financial information of Techbelt for the pre-acquisition period from January 1, 2024 to April 9, 2024. The pre-acquisition historical financial information relating to Techbelt has not been audited and is based upon information provided to Decisive by the acquired business, and their respective management and previous shareholders.

<i>(Stated in thousands of dollars)</i>			
		Add pre-acquisition periods for acquired businesses**	Pro forma
For the trailing twelve month period ended December 31, 2024	Decisive [*]		
Profit	\$ 2,011	\$ 293	\$ 2,304
Add (deduct):			
Financing costs	5,639	18	5,657
Income tax expense	1,246	107	1,353
Amortization and depreciation	9,694	28	9,722
Acquisition and restructuring costs	1,038	-	1,038
Impairment losses	4,456	-	4,456
Inventory fair value adjustments and write downs	369	-	369
Share-based compensation expense	1,289	-	1,289
Foreign exchange losses (gains)	(854)	(4)	(858)
Other income	(4,538)	15	(4,523)
Gain on sale of equipment	(44)	-	(44)
Adjusted EBITDA	20,306	457	20,763

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

<i>(stated in thousands of dollars)</i>				
		APM	Techbelt	Total
Cash (net of cash acquired)	\$	2,789	\$ 5,088	\$ 7,877
Common shares		-	603	603
Contingent consideration		-	484	484
	\$	2,789	\$ 6,175	\$ 8,964

The cash portion of the consideration in each of these acquisitions was funded using the Company's syndicated credit facility. The share portion of the consideration was funded through the issuance of 57,879 common shares of Decisive to the vendors of Techbelt.

Additionally, the vendors of Techbelt can be paid up to an additional £2.2 million contingent on Techbelt meeting certain earnings targets over the three years following the acquisition date.

Upon completion of these acquisitions, Decisive's cumulative acquisition funding mix for the 13 acquisitions it has completed to date is 52% debt and 48% equity.

The allocation of the purchase price to the acquisition date fair value of the assets acquired, and liabilities assumed on these acquisitions is as follows:

<i>(stated in thousands of dollars)</i>				
		APM	Techbelt	Total
Working capital, excluding cash	\$	11	\$ 341	\$ 352
Property and equipment		3,289	644	3,933
Intangible assets		-	2,038	2,038
Goodwill		-	4,052	4,052
Lease obligation		(511)	(306)	(817)
Deferred income taxes		-	(594)	(594)
	\$	2,789	\$ 6,175	\$ 8,964

Further particulars regarding Techbelt, including certain (unaudited) historical financial information, are set forth in Decisive's material change report dated April 11, 2024, a copy of which is available on SEDAR+ at www.sedarplus.ca.

2023 Acquisitions

On April 5, 2023, the Company acquired 100% ownership of Capital I, Micon and Procore. Capital I, Micon and Procore manufacture and sell a range of products that support non-cyclical road maintenance and construction customers, as well as heavy equipment maintenance customers across multiple industries and geographies.

On July 19, 2023, the Company acquired 100% ownership of IHT, a well-established manufacturer and developer of high efficiency heating mats and lighting solutions for hog production.

These businesses are further described later in this MD&A under the headings "Finished Product Segment Overview" and "Component Manufacturing Segment Overview".

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

(stated in thousands of dollars)

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

The cash portion of the consideration in each of these acquisitions was initially funded using the Company's revolving term acquisition facility. Subsequent to the acquisitions of Capital I, Micon and Procore, a large portion of the amount drawn on the acquisition facility was repaid using the net proceeds of a bought deal equity financing. After the acquisition of IHT, \$4.0 million of the amount drawn on the acquisition facility was repaid using the cash proceeds from the exercise of warrants. The share portion of the consideration was funded through the issuance of an aggregate 583,191 common shares of Decisive to the vendors of Capital I, Micon, Procore and IHT.

Additionally, the vendors of Capital I can be paid up to an additional \$4.5 million and the vendors of IHT can be paid up to an additional \$10.0 million, contingent on Capital I and IHT meeting certain earnings targets over the three years following the acquisition date. For each acquisition, the contingent consideration recorded by the Company reflected the estimated fair value of the earnings target being met, as at the acquisition date. The contingent consideration recorded is subsequently reviewed at each reporting period and adjusted to the estimated amount required to settle the obligation, based on the most reliable evidence available on the reporting date, with any changes recognized in profit or loss. The December 31, 2024 review resulted in a reduction in the accrued contingent consideration related to the acquisition of IHT, due to the impact of challenging agricultural industry conditions, while accrued contingent consideration related to the acquisition of Capital I was increased. Also in 2024, the Company settled \$1.2 million in accrued contingent consideration related to the acquisition of Capital I, through the payment of \$0.9 million in cash and the issuance of common shares to the vendors of Capital I as described later in this MD&A under the heading "Disclosure of Outstanding Share Data".

The allocation of the purchase price to the acquisition date fair value of the assets acquired, and liabilities assumed in these transactions are as follows:

(stated in thousands of dollars)

	Capital I	Micon	Procore	IHT	Total
Working capital, excluding cash	\$ 6,723	\$ 408	\$ 985	\$ 1,958	\$ 10,074
Property and equipment	3,688	225	603	4,957	9,473
Intangible assets	2,697	2,017	2,340	7,905	14,959
Goodwill	2,472	1,354	1,882	11,447	17,155
Lease obligation	(890)	(47)	(121)	(2,389)	(3,447)
Deferred income taxes	(1,267)	(587)	(748)	(2,199)	(4,801)
	\$ 13,423	\$ 3,370	\$ 4,941	\$ 21,679	\$ 43,413

Further particulars regarding Capital I, Micon, Procore and IHT, including certain (unaudited) historical financial information, are set forth in Decisive's material change reports dated April 10, 2023 and July 19, 2023, copies of which are available on SEDAR+ at www.sedarplus.ca.

Outlook

Decisive and its diversified portfolio of manufacturing businesses undertook numerous initiatives throughout the last year that resulted in the strongest fourth quarter in the Company's history in Q4 2024, and positioned Decisive and its subsidiaries for improved performance in 2025. Product demand began to improve in Q3 2024, which continued into Q4 2024 and through the first part of Q1 2025. To the date of

this report, 2025 consolidated order levels have outpaced the same periods in both 2024 and 2023, with consolidated sales outpacing 2024 and approaching 2023 levels in those same periods and based on more balanced contributions from across the Group. While the hearth industry businesses are performing more in line with 2024, improved performance across the other businesses has driven the overall comparison to 2023. The actions taken by subsidiary management to improve their teams, processes, and quality, combined with improved customer demand, driven in part by recent interest rate reductions, have all contributed to improved order and sales levels witnessed to date in 2025. Current consolidated backlogs are also well ahead of this time in 2024 and, although backlogs have not returned to the level reached at this time in 2023, there are a number of new products that will be introduced across the portfolio this year that should further support improved performance in 2025 and beyond. The steps Decisive and subsidiary management took to work through the challenges faced in 2024, including continued product and customer development, and the significant investments in growth capital expenditures through the last year have better positioned each of Decisive's businesses to deliver long term organic growth. Further commentary surrounding the above initiatives and 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".

The work done to position Decisive and its subsidiaries for improved performance in 2025 has been somewhat overshadowed by the significant uncertainty surrounding United States tariffs imposed on Canadian goods. While Decisive and its subsidiaries will be impacted if significant long-term blanket tariffs are imposed on Canadian goods with respect to its United States destined sales, which accounted for 48% of 2024 sales, there are factors that should mitigate or insulate certain subsidiaries from the impact of tariffs, and subsidiary management teams have been assessing strategies and exploring numerous alternatives to minimize the impact of tariffs should they be imposed as follows:

- Substantially all of the products manufactured by the Group and sold into the United States are compliant with the Canada-United States-Mexico Agreement.
- Certain subsidiaries have contracts with customers that have pricing mechanisms to mitigate the impact of tariffs, and a large percentage of Decisive's overall United States destined sales fall into this category.
- Decisive has a history of managing United States tariffs that have been in place for several years now through its Unicast subsidiary and has employed strategies that have considerably lowered the impact of tariffs on Unicast's margins.
- Blaze King has manufacturing capabilities in the United States already and, as part of the expansion plans of various subsidiaries, management has been exploring alternatives for expanding manufacturing and distribution capacity in the United States for other portfolio businesses as well.
- Overall, it will take time for United States customers to reposition their supply chains in response to tariffs, if they can even do so. Decisive's subsidiaries produce, in many cases, proprietary, specialized and/or industry leading products using advanced and proven production methods which are not easily replicated without considerable time, effort and investment.
- As tariff percentages and durations are clarified, the general consensus is that the value of the Canadian dollar could further depreciate relative to the United States dollar, which would insulate the impact of tariffs on margins on Decisive's United States dollar sales.

In March 2024, the Company syndicated its credit facility with four top tier lending partners, increasing its total available debt by \$107 million to \$175 million. Decisive's ability to access both debt and equity financing through its relationships with its lenders, shareholders, and various investment banks, as demonstrated by the completion of eight acquisitions in 24-months funded through its debt facilities and two successful equity raises, is a critical element of Decisive's business model and a key differentiating advantage of the business in the minds of vendors. Decisive entered 2024 with less than a 2.0 times leverage ratio including the debt funding of both the APM and Techbelt acquisitions in early 2024. Decisive's cumulative acquisition funding mix (after 13 acquisitions) is 52% debt and 48% equity, in line

with the targeted 50% debt and 50% equity acquisition funding mix. From a dividend payout ratio perspective, Decisive entered 2024 with a 54% payout ratio which, at the time of the dividend increase announced in February 2024, increased to 66% on a pro forma basis. Thus, Decisive was in a very solid position from both a financial covenant and payout ratio perspective as it entered 2024. The volatility in earnings seen across Decisive's portfolio, especially in the first half of 2024, illustrated how dramatically key financial covenants and payout ratios can be impacted by periods of earnings volatility, even when that volatility is temporary. While the balance sheet strength Decisive entered the year with allowed it to withstand the operational challenges experienced in 2024, the increase in its leverage ratios and reduction in its coverage ratios limited capital availability under its syndicated credit facility and increased the cost of capital as a result of the share price compression experienced. As operating performance has improved in the second half of 2024, the importance of conservative balance sheet management to ensure flexible access to capital is maintained at an advantageous cost has been highlighted. Operating with a payout ratio that is more in line with where the Company entered 2024 and where the Company ended up at in the fourth quarter, with a three-month dividend payout ratio of 55%, will also provide greater flexibility in the overall capital allocation program. Decisive remains dedicated to its commitment to its shareholders to provide sustainable and growing dividends and its business leaders have worked extremely hard to drive the improvement in earnings that demonstrates, as it did in Q4 2024, that the business is able to support the current dividend at a payout ratio level that supports balance sheet flexibility. Maintaining this flexibility with future dividend growth will be critical.

Decisive is continuing to build and execute on 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 the western world is 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 is and will continue to provide opportunities for Decisive, with its legacy-maintaining business model and access to capital being key differentiators in a competitive acquisition marketplace.

As a result of all these factors, 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, including the cost of energy. Blaze King and ACR's businesses historically experience 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 businesses of Decisive's other subsidiaries. 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 2024	Q3 2024	Q2 2024	Q1 2024
Sales	\$ 37,564	\$ 32,240	\$ 28,699	\$ 29,350
Gross profit	14,634	11,999	10,001	11,235
Gross profit %	39%	37%	35%	38%
Adjusted EBITDA ¹	7,298	5,627	3,416	3,965
Per share basic	0.37	0.29	0.18	0.21
Profit (loss) before tax	2,791	1,173	(1,053)	346
Profit (loss)	1,870	948	(994)	187
Per share basic	0.10	0.05	(0.05)	0.01
Per share diluted	0.09	0.05	n/a	0.01

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Sales	35,668	37,654	30,706	30,853
Gross profit	13,796	16,346	11,499	11,122
Gross profit %	39%	43%	37%	36%
Adjusted EBITDA ¹	7,181	7,863	5,266	4,894
Per share basic	0.38	0.43	0.31	0.33
Profit before tax	3,160	3,995	1,911	2,684
Profit	2,424	2,741	1,201	1,967
Per share basic	0.13	0.15	0.07	0.13
Per share diluted	0.12	0.14	0.06	0.12

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

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

(Stated in thousands of dollars)

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Profit (loss) for the period	\$ 1,870	\$ 948	\$ (994)	\$ 187
Add (deduct):				
Financing costs	1,440	1,529	1,454	1,217
Income tax expense (recovery)	921	225	(59)	159
Amortization and depreciation	2,574	2,544	2,419	2,157
Acquisition and restructuring costs	154	186	508	187
Impairment losses	4,456	-	-	-
Inventory fair value adjustments and write downs	363	4	3	-
Share-based compensation expense	508	230	241	310
Foreign exchange gains	(480)	(31)	(112)	(232)
Other income	(4,501)	(5)	(13)	(17)
Gain on sale of equipment	(7)	(3)	(31)	(3)
Adjusted EBITDA	7,298	5,627	3,416	3,965

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Profit for the period	\$ 2,424	\$ 2,741	\$ 1,201	\$ 1,967
Add (deduct):				
Financing costs	1,083	1,076	881	755
Income tax expense	736	1,253	710	718
Amortization and depreciation	2,574	2,231	1,771	1,319
Acquisition and restructuring costs	1	397	578	25
Inventory fair value adjustments and write downs	28	-	-	-
Share-based compensation expense	108	283	115	239
Foreign exchange losses (gains)	220	(100)	18	(42)
Other (income) expense	(5)	21	(8)	(17)
Gain on sale of equipment	12	(39)	-	(70)
Adjusted EBITDA	7,181	7,863	5,266	4,894

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 2024 Consolidated Financial Highlights

Sales for the fourth quarter increased 5% to \$37.6 million from \$35.7 million in Q4 2023. The overall sales increase in Q4 2024 compared to Q4 2023 was driven by increases in Component Manufacturing segment sales which more than offset decreases in Finished Product segment sales. Each of the Component Manufacturing segment businesses experienced sales increases, however the most significant contributions were from the ongoing strong performance at Northside and results from Techbelt, which was acquired in April 2024. In terms of the Finished Product segment, the decrease in Q4 2024 sales, was a result of lower sales at Blaze King and ACR compared to Q4 2023 sales, which finalized a record year in 2023 for the hearth businesses. However, the strength of Q4 2024 sales and order activity as well as the effects of improved pricing and foreign exchange rates limited hearth sales declines to 27% in Q4 2024 compared to Q4 2023, despite the hearth businesses entering the fourth quarter with 89% less in order backlog in Q4 2024 compared to Q4 2023, though the higher order backlogs in Q4 2023 were exposed to order cancellation risk due to last year's extended delivery times. Also within the Finished Product Segment, Marketing Impact and IHT sales both continued to improve in Q4 2024 relative to the first half of 2024 and were each consistent with Q4 2023. Additionally, both Slimline and Capital I sales increased in the quarter relative to Q4 2023, with both Slimline's agricultural sprayer sales and wastewater evaporator sales ahead of last year and Capital I sales improving on sales to an oil and gas customer as part of a joint award with Hawk and Unicast.

The increase in overall sales, resulted in a \$0.8 million, or 6%, increase in consolidated gross profit in Q4 2024, compared to Q4 2023 with consistent gross profit percentages.

Overall operating expenses increased from \$10.4 million in Q4 2023 to \$12.3 million in Q4 2024. The increase was primarily a result of the overall increase in scale due to the acquisitions completed in 2024 as well as increased financing costs related to the debt funded portion of the 2024 acquisitions and the debt incurred to fund capital expenditures during the year. The overall increase was also impacted by increases in share-based compensation in Q4 2024 compared to Q4 2023, related to the fair value of share awards granted in early 2024.

Adjusted EBITDA for the fourth quarter of 2024 was \$7.3 million, an increase of \$0.1 million, or 2% relative to Q4 2023 driven by the increase in sales and gross profit described above.

Foreign exchange gains also affected profit between Q4 2024 and Q4 2023. Non-cash foreign exchange gains in Q4 2024 primarily arose on the translation of U.S. dollar denominated assets based on the increased value of the U.S. dollar relative to the Canadian dollar during the quarter. The value of the U.S. dollar relative to the Canadian dollar had decreased in Q4 2023. In addition, the above noted increases in financing costs and non-cash share-based compensation impacted profit and profit per share in the quarter relative to Q4 2023. Consolidated net profit in the quarter was \$1.9 million, or \$0.10 per share, a decrease of \$0.6 million, \$0.03 lower on a per share basis, compared to Q4 2023.

Q3 Consolidated Financial Highlights

Q3 2024 sales were 14% lower than the record \$37.7 million experienced in Q3 2023. The overall sales decrease in Q3 2024 compared to Q3 2023 was driven by decreases in Finished Product segment sales while Component Manufacturing segment sales were slightly higher than Q3 2023. The stable performance in Component Manufacturing segment sales were a result of ongoing strong performance at Northside, Micon and Procore, and contributions from Techbelt, acquired in April 2024, offset by weaker performance at Hawk. In terms of Finished Product segment sales, Blaze King and ACR results were challenged by macroeconomic conditions, lower energy prices during the first nine months of 2024 relative to the same period in 2023, and warmer weather, while macroeconomic challenges impacted agriculture product orders at Slimline and IHT. The impact of a \$3.5 million wastewater evaporator order for Slimline that occurred in Q3 2023, along with a reduction in project based sales at Capital I also contributed to the decline in Q3 2024 sales relative to the record performance for this segment in Q3 2023. These headwinds were somewhat offset by improved performance at Marketing Impact, which saw a 10% increase in sales in Q3 2024 relative to Q3 2023.

The decrease in overall sales, resulted in a \$4.3 million, or 27%, decrease in consolidated gross profit in Q3 2024, compared to Q3 2023. A shift in product mix and the negative impact of fixed overhead costs on

lower overall sales contributed to a decrease in gross profit percentages, which declined by 6 percentage points to 37% compared to 43% in Q3 2023.

Overall operating expenses decreased from \$12.5 million in Q3 2023 to \$10.9 million in Q3 2024. The decrease was primarily a result of decreases in salaries, wages and benefits and other operating expenses, partially offset by increased financing costs related to the debt funded portion of acquisitions completed post Q3 2023.

The overall decreases in Adjusted EBITDA and net profit were primarily driven by the decrease in sales described above offset by decreases in salaries, wages and benefits and other operating expenses relative to Q3 2023.

Q2 2024 Consolidated Financial Highlights

Sales for the second quarter decreased by 7% to \$28.7 million from \$30.7 million in Q2 2023, driven primarily by a decrease in hearth product sales. Q2 marks the traditional slower seasonal demand period for the hearth businesses, Blaze King and ACR. In 2023, Q2 hearth sales were insulated by higher order backlogs that had built up through 2022 and 2023. Lower aggregate demand backlogs, coupled with lower energy prices during the first half of 2024 relative to the same period in 2023, general macro-economic pressures and warmer weather, resulted in a 49% decline in hearth product sales in Q2 2024 compared to Q2 2023. The decline in hearth sales was the primary reason for the aggregate 19% revenue decline experienced in the seven businesses owned prior to 2023, partially offset by Q2 2024 sales increases at Marketing Impact and Slimline of 27% and 18% respectively compared to Q2 2023. The sales generated by the three businesses acquired post Q2 2023 (IHT, APM and Techbelt) positively impacted overall sales in Q2 2024 compared to Q2 2023. However, IHT sales in the quarter were below pre-acquisition averages as a result of customers electing to delay capital projects in light of continuing challenging pork industry conditions and overall economic uncertainty. The March 2024 acquisition of APM drove a 31% increase in Hawk sales in Q2 2024 relative to Q2 2023. After its acquisition in April 2024, Techbelt's positive sales trajectory continued in Q2 2024 with sales ahead of pre-acquisition averages.

The decrease in overall sales, resulted in a \$1.5 million, or 13%, decrease in consolidated gross profit in Q2 2024, compared to Q2 2023. The decrease was driven primarily by the negative impact of fixed overhead costs on lower overall sales which also contributed to a decrease in gross profit percentages, which declined by 2 percentage points to 35% compared to 37% in Q2 2023.

Overall operating expenses increased from \$9.6 million in Q2 2023 to \$11.2 million in Q2 2024. The increase was primarily a result of the overall increase in scale due to the three acquisitions completed post Q2 2023, as well as increased financing costs related to the debt funded portion of those acquisitions.

The overall decreases in Adjusted EBITDA and net profit were primarily driven by the decrease in sales described above and the increase in the scale of the organization and the associated operating expenses relative to Q2 2023.

Q1 2024 Consolidated Financial Highlights

Sales for the first quarter decreased by 5% to \$29.4 million from \$30.9 million in Q1 2023, driven primarily by a decrease in hearth product sales. Blaze King and ACR entered 2024 with 90% lower order backlogs than existed in 2023. Although these large backlogs positively impacted 2023 results, the lower aggregate demand backlog, coupled with lower energy prices during Q1 2024 relative to Q1 2023 and warmer weather that occurred in late Q1, during the start of the traditional slower seasonal demand periods for these businesses, resulted in a 43% decline in hearth product sales in Q1 2024 compared to Q1 2023. Conversely, demand levels in the commercial vehicle industry have continued to be strong and Northside sales increased 19% in Q1 2024 compared to Q1 2023. The sales generated by the four businesses acquired in 2023 (Capital I, Micon, Procore and IHT) partially offset the aggregate 24% revenue decline experienced in the seven businesses owned prior to 2023, 66% of which relates to the hearth products businesses. Q1 2024 sales for Micon and Procore were consistent with pre-acquisition averages. Capital I sales levels in Q1 2024 were lower than pre-acquisition averages due to a decrease in project work that

was previously being completed for an oil and gas customer, unrelated to its core business. IHT sales were also below pre-acquisition averages during the quarter as a result of customers electing to delay capital projects in light of challenging pork industry conditions and overall economic uncertainty.

Despite the decrease in overall sales, consolidated gross profit increased by \$0.1 million, or 1%, to \$11.2 million in Q1 2024, compared to Q1 2023. The increase was driven by the increase in gross profit percentages, which improved by 2 percentage points to 38% compared to 36% in Q1 2023. Both segments contributed to the margin increase that were a result of product mix changes, pricing increases, and other margin enhancing activities, as well as the contribution from the four high margin businesses acquired in 2023.

Overall operating expenses increased from \$8.6 million in Q1 2023 to \$11.1 million in Q1 2024. The increase was primarily a result of the overall increase in scale due to the four acquisitions completed in 2023, as well as increased financing costs related to the debt funded portion of those acquisitions.

The overall decreases in Adjusted EBITDA and net profit were primarily driven by the decrease in sales described above and the increase in the scale of the organization and the associated operating expenses relative to Q1 2023.

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 six separate businesses: Blaze King, Slimline, Marketing Impact, ACR, Capital I and IHT.

Blaze King

Blaze King produces and sells high-quality, high-efficiency wood burning stoves and wood burning 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 are recognized as the most efficient in the hearth market. Blaze King management believes that its products have developed a strong reputation for quality, ease of use, and efficiency. 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

ACR produces and sells woodburning, multifuel, gas and electric stoves and fireplaces, and sells them primarily in the United Kingdom. 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 Eco-design Ready models, ACR is compliant with the highest emissions standards in place in the United Kingdom and across Europe.

Slimline

Slimline and predecessor companies have been manufacturing and selling air blast sprayers since 1948. Slimline's "Turbo Mist" branded 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 and are primarily sold through its dealer network throughout Canada and the United States. Slimline also designs, manufactures, and sells EcoMister evaporator systems primarily used in the mining, oil and gas, and waste management industries. Slimline's EcoMister evaporator division has been in operation since 1996.

It produces an environmental and economical solution that meets specific customer needs in the elimination of wastewater. Slimline's evaporators are sold into markets throughout the world.

Marketing Impact

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 product catalogue includes: product pusher systems, loss prevention solutions, merchandising bins and accessories, shelf management systems, and sign holder systems. 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.

Capital I

Capital I, located in Tisdale, Saskatchewan, has been designing, manufacturing and distributing high-quality road maintenance and construction equipment since 1993. Capital I's innovative products include dozer blades, snow blades and wings, gravel reclaimers, road groomers, quick attach lifts, road mulchers and mowers, that are used in the construction and maintenance of gravel roads. Capital I's products are tailored to fit numerous makes and models of heavy equipment used in road maintenance which allows them to service a diverse customer base ranging from OEMs, dealers and municipalities. In addition, Capital I fabricates and/or distributes mining equipment, oil and gas parts, agricultural parts and hydraulic cylinders.

IHT

IHT, located outside of Winnipeg, Manitoba, is a well-established manufacturer and developer of high efficiency heating mats and lighting solutions for hog production. IHT was founded in 1995 and offers a diverse range of reliable and energy-efficient equipment, with a strong emphasis on research and development of new innovative technologies. The current focus of the business is centered on heat mats, lighting products and related equipment for hog producers. Management believes that the key competitive advantages for these products are durability, anti-microbial characteristics, energy efficiency, optimal heat distribution, and safety and hazard prevention, all of which promote animal welfare and cost savings for their customers. IHT's products are sold around the world both directly and through strategic distributors.

Finished Product Segment Performance

(Stated in thousands of dollars)

December 31,	For the three months ended		For the year ended	
	2024	2023	2024	2023
Sales	\$ 22,380	\$ 23,928	\$ 71,058	\$ 82,470
Gross profit	9,221	9,584	28,417	34,340
Gross profit %	41%	40%	40%	42%
Profit	423	3,164	3,404	10,854
Add (deduct):				
Financing costs	183	163	676	464
Income tax expense	751	838	340	2,315
Amortization and depreciation	1,394	1,743	5,450	4,855
Acquisition and restructuring costs	91	-	206	-
Impairment losses	2,713	-	2,713	-
Inventory fair value adjustments and write downs	363	28	369	28
Foreign exchange expense (income)	(543)	60	(610)	(24)
Other income	(15)	(2)	(43)	(3)
Gain on sale of equipment	(5)	-	(26)	(40)
Adjusted EBITDA	5,355	5,994	12,479	18,449

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

Three Months Ended December 31, 2024

Overall sales for the segment in Q4 2024, decreased by \$1.5 million, or 6%, relative to Q4 2023. The decrease was driven by decreased sales in the hearth businesses, Blaze King and ACR, however, both sales and order levels markedly improved in Q4 2024 relative to the first half of 2024 with the move into a stronger seasonal period. Additionally, despite entering the fourth quarter with 89% less in order backlog in Q4 2024 compared to Q4 2023, hearth sales were only 27% lower in the same respective periods which highlights the strength of Q4 2024 sales and order activity as well as the effects of improved pricing and foreign exchange rates. Slimline sales increased 37% relative to Q4 2023 driven by increases in both agricultural sprayer sales and wastewater evaporator sales. Sales for Capital I increased by 38% in Q4 2024 relative to Q4 2023 based primarily on an increase in sales to an oil and gas customer as part of a joint award with Hawk and Unicast. In addition, Marketing Impact and IHT sales continued to improve in Q4 2024 relative to the first half of 2024 and were consistent with Q4 2023.

The decrease in overall sales resulted in a \$0.4 million, or 4%, decrease in gross profit in Q4 2024 compared to Q4 2023. Segment gross profit percentage increased to 41% in Q4 2024 compared to 40% in Q4 2023 due to the change in product mix and the impact of foreign exchange rates.

Overall segment Adjusted EBITDA was \$5.4 million in Q4 2024; a decrease of \$0.6 million, or 10%, compared to Q4 2023, driven primarily by the decrease in sales described above, and the impact of decreased sales on the fixed costs that do not meaningfully fluctuate with product demand in those businesses.

Year Ended December 31, 2024

Overall sales for the segment in 2024 decreased by \$11.4 million, or 14%, relative to 2023. The decrease was driven primarily by a decline in hearth product sales, partially offset by the sales generated in the two businesses acquired in 2023: Capital I and IHT. Capital I contributed meaningfully to overall segment results in 2024, with sales levels consistent with 2023 when pro-rated for a full year. Although IHT sales rebounded in Q4 2024, overall 2024 sales were below pre-acquisition averages as customers deferred capital projects based on their cash flows which had been negatively impacted due to challenging pork industry conditions and overall economic uncertainty. In 2023, hearth sales were insulated by higher order backlogs that had built up through 2022 and 2023. Lower 2024 aggregate demand backlogs, lower energy prices in 2024, high inventory levels in retailer showrooms on reduced consumer spending, and warmer weather, resulted in a 34% decrease in hearth product sales in 2024 compared to 2023, although order activity was higher in Q4 2024 than in Q4 2023. The 24% decrease in Slimline sales in 2024 compared to 2023, was a result of decreased sales of both agricultural sprayers and wastewater evaporators. Agricultural sprayer sales were impacted by lower farmer profitability, while product enhancements related to Slimline's larger scale wastewater evaporator, delayed certain orders of that product, although sales of both products were higher in Q4 2024 than in Q4 2023. Sales at Marketing Impact in 2024, were consistent with 2023, although improvements in production capacity and sales conversion in the second half of the year have Marketing Impact well positioned heading into 2025.

Overall gross profit decreased by \$5.9 million, or 17%, in 2024 relative to 2023, driven by the overall decrease in sales. Segment gross profit percentage decreased to 40% in 2024 compared to 42% in 2023, based primarily on product mix and the impact of decreased sales on the fixed costs that do not meaningfully fluctuate with product demand.

Overall segment Adjusted EBITDA was \$12.5 million in 2024; a decrease of \$6.0 million, or 33%, compared to 2023. The decrease was driven by the decreases in overall sales and gross profit described above as well as the impact of the increase in the scale of the segment from the acquisitions completed in 2023 and the associated operating expenses relative to the same period in 2023.

As a result of the Company's annual impairment testing of goodwill, \$2.7 million in non-cash impairment losses were recorded in the finished product segment in Q4 2024, which are included in impairment losses in the table above. The impairment tests were conducted on a value-in-use basis, using estimated future cash flows that considered past experience, economic trends and industry trends, including the challenging agricultural industry conditions noted above, assumptions around which represent

management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty. Most of the impairment losses related to the goodwill recorded on the acquisition of IHT, the value of which included the estimated fair value of contingent consideration at the time of acquisition, premised on IHT meeting certain earnings targets for a three-year period post-acquisition. The above goodwill impairment losses were more than offset by a reduction in the fair value of accrued contingent consideration recorded on historical acquisitions, including IHT, as further described later in this MD&A under the heading "Head Office Segment Overview". This highlights a strength in Decisive's acquisition structure where it pays reasonable up-front acquisition multiples on historical earnings, with the ability for vendors of the businesses acquired to earn more only if those businesses perform to specified levels post-acquisition.

Finished Product Segment Industry Trends and Outlook

Blaze King and ACR

- All Blaze King products meet stringent United States Environmental Protection Agency ("EPA") regulations in effect for wood heating appliances in North America. Recent changes to EPA testing methodologies has caused confusion and uncertainty amongst retailers in the hearth industry. As a result, Blaze King elected to pre-emptively retest and recertify all of its products to allay retailer concerns of EPA certificates expiring on inventory held and Blaze King received all six certificate renewals from the EPA in Q4 2024. This should provide Blaze King customers with five years of security and consistency with respect to the changing regulatory environment. After completing the recent recertification tests, Blaze King occupies the top three positions for the most efficient wood stoves in North America as listed by the EPA. This positions Blaze King to capitalize on consumer demand, which could increase as interest rate reductions take hold, with products that lead the industry in efficiency and which are certified for the next five years.
- Investments made with respect to EPA readiness has positioned Blaze King to increase its market share. Blaze King management believes that its market share should continue to improve over the coming years as competitor EPA certifications expire, which could lead to near-term competitive pressures as competitors incentivize retailers to sell products that may not be re-certifiable under the new testing methodologies. Blaze King and ACR are continuing their efforts to position themselves as regulatory compliance leaders in current and prospective markets, as evidenced by the pre-emptive EPA retesting completed in 2024.
- The United States government's tax credit program, effective until 2032, should continue to drive outsized demand relative to the market as Blaze King products make up 9% of eligible wood stoves. Consumers can apply for a tax credit of up to \$2,000 to replace older non-efficient wood stoves and fireplaces.
- Blaze King and ACR received regulatory approval for its new product design that utilizes Blaze King's combustion technology styled and sized for sale into the United Kingdom and European markets, which also could be sold in the North American market, supported by the extensive dealer networks both businesses have in their respective markets. Final design for this new product, which will be the first of its kind in the United Kingdom, is underway and the product is expected to be ready to market in the United Kingdom before the seasonal strong period in the second half of 2025. Both companies are pursuing other new product designs as well to broaden the range of products they offer. ACR will be launching a new range of electric products for the United Kingdom market in late Q1 2025 while Blaze King has developed a new fireplace product aimed more at the new construction market and is also developing a smaller, lower priced model to pursue different market participants.
- Winter weather conditions, the costs of heating alternatives such as natural gas, timelines for receiving regulatory approval for new product line launches, consumer demand, including the impact of prolonged higher interest rates, and geopolitical uncertainty have an impact on demand for wood stoves and fireplaces in North America, the United Kingdom and Europe. Both Blaze King and ACR are actively pursuing market share increases through their respective distribution

channels, including through pursuing profitable new retailers, and the introduction of new product designs to address these potential impacts. Blaze King and ACR management focused on building appropriate levels of inventory to satisfy demand expected through their stronger seasonal periods which positioned them to capitalize on the demand increases witnessed through the latter part of Q3 2024 and in Q4 2024 relative to the first half of the year. Order levels have continued trending positively and to date in 2025 are ahead of 2024 orders. Investments in growth capital were made over the last three years to increase production capacity and efficiency.

Slimline

- Slimline's agriculture sprayers have strong brand equity and market penetration in British Columbia, the Pacific Northwest, Michigan, Pennsylvania and New York. The fuel, chemical and labour efficiency improvements Slimline's customers experience in utilizing its sprayer products position Slimline to capitalize on the wider industry movement toward precision agriculture. Further, Slimline is continuing to develop products that further enhance these efficiencies.
- Leadership is focused on communicating its efficiency relative to competing products through wide ranging product demonstrations, which included demonstrations to potential new customers who farm over 150,000 acres of orchards and vineyards in North America in the summer of 2024. These demonstrations illustrated the fuel, chemical and labour efficiency of its sprayer product relative to competitor products. Slimline is also working to enhance its service quality to the existing customer base through enhancing its dealer relationships which will support the expansion of its market share in the Pacific Northwest and other large agricultural markets on the west coast of North America, such as California, and along the Maine to Florida corridor on the east coast of North America.
- The high interest rate environment, low farmer profitability, and general economic uncertainty negatively impacted 2024 sprayer sales. Future demand should be positively impacted by the recent interest rates reductions in North America; however tariff uncertainty may weigh on customer demand in the short-term.
- Opportunities for Slimline's wastewater evaporator products to provide alternative wastewater remediation solutions in the mining, oil and gas and waste management industries.
- Slimline has worked to enhance the performance and design of its large-scale wastewater evaporator product, the largest available on the market today, for use in larger scale tailings ponds. This positions Slimline for increased activity in this product line, demonstrated by increased evaporator sales in Q4 2024 as well as confirmed orders for delivery in 2025.

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 in the long-term.
- Demand from these customers softened in early 2024 but improved later in the year and to date in 2025 which, when coupled with operational productivity improvements, resulted in improved sales. Marketing Impact is uniquely positioned as a North American manufacturer and supplier of merchandising products, systems, solutions and displays for these customer groups. Its product pusher and anti-theft systems can demonstrate a strong return on investment to its customer base as they support labour savings and reduced shrinkage 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, Quebec and the United States, including as a result of expanding its relationships with its existing customers who operate across a broader geography than Marketing

Impact currently services. In the United States, the grocery and pharmacy industries are more fragmented than in Canada, which provides for a wider potential customer sales base, and efforts to further expand the business into the United States are underway.

- Transition of leadership from the founders of Marketing Impact limited growth in the business in 2023. Marc Gosselin was hired as the President of Marketing Impact in March 2024, marking a major advancement in the leadership transition process, positioning the business to pursue growth in a methodical fashion while improving operational efficiency.

Capital I

- Capital I produces innovative products designed for optimizing maintenance of gravel roads that can demonstrate a strong return on investment for its customers through reduced use of consumables, improved visibility and safety of drivers given the proprietary method of product attachment to grader units, while improving performance as a result of the unique design attributes of its products relative to its competitors.
- Significant opportunities for growth in adjacent markets exist in British Columbia, Alberta, Ontario and the United States. The sales team is being expanded to target these markets.
- The high interest rate environment and general economic uncertainty has and may continue to cause Capital I customers to defer capital expenditures and instead focus on maintenance which could reduce demand for Capital I products in the near-term. Further, though Capital I produces equipment that can be used for road maintenance in both winter and summer, weather conditions can have an impact on the level of demand for the product in any given season. Future demand should be positively impacted by recent interest rate reductions in North America, and to date in 2025, order levels are tracking ahead of 2024.
- A pause in project work that was previously being completed for an oil and gas customer impacted Capital I results in the first nine months of 2024. Orders from this customer have recommenced and sales were positively impacted in Q4 2024. Additional significant confirmed orders from this customer were received on a joint contract awarded with Unicast and Hawk that will positively impact the first half of 2025, with opportunity for additional work from this customer in the back half of 2025 and beyond as well.
- Capital I underwent a leadership transition at the start of 2025. Tim Stewart, President of Hawk, has acted as President of Capital I during this time period to ensure business continuity. Cory Magnusson will join the business as its permanent leader in Q2 2025, and Decisive is confident that he will be able to continue the progress Tim has made during the period of time under his oversight and position Capital I to pursue its potential.

IHT

- The energy efficiency of IHT's products results in significant cost savings for pork producers relative to other technologies used in the industry.
- Similarly, its products optimize heating conditions, and improve safety and hazard prevention, all of which enhance animal welfare and additional cost savings for its customers.
- Feed costs and market pricing challenged the profitability of North American pork farmers through 2022 and 2023, and, while feed costs and pricing improved early in 2024, pork pricing softened as the year progressed. Order levels at IHT began improving late in Q3 2024 which positively impacted Q4 2024. Current optimism of improving pork futures and lowering feed costs, combined with recent interest rate reductions in North America, has positively impacted demand to date in 2025 as well, with order levels significantly higher than at the same time in 2024.
- IHT's products can help pork producers reduce their energy usage and realize cost savings, supporting profitability. IHT currently has many trials ongoing with potential customers to demonstrate the ability of its products to support profitability, which have historically had a very

high probability of converting to future product sales. Conversion of trials to sales is the clear focus of management, who has been actively supporting its customers to complete grant and rebate applications, which its products are eligible for, in order to facilitate the conversion decision.

- IHT has expanded its product offering to include cooling mats which impact animal welfare by reducing heat stress for the animals. IHT's capability with respect to fiberglass reinforced plastics and the additional capacity afforded by the move to a new larger facility, with new more efficient equipment will allow IHT to both meet its expected demand levels for its heating mat products over the coming years while expanding its product offering to support cooling mat production as the technology gains traction with customers.
- Opportunities for growth in other pork producing countries in South and Central America, Europe and Asia also exist for IHT, which it is pursuing through the development of distributor relationships in these markets.

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 six separate businesses: Unicast, Hawk, Northside, Micon, Procore, and Techbelt.

Unicast

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 by using novel alloys, precision engineering, three-dimensional scanning technology, robust quality control processes, and comprehensive collaboration agreements involving academia and industry partners. Unicast sells its wear parts across Canada and the United States, with continuing growth in Latin America, the Middle East, Asia, and Europe.

Hawk

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 several years, customers of Hawk have primarily been market participants in 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 reputation for quality.

Northside

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 sector; however, Northside also has exposure to the forestry, agriculture, environmental, mining, and oil and gas sectors. 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, tool and battery boxes, steel under-decking and much more.

Micon

Micon, founded in 1990, designs, manufactures and distributes high-quality radiator seals and grommets for heavy duty equipment. Its products are designed to help reduce downtime associated with cooling system failures of the equipment used in the demanding mining and road construction industries. Micon utilizes strategic distribution hubs and distribution partners to reduce time to fulfill orders to its worldwide base of customers.

Procore

Procore, founded in 2006, designs, manufactures and distributes high-performance radiators for heavy duty equipment. Procore radiators are designed for the cooling systems found in the heavy-duty equipment used in the mining, oil and gas and road construction industries. Procore manufactures a full line of folded core radiators as well as a growing list of AMOCS Radiators to fit into Caterpillar™ type equipment. Procore's innovative designs reduce expensive downtime for its customers, and it utilizes strategic distribution hubs and distribution partners to reduce time to fulfill orders to its worldwide base of customers.

Techbelt

Techbelt, founded in 2002, is a manufacturer of polytetrafluoroethylene ("PTFE") conveyor belts, PTFE tapes, and PTFE materials which are used in a wide range of end markets including food and beverage, packaging, textiles, agriculture, and fast-moving consumer goods. Techbelt management believes that its key competitive advantages are its ability to provide technical solutions for customers and its rapid turnaround for delivery of a broad range of products at high specification for markets with compliance and regulatory requirements.

Component Manufacturing Segment Performance

(Stated in thousands of dollars)

December 31,	For the three months ended		For the year ended	
	2024	2023	2024	2023
Sales	\$ 15,978	\$ 12,742	\$ 58,525	\$ 54,698
Gross profit	5,413	4,212	19,452	18,423
Gross profit %	34%	33%	33%	34%
Profit	332	1,107	4,996	6,536
Add (deduct):				
Financing costs	63	32	223	127
Income tax expense	133	184	812	1,347
Amortization and depreciation	1,159	811	4,159	2,977
Acquisition and restructuring costs	44	-	258	-
Impairment losses	1,743	-	1,743	-
Foreign exchange expense (income)	(525)	160	(684)	120
Other income	(24)	(3)	(30)	(6)
Gain on sale of equipment	(2)	12	(18)	(57)
Adjusted EBITDA	2,923	2,303	11,459	11,044

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

Three Months Ended December 31, 2024

Overall segment sales in Q4 2024 increased by \$3.2 million, or 25%, relative to Q4 2023, driven by the sales generated in Techbelt, which was acquired in April 2024, and increases in each of the other segment businesses as well. The most notable increase in sales was at Northside, where sales increased 27% in Q4 2024 relative to Q4 2023, as a result of continued strong demand in the commercial vehicle industry and despite delays in the delivery of products under a new contract with a new commercial vehicle customer to Q1 2025. The increase in Hawk and Unicast sales was a result of an increase in sales to a joint customer with Capital I. Techbelt sales continue to be ahead of pre-acquisition averages. The sales increases generated by Micon and Procore in Q4 2024 compared to Q4 2023 were a result of strong demand levels in the industries these businesses service.

Segment gross profit increased by \$1.2 million, or 29%, for the three-month period ended December 31, 2024, compared to the same period in 2023. The increase was primarily driven by the above noted increase in sales, which also impacted segment gross profit percentages, which improved by 1 percentage points to 34% in Q4 2024 compared to 33% in Q4 2023.

Segment Adjusted EBITDA was \$2.9 million in Q4 2024; an increase of \$0.6 million, or 26%, compared to Q4 2023. The increase in segment Adjusted EBITDA was driven by the increased sales and gross profit generated in the quarter.

Year Ended December 31, 2024

Overall segment sales in 2024 increased by \$3.8 million, or 7%, relative to 2023, driven by sales increases in Northside as well as the sales generated in the businesses acquired in 2023 and 2024, Micon, Procore, and Techbelt, partially offset by sales decreases in Unicast. The sales generated by these three acquired businesses were consistent with or ahead of pre-acquisition averages. Hawk sales were consistent with 2023, as decreases in certain project-based sales were offset by increases from the APM assets it acquired in March 2024. Unicast sales decreased as economic and geopolitical uncertainty resulted in reduced order activity leading into and during the early part of 2024, although Unicast sales were higher in Q4 2024 than in Q4 2023. Northside sales increased 14% relative to 2023 as demand levels in the commercial vehicle industry have continued to be strong.

Segment gross profit increased by \$1.0 million, or 5%, in 2024, compared to 2023. The increase was primarily driven by the above noted increase in sales, as segment gross profit percentages in 2024, were consistent with 2023.

Segment Adjusted EBITDA was \$11.5 million in 2024; an increase of \$0.4 million, or 4%, compared to 2023. The increase in segment Adjusted EBITDA was driven primarily by the increased sales and gross profit generated in 2024 compared to 2023.

As a result of the Company's annual impairment testing of goodwill, \$1.7 million in non-cash impairment losses were recorded in the component manufacturing segment in Q4 2024, which are included in impairment losses in the table above. The impairment tests were conducted on a value-in-use basis, using estimated future cash flows that considered past experience, economic trends and industry trends, assumptions around which represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty. The impairment losses related to the goodwill recorded on the acquisition of Hawk, which greatly reduced the reliance it had on its main customer at the time of its acquisition and to which a large portion of the goodwill recorded on the acquisition of Hawk related to. The above goodwill impairment losses were more than offset by a reduction in the fair value of accrued contingent consideration recorded on historical acquisitions as further described later in this MD&A under the heading "Head Office Segment Overview".

Component Manufacturing Segment Industry Trends and Outlook

Unicast, Micon and Procore

- Although long-term demand expectations for cement, aggregate and mining industries continue to be positive, short-term headwinds have put pressure on demand for Unicast's wear part products. Recent investment in new equipment which is still under warranty can impact the after-market wear-parts businesses as OEM replacement parts are purchased to maintain warranty coverage. In addition, some customers have elected to defer maintenance on machinery or delay capital projects due to general macro-economic pressures, including the high interest rate environment, and near-term geopolitical uncertainty, which also impacted 2024 order activity at Unicast. Future demand should be positively impacted by the recent interest rate reductions in North America.
- While overall order levels were lower in the first half of 2024 compared to the first half of 2023, Unicast order activity trended higher in the second half of 2024 and year-to-date 2025 order levels are ahead of those in 2024. This order activity includes confirmed orders for the first half of 2025 on a joint contract awarded with Hawk and Capital I for an oil and gas customer. Unicast management is actively managing its cost structure based on order activity.
- Opportunity for market share increases through cross selling amongst complementary customer bases and geographies served exist between Unicast, Micon, Procore and Slimline, with its evaporator product. Micon and Procore are leveraging existing customer relationships to pursue

work in new geographic markets and actively pursuing expansion of their customer base. Further geographic expansion opportunities exist in Latin America, Australia, Africa, Asia, Europe, and the Middle East.

- Unicast is working with a well-known university to provide research into technology aimed at extending the wear life of certain of its products which should give Unicast a competitive advantage with respect to these wear products. Additionally, Unicast is developing further diverter valve products with superior wear life properties to complement its current offering of differentiated, high margin valve products, that it expects to bring to market in 2025. Procore is also expanding its product offering to capitalize on market demand.
- Unicast moved into a new expanded facility to improve operational efficiency and allow it to carry more inventory of key products to reduce lead-time and stimulate real-time orders from its customers. Micon and Procore have increased production capacity through efficiency improvements including through investment in new equipment.
- Unicast continues to diversify its supply chain with over 30% of the products delivered in 2024 coming from suppliers outside of China. Unicast can produce over 90% of its wear parts from suppliers outside of China, which greatly mitigates geopolitical and supply chain risk for its business.

Techbelt

- Has a long-standing reputation for technical problem solving, customer service, and innovation and expects to leverage its core competencies to achieve organic growth.
- Pursuing geographic and product development opportunities through expansion of the sales team to target additional customers and markets and provide additional products and services to its customers. Based primarily on the onboarding of some additional large customers, year-to-date 2025 order levels are ahead of those in 2024.
- Utilizing Group facilities to support access to North American market to drive organic growth.

Hawk

- Hawk's customer base is currently tied closely to the North American oil and gas industry and, within this sector, considerable customer base diversification has occurred over the last two years which has lessened the reliance on its main customer considerably.
- Current oil price levels continue to be supportive of strong activity levels in the oil and gas industry, which should be positive with respect to demand for Hawk's products, though Canadian drilling activity is highly seasonal.
- Significant confirmed orders received on a joint award with Unicast and Capital I for an oil and gas customer will positively impact the first half of 2025, with opportunity for additional work with this customer in the back half of 2025 and beyond as well.
- Investments in growth capital were made over the last two years to expand its machining capabilities and improve automation and efficiency.
- In March 2024, Hawk acquired the assets of APM, providing it with increased machining capabilities and access to additional equipment and people to service the strong demand from its growing customer base.
- Hawk management is working at improving operational efficiency in both its new Edmonton, Alberta location, including exploring automation opportunities, and its main facility in Linden, Alberta.

Northside

- Northside's increased sales through 2023 and 2024 have been primarily driven by demand in the commercial vehicle sector, and based on current production forecasts, the provision of these products is expected to continue to support strong demand levels for commercial vehicle products in 2025 as well.
- In Q4 2023, Northside extended the term of its long-term contract with a major commercial vehicle customer through to the end of 2026 and entered into a new contract with another major commercial vehicle customer. The new contract diversifies Northside's customer base and includes shared investment in property and equipment with this customer to produce specific products for them. Northside began delivering products under this new contract in mid-February 2025.
- North American lumber prices declined in the last few years, as rising interest rates reduced demand for lumber. Demand for forestry equipment has moderated as a result and limited demand for Northside's products connected to this sector in 2024. Any improvements in the forestry industry could lead to increased sales of forestry related products in the future.
- Northside is committed to improving production capacity and efficiency and successfully entered into a strategic partnership to produce certain lower margin products in a lower cost jurisdiction in 2023 to help mitigate the effect of cost increases over the previous few years and meet the expected future demand levels of its customers while also increasing production capacity which allows Northside to pursue other value-add manufacturing opportunities for different customers and into new markets.
- Additional capacity and efficiency enhancing investments, including through improved automation, were made in 2024 in both its new facility as well as its pre-existing facility where a new high efficiency laser and brake press became operational in Q4 2024.

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,	2024	2023	2024	2023
Profit (loss)	\$ 1,115	\$ (1,847)	\$ (6,389)	\$ (9,057)
Add (deduct):				
Financing costs	1,194	888	4,740	3,204
Income tax expense (recovery)	37	(286)	94	(245)
Amortization and depreciation	21	20	85	63
Acquisition and restructuring costs	19	1	574	1,001
Share-based compensation expense	508	108	1,289	745
Foreign exchange expense	588	-	440	-
Other income	(4,462)	-	(4,465)	-
Adjusted EBITDA	(980)	(1,116)	(3,632)	(4,289)

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

Three Months Ended December 31, 2024

During the three-month period ended December 31, 2024, Head Office expended \$1.0 million in Adjusted EBITDA on corporate activities, a decrease of \$0.1 million in Adjusted EBITDA relative to Q4 2023. The decrease in Adjusted EBITDA was primarily a result of decreases in salaries, wages and benefits and

other operating expenses. Financing costs increased in the quarter relative to Q4 2023 due to the increase in long-term debt used to fund capital expenditures and the two acquisitions completed in 2024. The increase in share-based compensation in Q4 2024 compared to Q4 2023 relates to the fair value of share awards granted in early 2024. Non-cash foreign exchange losses in Q4 2024 arose on the translation of U.S. dollar denominated debt based on the increased value of the U.S. dollar relative to the Canadian dollar during the quarter.

Contingent consideration liabilities associated with historical acquisitions are reviewed at each reporting period and adjusted to the estimated amount required to settle the obligation, based on the most reliable evidence available on the reporting date. The review conducted in Q4 2024, resulted in a \$4.5 million reduction in the estimated fair value of accrued contingent consideration recorded on historical acquisitions, which is included in other income in the table above.

Year Ended December 31, 2024

For the year ended December 31, 2024, Head Office expended \$3.6 million in Adjusted EBITDA on corporate activities, a decrease of \$0.7 million in Adjusted EBITDA relative to 2023. The decrease in Adjusted EBITDA was primarily a result of decreases in salaries, wages and benefits and other operating expenses. Financing costs increased by a \$1.5 million in 2024 compared to 2023 due to the increase in long-term debt used to fund the five acquisitions completed in 2023 and 2024. The increase in share-based compensation in 2024 compared to 2023 relates to the increased fair value of share awards granted in early 2024. Non-cash foreign exchange losses in 2024 arose on the translation of U.S. dollar denominated debt, which the Company did not hold in 2023, based on the increased value of the U.S. dollar relative to the Canadian dollar during Q4 2024. These increases were partially offset by decreases in acquisition and restructuring 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. 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 considering 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 \$2.4 million, compared to cash of \$3.3 million at December 31, 2024, and cash of \$4.1 million at December 31, 2023.

As at December 31, 2024, the Company had net working capital of \$31.1 million (December 31, 2023 - \$21.7 million) as follows:

	December 31,	December 31,
(Stated in thousands of dollars)	2024	2023
Cash	\$ 3,257	\$ 4,050
Accounts receivable	26,702	22,647
Inventory	24,889	24,351
Prepaid expenses and deposits	2,566	1,399
Accounts payable and accrued liabilities	(22,177)	(26,107)
Dividends payable	(886)	(756)
Warranty provision	(480)	(700)
Customer deposits	(227)	(1,281)
Current portion of lease obligations	(2,385)	(1,693)
Current portion of long-term debt	(202)	(224)
Net working capital	\$ 31,057	\$ 21,686

Capital Expenditures

	For the three months ended		For the year ended	
December 31,	2024	2023	2024	2023
Purchase of property and equipment	\$ 2,515	\$ 1,137	\$ 6,753	\$ 3,918
Proceeds from sale of property and equipment	(9)	(92)	(78)	(173)
	2,506	1,045	6,675	3,745
Growth capital expenditures	2,229	764	5,747	2,401
Maintenance capital expenditures	277	281	928	1,344
	\$ 2,506	\$ 1,045	\$ 6,675	\$ 3,745

Growth capital expenditures in 2024 were primarily directed toward the following: a new brake press and a new paint booth at Blaze King, a new laser and a new brake press at Northside, new facilities, associated equipment and other related capital costs at Northside and Unicast, efficiency enhancing equipment at Marketing Impact, as well as product and market development expenditures at Blaze King, ACR, Slimline and IHT.

Free Cash Flow

	For the three months ended		For the year ended	
December 31,	2024	2023	2024	2023
Cash provided by operating activities	\$ 4,987	\$ 7,861	\$ 12,776	\$ 15,789
Add (deduct):				
Changes in non-cash working capital	2,274	(2,052)	4,458	4,117
Income taxes paid	(81)	1,376	2,107	4,306
Current income tax expense	(227)	(865)	(836)	(4,274)
Acquisition and restructuring costs	154	1	1,038	1,001
Interest paid	(1,360)	(1,058)	(5,391)	(3,650)
Lease payments	(571)	(431)	(2,127)	(1,492)
Required principal repayments on debt	(55)	(60)	(231)	(171)
Free cash flow	\$ 5,121	\$ 4,772	11,794	15,626

Free Cash Flow generated in Q4 2024 increased relative to Q4 2023, primarily due to a decrease in current income taxes, net of the increase in interest paid. For the year ended December 31, 2024, the decrease in Free Cash Flow was primarily a result of the decrease in Adjusted EBITDA net of the decrease in current income tax expense, the increase in lease payments for operating premises, and the increase in interest paid relative to 2023.

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, 2024, and throughout 2023:

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

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

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid in 2024, \$8.4 million were settled in cash and \$1.9 million were reinvested in additional common shares of the Company, pursuant to the dividend reinvestment and cash purchase plan "the DRIP". Of the dividends paid in 2023, \$5.2 million were settled in cash and \$2.2 million were reinvested in additional common shares of the Company, pursuant to 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 increased for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase was primarily a result of the decrease in Free Cash Flow described above and the increase in dividends declared in the respective periods.

(Stated in thousands of dollars)

December 31,	For the three months ended		For the year ended	
	2024	2023	2024	2023
Free cash flow	\$ 5,121	\$ 4,772	\$ 11,794	\$ 15,626
Maintenance capital expenditures	(277)	(281)	(928)	(1,344)
Free cash flow less maintenance capital	4,844	4,491	10,866	14,282
Dividends declared	2,656	2,266	10,401	7,732
Dividend payout ratio			96%	54%

Cumulative dividends, paid since Decisive's inception, for the year ended December 31, 2024, are as follows:

(Stated in thousands of dollars)	December 31, 2024
Cumulative dividends, beginning of year	\$ 27,418
Dividends declared during the year	10,401
Cumulative dividends, end of year	\$ 37,819

Subsequent to December 31, 2024, to the date of this MD&A, the Company undertook the following dividend actions:

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

Long-Term Debt

(Stated in thousands of dollars)	Authorized and Available	March 18, 2025 Outstanding	December 31, 2024 Outstanding	December 31, 2023 Outstanding
Syndicated credit facility	\$ 100,000	\$ 59,873	\$ 60,979	\$ -
Previous credit agreement	-	-	-	45,091
Equipment loans	160	160	202	415
Total debt	\$ 100,160	\$ 60,032	\$ 61,181	\$ 45,506
Less: cash		(2,430)	(3,257)	(4,050)
Total debt, net of cash		\$ 57,602	\$ 57,924	\$ 41,456

In March 2024, the Company entered into a syndicated credit facility providing for a committed \$100 million senior secured revolving term loan and a \$75 million accordion, which the Company can request as an increase, in whole or in part, to the total amount available under the syndicated credit facility. The syndicate lenders include National Bank of Canada, CWB Maxium Financial (a wholly owned division of Canadian Western Bank), Royal Bank of Canada and Fédération des caisses Desjardins du Québec, with National Bank of Canada acting as administrative agent on behalf of the syndicate.

The syndicated credit facility increased the Company's overall debt capacity from \$68 million to \$175 million, providing Decisive with considerable additional liquidity to fund growth in its existing operations as well as through acquisition opportunities, at borrowing costs currently lower than the effective interest rates under its previous credit agreement.

Both acquisitions described in this MD&A under the heading "2024 Acquisitions", were completed utilizing the syndicated credit facility.

Comparative details of the syndicated credit facility and the previous credit agreement with Canadian Western Bank and CWB Maxium Financial are as follows:

Syndicated Credit Facility

<i>(Stated in thousands of dollars)</i>			
	Interest Rate	Effective Interest Rate	Revised Authorized Debt
Senior secured revolving term loan	see below	6.5%	\$ 100,000
Accordion facility	see below	-	75,000
Total senior debt			\$ 175,000

Previous Credit Agreement

<i>(Stated in thousands of dollars)</i>			
	Interest Rate	Effective Interest Rate	Previous Authorized Debt
Revolving term acquisition facility	P+2.5%	9.7%	\$ 25,000
Revolving term operating facility	P+1.0%	8.2%	15,000
Non-amortizing term facility	6.9%	6.9%	28,000
Total senior debt		8.2%	\$ 68,000

"P" in the table above denotes prime rate

The syndicated credit facility consists of a single senior secured revolving term loan, compared to the three separate loan tranches outlined in the table above. There are no required principal payments for the committed three-year term of the syndicated credit facility, which also provides for annual extension provisions, and all drawn amounts will mature in March 2027.

Borrowings under the syndicated credit facility may be made by way of Canadian prime rate, U.S. base rate, Canadian overnight repo rate average ("CORRA") or U.S. Federal reserve secured overnight financing rate ("SOFR") advances. The syndicated credit facility bears interest at the Canadian prime rate or U.S. base rate plus 0.75% to 2.25%, or at CORRA or SOFR plus 2.00% to 3.50%. These interest rate ranges are dependent on certain financial ratios of the Company. In addition, standby fees ranging from 0.40% to 0.70% per annum are paid quarterly on the unused portion of the syndicated credit facility depending on certain financial ratios of the Company. There are no fees paid on the accordion until amounts are made available.

The syndicated credit facility is secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees. 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 debt to Adjusted EBITDA of 3.25:1
- Minimum fixed charge coverage ratio of 1.50:1

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

Off-Balance Sheet Arrangements

The Group 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 18, 2025, December 31, 2024, and December 31, 2023. Each deferred share unit and restricted 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 18, 2025	December 31, 2024	December 31, 2023
Common shares, basic	19,771,450	19,694,710	18,910,603
Warrants outstanding	783,525	783,525	968,082
Deferred share units outstanding	246,496	102,182	44,440
Restricted share units outstanding	206,303	132,059	69,789
Performance share units outstanding	119,947	-	-
Stock options outstanding	207,997	207,997	400,002
Common shares, fully diluted	21,335,718	20,920,473	20,392,916

An aggregate of 517,578 common shares were issued during the year ended December 31, 2024, through Decisive's employee share purchase plan, DRIP and the exercise of stock options and restricted share units. These share issuances generated cash proceeds of \$1.1 million and reduced the amount of cash dividends paid by \$1.9 million. In 2024, Decisive purchased and cancelled 19,200 common shares at a weighted average price of \$6.60 per common share under its NCIB.

In addition, 175,954 common shares were issued during the year ended December 31, 2024, on the exercise of warrants which generated \$1.1 million in cash proceeds. The warrants that remain outstanding as of the date of this MD&A are exercisable at a price of \$7.09 per warrant and expire in April 2025. These outstanding warrants represent total cash proceeds of \$5.6 million to the Company, if exercised.

As part of the consideration paid for the acquisitions described earlier in this MD&A under the heading "2024 Acquisitions", the Company issued 57,879 common shares to the vendors of Techbelt at a price of \$10.41 per share. In addition, in July 2024, the Company issued 51,896 common shares to the vendors of Capital I at a price of \$7.23 per share on the settlement of contingent consideration according to the terms of the acquisition of Capital I.

As at March 18, 2024, there were 580,701 shares in escrow relating to the Company's completed acquisitions, as follows:

- Marketing Impact – 78,431 to be released in April 2025.
- ACR – 55,597 to be released in October 2025.
- Capital I – 82,641 to be released half per year in April 2025 and 2026 respectively.
- Micon – 36,956 to be released half per year in April 2025 and 2026 respectively.
- Procore – 59,454 to be released half per year in April 2025 and 2026 respectively.
- IHT – 209,743 to be released half per year in July 2025 and 2026 respectively.
- Techbelt – 57,879 to be released one-third per year in April 2025, 2026, and 2027 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, 2024, included \$1.5 million of salaries, benefits and director fees and \$0.8 million of share-based compensation (2023 - \$1.9 million of salaries and benefits and \$0.5 million of share-based compensation).

Accounting Policies

The Company's material accounting policies are disclosed in Note 3 of Decisive's audited consolidated financial statements for the year ended December 31, 2024. During 2024, there were no changes in the accounting policies or methods of computation used relative to 2023.

Critical Accounting Estimates

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

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

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

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

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

The Group's long-term debt, 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 and operation 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 undiscounted cash flows arising from the contractual maturities of financial instruments are as follows:

(Stated in thousands of dollars)

	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
December 31, 2024					
Accounts payable	\$ 22,177	\$ 22,177	\$ 18,161	\$ 4,016	\$ -
Dividends payable	886	886	886	-	-
Long-term debt	60,454	73,039	4,158	68,881	-
Lease obligations	12,976	15,092	2,945	8,718	3,429
	\$ 96,493	\$ 111,194	\$ 26,150	\$ 81,615	\$ 3,429

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

Liquidity risk management involves maintaining sufficient cash or cash equivalents and availability of funding through an adequate amount of committed credit facilities. The Group's cash is held in business accounts which are available on demand for the Group's programs. The Company also attempts to maintain flexibility in funding by securing committed and available credit facilities. The Company has a credit facility in place with its senior lenders that provides the Group access to a revolving term loan and an available accordion facility. 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, 2024, 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, 2024		December 31, 2023	
Not yet due	\$	20,724	80%	\$ 13,127 58%
31-60 days overdue		3,341	13%	5,497 24%
61-90 days overdue		1,006	4%	1,951 9%
>90 days overdue		764	3%	2,030 9%
Trade accounts receivable		25,835	100%	22,605 100%
Less: expected credit losses		(234)		(177)
Net trade accounts receivable	\$	25,601		\$ 22,428

Subsequent to December 31, 2024, to the date of this MD&A, the Group collected over 30% of the amounts over 90 days overdue. 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 and Techbelt is the British pound sterling ("GBP"), while all other entities in the group have a Canadian dollar ("CAD") functional currency. The Company's reporting currency is the Canadian dollar. As a result, the Group's profit or loss and total comprehensive income are in part impacted by fluctuations in the value of each foreign currency ("FC") in which it transacts in relation to the CAD.

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

(Stated in thousands of dollars)

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

(Stated in thousands of dollars)

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

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, 2024, 100% was variable rate (2023 - 38%). The Group does not enter into derivative contracts to manage this risk.

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

(Stated in thousands of dollars)

	December 31, 2024	December 31, 2023
Interest rate risk		
Floating instruments	\$ 60,979	\$ 17,091
Average balance	50,237	12,052
Impact on profit (loss) of a change in interest rates:		
-1%	502	121
+1%	\$ (502)	\$ (121)

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
<ul style="list-style-type: none"> General Economic Conditions 	<ul style="list-style-type: none"> Risk Related to Acquisitions 	<ul style="list-style-type: none"> Availability of Future Financing 	<ul style="list-style-type: none"> Reliance on Management and Key Personnel
<ul style="list-style-type: none"> Government Regulation 	<ul style="list-style-type: none"> Dependence on Customers, Distributors and Strategic Relationships 	<ul style="list-style-type: none"> Interest Rates and Debt Financing 	<ul style="list-style-type: none"> Employees and Labour Relations
<ul style="list-style-type: none"> Pandemics 	<ul style="list-style-type: none"> Supply and Cost of Raw Materials and Purchased Parts 	<ul style="list-style-type: none"> Income Tax Matters 	<ul style="list-style-type: none"> Conflicts of Interest
<ul style="list-style-type: none"> Competition 	<ul style="list-style-type: none"> Operational Performance and Growth 	<ul style="list-style-type: none"> Foreign Exchange 	
<ul style="list-style-type: none"> Environmental Regulation 	<ul style="list-style-type: none"> Implementation of the Growth Strategy 	<ul style="list-style-type: none"> Dividends 	
<ul style="list-style-type: none"> Access to Capital 	<ul style="list-style-type: none"> Product Liability and Warranty Claims 	<ul style="list-style-type: none"> Trading Volatility of Common Shares 	
<ul style="list-style-type: none"> Market Trends and Innovation 	<ul style="list-style-type: none"> Litigation 	<ul style="list-style-type: none"> Dilution Risk 	
<ul style="list-style-type: none"> Climate Risk 	<ul style="list-style-type: none"> Reliance on Technology, Intellectual Property, and Information Systems 		
<ul style="list-style-type: none"> General Uninsured Losses 			

External Risks:**General Economic Conditions**

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 (including with respect to trade restrictions and tariffs, which are discussed below in more detail under the subheading "Government Regulation") 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. Similarly, the conflict in Gaza has also impacted world economic markets, including through the interruption of supply chains and shipping routes. To date, these 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. 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. Any subsequent supply shortages or volatile commodity prices could have an adverse impact on the world economy and the business 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 operates or sells 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.

As a result of the 2024 United States federal election, the ongoing threats and actions by the United States to implement new and/or increased tariffs on all exports to the United States, including Canadian exports. If implemented and maintained, such tariffs could have an adverse impact on the Canadian economy generally and specific Canadian industries, as applicable, and such impact may be material. There is a risk that any such tariffs could negatively impact the financial position, financial performance, business, outlook and/or valuation of one or more operating subsidiaries and/or the Company as a whole.

The imposition of trade restrictions, including tariffs (and/or increases in the rate and/or scope thereof), by the United States and/or other countries could have a material adverse effect on the business, financial position, financial condition and/or results of operations of the Group. Risks associated with tariffs (and

possible retaliatory measures) include risks relating to increased costs for importers, reduced demand for goods of exporters and other potential negative economic consequences such as job losses, slower economic growth, inflation (or a higher rate of inflation), significant fluctuations in foreign exchange rates, short-term dislocation in pricing and the potential deferral or reduction of purchasing decisions by customers who are concerned about uncertain economic and political outlooks.

As at the date hereof, it remains unclear whether, and the extent to which, tariffs recently imposed by the United States will remain in effect and whether additional trade restrictions or measures (including additional tariffs) may be imposed by the United States or other countries, how long they may be in effect, the extent to which current or further retaliatory measures may be imposed.

While management of the Company expects that the recently announced tariffs by the United States on Canadian goods will, if and to the extent implemented and maintained, negatively impact the Group's sales of Canadian goods into the United States, management of the Company and the operating subsidiaries have been assessing strategies and exploring numerous alternatives to minimize the impact of tariffs, as described in this MD&A under the heading "Outlook".

Pandemics

The spread of contagious disease and pandemics 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.

Competition

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 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, in part, 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 and/or 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 two main customers. 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, including new or increased tariffs, 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, aluminum, 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 Group 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 damage 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 with any member of the Group, including due to changes in applicable trade, tariff 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. The supply and cost of raw materials and purchased goods may be impacted by trade restrictions, including tariffs, which are discussed above in more detail under the subheading "Government Regulation".

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.

With the recent rise of products that use artificial intelligence ("AI"), companies in a range of industries are reviewing and developing products and services that incorporate AI to enhance their competitiveness and the quality of their products. While AI presents numerous opportunities for growth and innovation, there are potential risks that could impact the Group. There is potential for biased decision-making as machine learning algorithms can perpetuate existing biases if not properly monitored and adjusted. This could result in faulty or discriminatory practices or results arising from the reliance of AI that can potentially lead to operational, financial, legal and reputational damage. AI is also a new and developing technology that can be prone to errors and may also be used more effectively by competitors. Another risk is the potential for AI systems to malfunction or be hacked, leading to unreliable output, unpredictable data breaches and financial losses. To address these risks, Decisive is taking a proactive approach to AI governance, including adopting a policy regarding the use of AI. Due to the inherent complexity of AI, there is no guarantee that the Group will be able to effectively mitigate the risks associated with its use.

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 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 directors, 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 Accounting Standards 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 Accounting Standards, 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 Accounting Standards 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 Accounting Standards 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. Specifically, the Return on Invested Capital for the aggregate investments completed by the Company to the end of a given period 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 Accounting Standards;
- 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 Accounting Standards 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 Accounting Standards 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. Forward-looking information includes, 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, as well as information relating to the future prospects of the Company and its operating subsidiaries, future demand levels, demand from customers, the timing of product sales and/or deliveries under existing customer contracts or significant orders received from customers, potential future acquisitions, and ongoing or planned initiatives to enhance margins and increase market share. Readers can identify many of these forward-looking statements by looking for words such as “believes”, “expects”, “could”, “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 risk 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 risk factors include, but are not limited to: (i) operational risks, including risks 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; (ii) financial risks, including risks relating to the availability of future financing; interest rates and debt financing; income tax matters; foreign exchange; dividends; trading volatility of common shares; dilution risk; (iii) external risks, including risks relating to general economic conditions; government regulation (including trade restrictions and tariffs); pandemics; competition; environmental regulation; access to capital; market trends and innovation; climate risk; general uninsured losses; and (iv) human capital risks, including 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.

Consolidated Financial Statements of



Decisive Dividend

— Corporation —

For the year ended December 31, 2024



Independent auditor's report

To the Shareholders of Decisive Dividend Corporation

Our opinion

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

What we have audited

The Company's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

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

Key audit matters

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

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com

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 our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment tests of goodwill and brand intangible assets related to Innovative Heating Technology (IHT), Hawk Machine Works (HMW), and Marketing Impact Ltd. (MIL)</p> <p><i>Refer to note 2 – Basis of preparation and statement of compliance, note 3 – Material accounting policies, note 8 – Intangible assets and note 9 – Goodwill to the consolidated financial statements.</i></p> <p>As at December 31, 2024, the Company had goodwill of \$44.3 million and brand intangible assets of \$4.2 million, which includes amounts related to IHT, HMW, and MIL (each, a CGU). Indefinite life assets (which include brand intangible assets and goodwill) are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired. In assessing impairment, management estimates the recoverable amount of each CGU, which is the lowest level for which identifiable cash flows are largely independent of the cash inflows of other assets. The recoverable amount is the higher of fair value less cost of disposal and value in use. An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds its recoverable amount.</p> <p>As at December 31, 2024, annual impairment tests were performed and management has estimated the recoverable amounts of each CGU based on the value-in-use method using discounted cash flow models. Significant assumptions used by management in estimating the recoverable amount of each CGU, included revenue growth rates, operating margins and discount rates, as applicable.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated how management determined the recoverable amounts of each of the CGUs, which included the following:<ul style="list-style-type: none">– Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models.– Tested the reasonableness of the revenue growth rates and operating margins used by management in the discounted cash flow models by comparing them to management prepared budgets, available third party published economic data and the results historically achieved by the Company.– Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the discount rates applied by management based on available data of comparable companies.– Tested the underlying data used by management in the discounted cash flow models.– Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the significant assumptions used by management related to each of the CGUs.



Key audit matter

How our audit addressed the key audit matter

As a result of the 2024 impairment tests, \$3.8 million in impairment losses were recognized.

We considered this a key audit matter due to the judgment by management in determining the recoverable amounts of each of the CGUs, including the development of significant assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

Valuation of customer relationships acquired in the Techbelt Limited business combination

Our approach to addressing the matter included the following procedures, among others:

Refer to note 2 – Basis of preparation and statement of compliance, note 4 – Acquisitions and note 8 – Intangible assets to the consolidated financial statements.

During the year, the Company acquired Techbelt Limited (Techbelt) for a total combined consideration of \$6.2 million. The fair value of the identifiable assets acquired from the acquisition of Techbelt was \$2.0 million in intangible assets, which included \$1.5 million in customer relationships. Management applied judgment in estimating the fair value of the customer relationships. To estimate the fair value of the customer relationships, management used the excess earnings method through a discounted cash flow model.

Significant assumptions used by management in the valuation of the customer relationships acquired in the Techbelt business combination include projected revenues and operating margin forecasts.

- Tested how management estimated the fair values of the customer relationships, which included the following:
 - Read the purchase agreement.
 - Evaluated the appropriateness of the method used and the mathematical accuracy of the discounted cash flow model.
 - Evaluated the reasonableness of significant assumptions used by management related to projected revenues and operating margin forecasts by considering the past performance of Techbelt, management prepared budgets and similar prior acquisitions made by the Company, as applicable.
 - Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of



Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to significant judgment by management in estimating the fair values of the customer relationships, including the development of significant assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management which included projected revenues and operating margin forecasts. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	<p>management's method and discounted cash flow model.</p> <ul style="list-style-type: none">– Tested the underlying data used by management in the discounted cash flow model.

Other information

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 18, 2025

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

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

Approved on behalf of the Board of Directors:

"James Paterson" Director

"Michael Conway" Director

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

Consolidated Statements of Profit and Comprehensive Income

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

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

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

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

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

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

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

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

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

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

1. Nature and Operations

Decisive Dividend Corporation (the “Company”) was incorporated under the British Columbia Business Corporations Act on October 2, 2012 and is listed on the TSX Venture Exchange, trading under the symbol “DE”. The address of the Company’s head office is #260 – 1855 Kirschner Road, Kelowna, B.C. V1Y 4N7.

Decisive Dividend Corporation is an acquisition-oriented company, focused on opportunities in manufacturing. The Company’s purpose is to be the sought-out choice for exiting legacy-minded business owners, while supporting the long-term success of the businesses acquired, and through that, creating sustainable and growing shareholder returns. The Company uses a disciplined acquisition strategy to identify already profitable, well-established, high quality manufacturing companies that have a sustainable competitive advantage, a focus on non-discretionary products, steady cash flows, growth potential and established, strong leadership.

The principal wholly-owned operating subsidiaries of the Company, as at December 31, 2024, are managed through two reportable segments and were acquired as follows:

Finished Product Segment

- Valley Comfort Systems Inc. and its wholly-owned subsidiary Blaze King Industries Inc. (“Blaze King USA”), collectively referred to herein as “Blaze King”; acquired in February 2015.
- Slimline Manufacturing Ltd. (“Slimline”); acquired in May 2018.
- Marketing Impact Limited (“Marketing Impact”); acquired in April 2022.
- ACR Heat Products Limited (“ACR”); acquired in October 2022.
- Capital I Industries Inc. and its sister company, Irving Machine Inc. (together, “Capital I”); acquired in April 2023 and amalgamated as Capital I in December 2024.
- Innovative Heating Technologies Inc. (“IHT”); acquired in July 2023.

Component Manufacturing Segment

- Unicast Inc. (“Unicast”); acquired in June 2016.
- Hawk Machine Works Ltd. (“Hawk”); acquired in June 2018.
- Northside Industries Inc. (“Northside”); acquired in August 2019.
- Procore International Radiators Ltd. (“Procore”) and Micon Industries Ltd. (“Micon”); both acquired in April 2023 and amalgamated as Procore in December 2024.
- Techbelt Limited (“Techbelt”); acquired in April 2024.

These consolidated financial statements comprise the Company and its subsidiaries, collectively referred to as the “Group”. The consolidated financial statements include the results of acquired subsidiaries from their dates of acquisition.

2. Basis of Preparation and Statement of Compliance

a) *Statement of compliance*

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

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

b) *Basis of measurement*

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

c) *Judgments*

The preparation of financial statements requires management to make judgments that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. In making judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Actual results could differ from those estimates.

d) *Accounting estimates and assumptions*

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

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

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

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

i. *Business combinations*

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

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

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

ii. Depreciation and amortization of long-lived assets

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

iii. Impairment of non-financial assets and goodwill

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

iv. Inventories

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

v. Warranty liabilities

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

vi. Expected credit losses

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

vii. *Share-based compensation*

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

e) *New and amended IFRS Accounting Standards adopted*

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

- i. *IAS 1 – Presentation of Financial Statements, covering non-current liabilities with covenants*
- ii. *IFRS 16 – Leases, covering lease liabilities in a sale and leaseback transactions*
- iii. *IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures, covering supplier finance arrangements*

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

f) *New IFRS Accounting Standards and interpretations not yet adopted*

Certain new IFRS Accounting Standards and amendments to IFRS Accounting Standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company. Management's assessment of the impact of new standards and amendments relevant to the Company are set out below:

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

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

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

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

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

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

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

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

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

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

3. Material Accounting Policies

a) *Principles of consolidation*

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

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

b) *Revenue recognition*

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

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

c) *Foreign currency translation*i. *Functional and presentation currency*

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

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

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

ii. *Transactions and balances*

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

d) *Operating expenses*

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

e) *Goodwill*

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

f) *Intangible assets*

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

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

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

g) Property and equipment

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

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

h) Impairment – non-financial and indefinite life assets

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

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

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

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

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

i) *Financial instruments*i. *Recognition, initial measurement and de-recognition*

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

ii. *Classification and subsequent measurement*

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

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

iii. *Impairment*

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

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

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

j) *Inventories*

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

k) *Leases*

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

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

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

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

l) Government Grants

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

m) Income taxes

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

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

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

n) Cash

Cash comprises of cash on hand and demand deposits.

o) Short-term employee benefits

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

p) Provisions, contingent assets and contingent liabilities

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

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

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

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

q) Share capital

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

r) Share-based payments

The Company has an equity incentive plan which enables it to grant share-based rewards, in the form of deferred share units ("DSUs"), performance share units ("PSUs"), restricted share units ("RSUs") and stock options, to the directors, officers, and employees of the Company or any of its affiliates or designated service providers. All share-based rewards granted under the Company's equity incentive plan are settled through the issuance of shares from treasury. The fair value of the share-based rewards, determined at the date of the grant, is charged to profit and loss, with an offsetting credit to contributed surplus, over the vesting period. If and when the share-based rewards are exercised, the applicable original amounts of contributed surplus are transferred to share capital.

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

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

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

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

s) *Profit per share*

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

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

4. Acquisitions

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

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

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

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

Subsequent adjustments to the purchase price allocations, if any, can be recognized if they occur within twelve months of the acquisition date. After twelve months, adjustments are recognized through profit or loss. The adjustments made as a result of finalizing the provisional accounting are retrospectively recognized from the acquisition date. The Company incurred acquisition-related costs of \$545 relating to legal fees, accounting fees, and due diligence costs. These costs are included in professional fees in the consolidated statement of profit and comprehensive income.

APM

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

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

Techbelt

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

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

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

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

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

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

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

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

The Company incurred acquisition-related costs of \$970 with respect to the 2023 acquisitions relating to legal fees, accounting fees, and due diligence costs. These costs are included in professional fees in the consolidated statement of profit and comprehensive income.

Capital I

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

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

Micon

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

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

Procore

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

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

IHT

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

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

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

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

5. Accounts Receivable

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

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

6. Inventory

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

7. Property and Equipment

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

8. Intangible Assets

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

9. Goodwill

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

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

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

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

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

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

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

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

10. Accounts Payable and Accrued Liabilities

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

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

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

11. Warranty Provision

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

12. Lease Obligations

The Group's right of use assets and associated lease obligations are related to lease commitments for office and shop premises. The maturity dates of the lease obligations are between October 2025 and March 2036. As at December 31, 2024, minimum lease payments required over the next five years were as follows:

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

13. Long-term Debt

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

"P" in the table above denotes prime rate

In March 2024, the Company entered into a syndicated credit facility providing for a committed \$100,000 senior secured revolving term loan and a \$75,000 accordion, which the Company can request as an increase, in whole or in part, to the total amount available under the syndicated credit facility. The syndicate lenders include National Bank of Canada, CWB Maxium Financial (a wholly owned division of Canadian Western Bank), Royal Bank of Canada and Fédération des caisses Desjardins du Québec, with National Bank of Canada acting as administrative agent on behalf of the syndicate.

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

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

Borrowings under the syndicated credit facility may be made by way of Canadian prime rate, U.S. base rate, Canadian overnight repo rate average ("CORRA") or United States Federal reserve secured overnight financing rate ("SOFR") advances. The syndicated credit facility bears interest at the Canadian prime rate or U.S. base rate plus 0.75% to 2.25%, or at CORRA or SOFR plus 2.00% to 3.50%. These interest rate ranges are dependent on certain financial ratios of the Company. In addition, standby fees ranging from 0.40% to 0.70% per annum are paid quarterly on the unused portion of the syndicated credit facility depending on certain financial ratios of the Company. There are no fees paid on the accordion until amounts are made available.

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

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

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

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

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

14. Income Tax

a) Rate reconciliation

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

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

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

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

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

b) Deferred tax assets and liabilities

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

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

c) Non-capital losses and unused tax credits

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

15. Share Capital*a) Shares issued and outstanding*

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

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

- (i) The Company issued 78,884 (2023 - 91,131) common shares pursuant to the employee share purchase plan (the "ESPP").
- (ii) The Company issued 250,072 (2023 - 333,028) common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP")
- (iii) The Company issued 188,622 (2023 - 114,701) common shares on the exercise of stock options and RSUs.
- (iv) The Company issued 175,954 (2023 - 938,343) common shares on the exercise of warrants
- (v) The Company purchased and cancelled 19,200 (2023 - 2,300) common shares pursuant to its normal course issuer bid ("NCIB").
- (vi) As part of the consideration paid for the acquisition of Techbelt described in Note 4, on April 10, 2024, the Company issued 57,879 common shares to the vendors of Techbelt at a price of \$10.41 per share. In addition, in July 2024, the Company issued 51,896 common shares to the vendors of Capital I at a price of \$7.23 per share on the settlement of contingent consideration according to the terms of the acquisition of Capital I.
- (vii) As part of the consideration paid for the acquisitions of Capital I, Micon, and Procore described in Note 4, on April 5, 2023, the Company issued an aggregate 268,577 common shares to the vendors of Capital I, Micon, and Procore at a price of \$6.84 per share. As part of the consideration paid for the acquisition of IHT described in Note 4, on July 19, 2023, the Company issued 314,614 common shares to the vendors of IHT at a price of \$7.39 per share

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

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

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

b) Warrants

The Company had the following warrants outstanding and exercisable:

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

c) Equity Incentives

The Company has an equity incentive plan for the purpose of developing the interest of directors, officers and employees in the growth and development of the Company and its subsidiaries, by providing them with the opportunity, through equity awards, to obtain an increased effective interest in the Company.

The equity incentive plan enables the Company to grant deferred share units ("DSUs"), performance share units ("PSUs"), restricted share units ("RSUs"), and stock options to the directors, officers, and employees of the Company or any of its affiliates. Under the plan, the aggregate of all stock option, DSU, PSU, and RSU grants cannot exceed 10% of the issued and outstanding common shares of the Company.

The Company had granted stock options to various directors, officers, and employees of the Group as follows:

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

In the year ended December 31, 2024, the Company recorded \$33 of share-based compensation expense related to stock options. This share-based compensation expense represents the estimated fair value of stock options granted, amortized over the options' vesting periods.

To value the options granted in 2024, the Company used the Black-Scholes option-pricing model with the following assumptions: dividend yield of 5.2%; expected volatility of 44%; risk-free interest rate of 3.6%; forfeiture rate of 0%; market price of \$10.36 and weighted average life of five years. To value the options granted in 2023, the Company used the Black-Scholes option-pricing model with the following assumptions: dividend yields of 5.8% to 6.4%; expected volatility of 42% to 43%; risk-free interest rates of 2.7% to 3.7%; forfeiture rates of 0%; market prices of \$6.54 to \$8.28 and weighted average lives of five years.

The Company had granted DSUs to directors of the Company as follows:

Deferred Share Units	Number of DSUs (000s)	Number of DSUs exercisable (000s)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding, January 1, 2023	-	-	\$ -	-
DSUs issued	42	-	5.01	-
DSUs from reinvested dividends	2	-	5.01	-
Outstanding, December 31, 2023	44	-	\$ 5.01	NA
DSUs issued	51	-	8.25	-
DSUs from reinvested dividends	7	-	6.68	-
Outstanding, December 31, 2024	102	-	\$ 6.74	NA

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

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

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

In the year ended December 31, 2024, the Company recorded \$620 (2023 - \$212) of share-based compensation expense related to RSUs. This share-based compensation expense represents the estimated fair value of RSUs granted, amortized over the RSUs vesting periods.

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

16. Dividends

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

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

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

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

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

17. Management of Capital

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

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

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

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

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

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

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

18. Sales

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

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

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

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

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

19. Manufacturing Costs

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

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

20. Financing Costs

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

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

21. Supplemental Cash Flow Information

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

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

22. Financial Instruments and Risk Management

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

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

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

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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

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

b) *Fair value disclosures*

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

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

c) *Financial risk management*

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

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

(i) Liquidity risk

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

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

December 31, 2024	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 22,177	\$ 22,177	\$ 18,161	\$ 4,016	\$ -
Dividends payable	886	886	886	-	-
Long-term debt	60,454	73,039	4,158	68,881	-
Lease obligations	12,976	15,092	2,945	8,718	3,429
	\$ 96,493	\$ 111,194	\$ 26,150	\$ 81,615	\$ 3,429

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

Liquidity risk management involves maintaining sufficient cash or cash equivalents and availability of funding through an adequate amount of committed credit facilities. The Group's cash is held in business accounts which are available on demand for the Group's programs. The Company also attempts to maintain flexibility in funding by securing committed and available credit facilities. The Company has a credit facility in place with its senior lenders that provides the Group access to a revolving term loan and an available accordion facility (note 13). The Group continues to manage its financial position in accordance with its capital management objectives and in light of its current operating environment.

(ii) Credit risk

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

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

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

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

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

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

(iii) *Currency risk*

The functional currency for Blaze King USA and Unicast is the United States dollar ("USD"), the functional currency for ACR and Techbelt is the British pound sterling ("GBP"), while all other entities in the Group have a Canadian dollar ("CAD") functional currency. The Company's reporting currency is the Canadian dollar; therefore, the Group's profit or loss and total comprehensive income are in part impacted by fluctuations in the value of each foreign currency ("FC") in which it transacts in relation to the CAD.

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

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

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

(iv) Interest rate risk

The Group is exposed to interest rate risk on its long-term debt (note 13) due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt at December 31, 2024, 100% was variable rate (2023 - 38%). The Group does not enter into derivative contracts to manage this risk.

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

Interest rate risk	December 31, 2024	December 31, 2023
Floating instruments	\$ 60,979	\$ 17,091
Average balance	50,237	12,052
Impact on profit (loss) of a change in interest rates:		
-1%	502	121
+1%	\$ (502)	\$ (121)

23. Related Party Transactions

The Group's related parties consist of directors, officers and key management or companies associated with them. Key management, including directors and officers of the Company, are those personnel having the authority and responsibility for planning, directing, and controlling the Company.

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

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

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

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

24. Segmented Information

The Group's reporting is prepared on a consolidated basis as determined by the requirements of the Chief Executive Officer as the chief operating decision maker for the Group. The Company's reportable segments, as determined by management, sell similar product types to similar types of customers and share similar processes and distribution methods. The reportable segments are as follows:

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

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

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

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

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

December 31, 2024		Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$	39,877	\$ 16,338	\$ 1,199	\$ 57,414
Total current liabilities		10,394	9,027	6,936	26,357
Total assets		100,647	63,016	1,565	165,228
Total liabilities	\$	24,388	\$ 16,766	\$ 67,190	\$ 108,344

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

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