Management's Discussion and Analysis of

Decisive Dividend Corporation

For the six months ended June 30, 2023

Corporate Overview

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

Decisive's purpose statement is:

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

The Company intends to meet these objectives by:

- acquiring already profitable, well-established, high quality manufacturing companies that have a sustainable competitive advantage, a focus on non-discretionary products, steady cash flows, growth potential and established, strong leadership;
- continuing the business legacies of the vendors of companies acquired by Decisive and remaining committed to the communities our businesses are located in;
- providing resources, support and oversight to ensure sound business operations through on-going active collaboration and monitoring while recognizing that the people running the business know it best; and
- implementing appropriate expansion strategies to pursue active organic growth of its operating subsidiaries.

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

To date, the Company has completed the acquisition of eleven manufacturing companies. The principal wholly-owned operating subsidiaries of the Company are managed through two reportable segments and were acquired as follows:

Finished Product Segment

- Valley Comfort Systems Inc. and its wholly-owned subsidiary Blaze King Industries Inc.; collectively referred to herein as "Blaze King"; acquired in February 2015.
- Slimline Manufacturing Ltd. ("Slimline"); acquired in May 2018.
- Marketing Impact Limited ("Marketing Impact"); acquired in April 2022.
- ACR Heat Products Limited ("ACR"); acquired in October 2022.
- Capital I Industries Inc. and its sister company, Irving Machine Inc.; collectively referred to herein as "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.
- Micon Industries Ltd. ("Micon"); acquired in April 2023.
- Procore International Radiators Ltd. ("Procore"); acquired in April 2023.

Preface

This Management's Discussion and Analysis ("MD&A") focuses on key items from the unaudited interim condensed consolidated financial statements of Decisive for the three and six months ended June 30, 2023 and 2022. The condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise noted. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Company in the future.

This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the related notes for the period ended June 30, 2023, the annual audited consolidated financial statements and the related notes for the year ended December 31, 2022, the annual MD&A for the year ended December 31, 2022, and the unaudited interim condensed consolidated financial statements for the period ended June 30, 2022. This MD&A covers the six months ended June 30, 2023 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 August 10, 2023.

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

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

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

Overall Performance

Financial Highlights

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

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

	For the three months ended		For the six months ended	
June 30,	**2023**	2022	**2023**	2022
Sales	**$ 30,706**	$ 23,189	**$ 61,559**	$ 41,878
Gross profit	**11,499**	7,756	**22,620**	13,954
Gross profit %	**37%**	33%	**37%**	33%
Adjusted EBITDA [1]	**5,266**	3,344	**10,159**	5,650
Per share basic	**0.31**	0.27	**0.63**	0.46
Profit before tax	**1,911**	1,245	**4,595**	2,060
Profit	**1,201**	884	**3,167**	1,396
Per share basic	**0.07**	0.07	**0.20**	0.11
Per share diluted	**0.06**	0.07	**0.18**	0.11
Free cash flow [1]	**3,080**	1,990	**6,058**	3,275
Per share basic	**0.18**	0.16	**0.38**	0.27
Free cash flow less maintenance capital [1]	**2,729**	1,698	**5,218**	2,756
Per share basic	**0.16**	0.14	**0.33**	0.22
Dividends declared	**1,829**	1,132	**3,255**	2,044
Per share basic	**0.11**	0.09	**0.20**	0.17

For the trailing twelve month period ended June 30,	**2023**	2022
Dividend payout ratio [1]	**59%**	86%

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

The non-IFRS measures referenced in the table above reconcile to the IFRS measures reported in the Company's consolidated financial statements as follows, except for dividend payout ratio which is analyzed on a trailing twelve-month basis to reduce the impact of seasonality on the analysis, the reconciliation of which is included later in this MD&A under the heading "Dividends and Dividend Payout Ratios":

Adjusted EBITDA

(Stated in thousands of dollars)

	For the three months ended		For the six months ended	
June 30,	**2023**	2022	**2023**	2022
Profit for the period	**$ 1,201**	$ 884	**$ 3,167**	$ 1,396
Add (deduct):				
Financing costs	**881**	657	**1,636**	1,112
Income tax expense	**710**	361	**1,428**	664
Amortization and depreciation	**1,771**	1,140	**3,091**	2,016
Acquisition and restructuring costs	**578**	578	**602**	578
Share-based compensation expense	**115**	28	**354**	98
Foreign exchange losses (gains)	**18**	(291)	**(24)**	(197)
Interest and other income	**(8)**	(4)	**(26)**	(8)
Gain on sale of equipment	**-**	(9)	**(69)**	(9)
Adjusted EBITDA	**5,266**	3,344	**10,159**	5,650

Free Cash Flow and Free Cash Flow Less Maintenance Capital

(Stated in thousands of dollars)

	For the three months ended		For the six months ended	
June 30,	**2023**	2022	**2023**	2022
Cash provided by operating activities	$ **6,995**	$ 1,494	$ **6,964**	$ 1,290
Add (deduct):				
Changes in non-cash working capital	**(2,311)**	1,327	**1,286**	2,799
Income taxes paid	**11**	(51)	**1,333**	991
Current income tax expense	**(929)**	(439)	**(1,836)**	(763)
Acquisition and restructuring costs	**578**	578	**602**	578
Interest paid	**(836)**	(614)	**(1,547)**	(1,028)
Lease payments	**(373)**	(305)	**(689)**	(592)
Required principal repayments on debt	**(55)**	-	**(55)**	-
Free cash flow	$ **3,080**	$ 1,990	**6,058**	3,275
Maintenance capital expenditures	**(351)**	(292)	**(840)**	(519)
Free cash flow less maintenance capital	**2,729**	1,698	**5,218**	2,756

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

FINANCIAL POSITION
(Stated in thousands of dollars)

	June 30, 2023	December 31, 2022
Working capital	**$ 22,448**	$ 17,929
Property and equipment	**16,851**	12,299
Total assets	**125,625**	98,434
Long-term debt, excluding debt issuance costs	**37,395**	32,988
Equity	**48,345**	34,130
Share Information (000s)		
Common shares issued and outstanding	**17,469**	14,888

Discussion of Overall Performance

Q2 Consolidated Financial Highlights

Sales for the second quarter increased by 32% to $30.7 million from $23.2 million in Q2 2022. The overall increase was driven by a 37% increase in the finished product segment and a 26% increase in the component manufacturing segment. The sales generated by ACR, which was acquired in October 2022, as well as the sales generated in the three businesses acquired in April 2023 (Capital I, Micon and Procore), contributed meaningfully to the consolidated sales increases. Traditional seasonality negatively impacted sales for Blaze King and Hawk during the quarter. Blaze King sales were also affected by reduced productivity in the quarter and Slimline sales continued to be negatively impacted by leadership and sales personnel transitions. These decreases were more than offset by increased sales at Northside and Unicast, which highlights the benefit of diversification in the portfolio.

Overall gross profit was $11.5 million in Q2 2023, an increase of $3.7 million, or 48%, relative to Q2 2022, driven by the increase in overall sales. Gross profit percentages in Q2 2023 increased by 4 percentage points compared to Q2 2022, which was driven by the component manufacturing segment where product mix changes, pricing increases and other margin enhancing activities led to increased segment margins.

Overall operating expenses increased from $6.8 million in Q2 2022 to $9.6 million in Q2 2023. The increase was primarily a result of the overall increase in scale due to the four acquisitions completed between June 30, 2022 and June 30, 2023 and the associated acquisition costs, as well as increased financing costs.

Adjusted EBITDA for the second quarter of 2023 was a record $5.3 million, a $1.9 million, or 57%, increase compared to Q2 2022. The overall increase in Adjusted EBITDA was primarily driven by the increases in sales and gross profit relative to Q2 2022.

Foreign exchange gains and losses also affected profit between Q2 2023 and Q2 2022. There was a nominal foreign exchange loss in Q2 2023 compared to a $0.3 million foreign exchange gain in Q2 2022 which was a result of a $0.04 increase in the value of the United States dollar, relative to the Canadian dollar.

Consolidated net profit in the quarter was $1.2 million, or $0.07 per share, an increase of $0.3 million, and consistent on a per share basis, compared to Q2 2022.

Year-to-Date Consolidated Financial Highlights

Sales for the first half of 2023 increased by $19.7 million, or 47%, to $61.6 million from $41.9 million in the first half of 2022. The overall increase was driven by a 58% increase in the finished product segment and a 34% increase in the component manufacturing segment. These increases were a result of the sales generated by the five businesses added to the Group from the beginning of 2022 to the end of June 2023, as well as aggregate organic revenue growth from the five businesses owned prior to 2022. Marketing Impact, ACR, Capital I, Micon and Procore, each of which were acquired since the start of 2022, each generated sales consistent with or ahead of their respective pre-acquisition averages and contributed meaningfully to the consolidated sales increases. In the first six months of 2023, Slimline sales were negatively impacted by leadership and sales personnel transitions and Blaze King sales were affected by a reduction in the number of units produced. Seasonality also negatively impacted sales for Blaze King and Hawk during Q2 2023. However, on an aggregate basis, the five businesses owned prior to 2022 experienced organic revenue growth of 13% in the first half of 2023, relative to the same period in 2022, driven primarily by increased sales at Northside and Unicast as well as a strong Q1 for Hawk, which highlights the benefit of diversification in the portfolio.

The overall sales increase led to an overall gross profit increase of $8.7 million, or 62%, to $22.6 million in the first half of 2023 compared to $14.0 million in the first half of 2022. Gross profit percentages in the first half of 2023 increased to 37%, up 4 percentage points compared to the same period in 2022, mainly driven by the component manufacturing segment where product mix changes, pricing increases and other margin enhancing activities, as well as the effect of higher sales covering a larger percentage of fixed costs led to increased segment margins.

Overall operating expenses increased from $12.1 million in the first half of 2022 to $18.1 million in the first half of 2023. The increase was primarily a result of the overall increase in scale due to the five acquisitions completed since the beginning of 2022, the associated acquisition costs, and increased financing costs.

Adjusted EBITDA in the first half of 2023 was $10.2 million, a $4.5 million, or 80%, increase compared to the first half of 2022. The overall increase in Adjusted EBITDA was primarily driven by the increase in sales and gross profit noted above.

Consolidated net profit was $3.2 million, or $0.20 per share, an increase of $1.8 million, or $0.09 per share, compared to the first half of 2022.

Acquisitions

Capital I, Micon and Procore

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. 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 Capital I, Micon and Procore are as follows:

(stated in thousands of dollars) For the six months ended June 30, 2023	Capital I	Micon	Procore	Total
Cash (net of cash acquired)	$ 10,084	$ 2,967	$ 4,338	$ 17,389
Common shares	848	379	610	1,837
Long term debt assumed	588	-	-	588
Contingent consideration	2,260	-	-	2,260
	$ 13,780	$ 3,346	$ 4,948	$ 22,074

The cash portion of the consideration was initially funded using the Company's revolving term acquisition facility, a large portion of which was subsequently repaid using the net proceeds of a bought deal equity financing (as described later in this MD&A under the heading "Disclosure of Outstanding Share Data"). The share portion of the consideration was funded through the issuance of an aggregate 268,577 common shares of Decisive to the vendors of Capital I, Micon and Procore. Post-close of these acquisitions, there was $2.8 million payable (included in the cash consideration identified in the table above) with respect to post-closing working capital adjustments. A significant portion of this amount payable is expected to be paid with cash collected in the acquired businesses subsequent to the acquisition date. The vendors of Capital I can earn up to an additional $4.5 million contingent on Capital I 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 preliminary 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) For the six months ended June 30, 2023	Capital I	Micon	Procore	Total
Working capital, excluding cash	$ 6,589	$ 384	$ 985	$ 7,958
Property and equipment	3,743	225	603	4,571
Goodwill and intangible assets	5,674	3,371	4,229	13,274
Lease obligation	(890)	(47)	(121)	(1,058)
Deferred income taxes	(1,336)	(587)	(748)	(2,671)
	$ 13,780	$ 3,346	$ 4,948	$ 22,074

IHT

On July 19, 2023, the Company acquired 100% ownership of IHT which is located outside of Winnipeg, Manitoba, and 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 continues to innovate and expects to launch a line of cooling mats in the near future and expand the use of fiberglass reinforced plastics into additional product lines as well.

On closing, the aggregate $15.5 million base purchase price (subject to customary adjustments), was paid $13.2 million in cash and $2.3 million in common shares of Decisive. The cash portion of the consideration was initially funded using the Corporation's $25.0 million revolving term acquisition facility, $4.0 million of which was subsequently repaid using the cash proceeds from the exercise of warrants by Waratah Capital Advisors Ltd. (as described later in this MD&A under the heading "Disclosure of Outstanding Share Data"). The share portion of the consideration was funded through the issuance of 314,614 common shares of Decisive to the vendors of IHT. The vendors of IHT can earn up to an additional $10.0 million contingent on IHT meeting certain earnings targets over the next three years.

The acquisition date fair value of the assets acquired, and liabilities assumed in these transactions are currently being determined.

The acquisitions of Capital I, Micon, Procore and IHT 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. Overall, the consideration paid for these four acquisitions was funded 47% with debt and 53% with equity, bringing Decisive's cumulative acquisition funding mix to 49% debt and 51% equity, consistent with the Company's long-term acquisition funding target of 50/50 debt and equity.

Further particulars regarding certain (unaudited) historical financial information concerning Capital I, Micon, Procore and IHT and the combined pro forma historical financial results of Decisive and these businesses 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.sedar.com.

Outlook

The Company has significantly advanced its growth strategy with six acquisitions completed in a 15-month span: Marketing Impact in April 2022, and ACR in October 2022, followed by Capital I, Micon and Procore in April 2023 and IHT in July 2023. Marketing Impact was a platform acquisition into a new industry for the Group, while ACR was Decisive's first add-on acquisition into an industry in which it had previously invested. The acquisitions of Capital I, Micon and Procore (as described under "Acquisitions" in this MD&A) diversify the Group's product offering while creating potential cross-selling opportunities in leveraging customer relationships in similar industries and complementary geographic regions. The acquisition of IHT adds another business that has elements that overlap businesses already in the portfolio: IHT, Marketing Impact and Micon produce plastic and rubber products; and both IHT and Slimline service the agriculture sector. Decisive is executing on its buy, build, and hold business model and completing six acquisitions in a 15-month period demonstrates the Company's ongoing commitment to its shareholders to continue to grow the business through acquisition.

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

From an operational perspective, Q2 2023 highlighted the benefit of diversification in the portfolio. A return of seasonality at Blaze King, ACR and Hawk as well as demand and leadership transition challenges at Slimline and Marketing Impact were offset by strong demand for Unicast and Northside products, as well as the for the products that Capital I, Micon and Procore produce. Though overall sales in Q2 2023 were consistent with Q1 2023, margin enhancing activities are being actively pursued in each of the businesses and is evidenced by the increase in gross profit percentages and continually improving per share Adjusted EBITDA and Free Cash Flow metrics. These efforts are ongoing and each of the businesses remain focused on continuing to enhance margins through controlling costs and increasing pricing in order to optimize operations in the face of ongoing inflation. In addition, Decisive's diversified portfolio faces industries that should leave the overall business well positioned if concerns regarding a potential recession unfold.

The Company has been focused on increasing production capacity and improving operational efficiency in its businesses. In aggregate, $1.8 million of growth capital expenditures on manufacturing equipment were made over the last 24 months and the use of strategic third-party manufacturing partners was expanded. Additional productivity and automation initiatives are also being explored to increase production capacity and improve operational efficiency in order to meet the expected future demand levels of the Group's customers and capitalize on future market expansion opportunities. Any such initiatives will be assessed on whether they have the potential to earn a greater than 15% return on invested capital, the same target return the Company uses in assessing potential acquisitions. Further commentary surrounding the outlook for each of the businesses in the Group is provided in the MD&A under the headings "Finished Product Segment Industry Trends and Outlook" and "Component Manufacturing Segment Industry Trends and Outlook".

Based on operating results in 2022 and to date in 2023, as well as management's assessment of Decisive's operational outlook, the Company increased its monthly dividend to $0.035 per share effective for its April 2023 dividend payment and announced a further increase to its monthly dividend to $0.04 per share effective for its August 2023 dividend payment. This increase is consistent with Decisive's objective of providing shareholders with long-term, sustainable, and growing dividends.

Decisive balance sheet remains strong. The Company utilized its financial flexibility to acquire four businesses in 2023 using its increased revolving term acquisition facility and then subsequently paid down a large portion of that facility through a bought deal equity financing, the proceeds from exercise of warrants outstanding from the 2022 private placement, and with cash generated in the businesses. This demonstrates Decisive's ability to access debt and equity financing through its relationships with its lenders, shareholders, and various investment banks. The increases to the Company's revolving term acquisition and operating facilities, coupled with a conservative 1.5 times debt to Adjusted EBITDA ratio as of June 30, 2023, leaves the Company with significant capacity to pursue its strategic objectives. Despite the successful bought deal in April, continued volatility in financial markets may constrain capital availability and impact the cost of available capital in the near-term. Management believes that the balance sheet strength and flexibility gained over the last year as well as ongoing investor interest in the Company's story of growth and yield has the Company well positioned to take advantage of potential opportunities for further growth, both through organic growth as well as further acquisitions, as they arise.

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

Summary of Quarterly Results

The Group's interim results are impacted by seasonality factors primarily driven by weather patterns, including the impact thereof on heating, planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. Blaze King and ACR's businesses historically 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)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Sales	$ **30,706**	$ 30,854	$ 30,778	$ 25,932
Gross profit	**11,499**	11,122	9,988	8,912
Gross profit %	**37%**	36%	32%	34%
Adjusted EBITDA [1]	**5,266**	4,894	4,018	3,999
Per share basic	**0.31**	0.33	0.27	0.32
Profit before tax	**1,911**	2,684	983	2,644
Profit	**1,201**	1,966	659	2,029
Per share basic	**0.07**	0.13	0.04	0.16
Per share diluted	**0.06**	0.12	0.04	0.15

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Sales	23,189	18,689	17,852	16,500
Gross profit	7,756	6,198	5,843	5,064
Gross profit %	33%	33%	33%	31%
Adjusted EBITDA [1]	3,344	2,305	2,091	1,837
Per share basic	0.27	0.19	0.17	0.15
Profit before tax	1,245	814	985	593
Profit	884	512	918	489
Per share basic	0.07	0.04	0.08	0.04
Per share diluted	0.07	0.04	0.07	0.04

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

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

(Stated in thousands of dollars)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Profit for the period	$ **1,201**	$ 1,966	$ 659	$ 2,029
Add (deduct):				
Financing costs	**881**	755	740	672
Income tax expense	**710**	718	324	615
Amortization and depreciation	**1,771**	1,320	1,663	1,204
Acquisition and restructuring costs	**578**	25	440	61
Inventory fair value adjustments and write downs	**-**	-	22	-
Share-based compensation expense	**115**	239	19	26
Foreign exchange losses (gains)	**18**	(42)	176	(598)
Interest and other income	**(8)**	(18)	(7)	(5)
Gain on sale of equipment	**-**	(69)	(18)	(5)
Adjusted EBITDA	**5,266**	4,894	4,018	3,999

(Stated in thousands of dollars)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Profit for the period	$ 884	$ 512	$ 918	$ 489
Add (deduct):				
Financing costs	657	455	497	531
Income tax expense	361	302	67	104
Amortization and depreciation	1,140	876	976	914
Acquisition and restructuring costs	578	-	115	-
Inventory fair value adjustments and write downs	-	-	27	-
Share-based compensation expense	28	70	16	23
Foreign exchange losses (gains)	(291)	94	(66)	(221)
Interest and other expense (income)	(4)	(4)	(404)	-
Gain on sale of equipment	(9)	-	(55)	(3)
Adjusted EBITDA	3,344	2,305	2,091	1,837

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:

Q2 2023 Consolidated Financial Highlights
For the discussion of Q2 results see "Overall Performance" earlier in this MD&A.

Q1 2023 Consolidated Financial Highlights
Sales for the first quarter increased by 65% to a record $30.9 million from $18.7 million in Q1 2022. The overall increase was driven by an 88% increase in the finished product segment and a 42% increase in the component manufacturing segment. The portfolio businesses are experiencing robust customer demand supported by favorable underlying economic conditions and strong commodity prices. Further, the sales generated by both Marketing Impact and ACR, which were acquired in April and October of 2022 respectively, contributed meaningfully to the finished product segment and consolidated sales increases. Year-over-year organic growth was also achieved in the quarter. The five businesses owned prior to 2022 experienced aggregate revenue growth of 22% in Q1 2023, relative to Q1 2022.

Overall gross profit was $11.1 million in Q1 2023, an increase of $4.9 million, or 79%, relative to Q1 2022, driven by the increase in overall sales. Gross profit percentages in Q1 2023 increased by 3 percentage points compared to Q1 2022, which was driven by the component manufacturing segment where product mix changes, pricing increases and the effect of higher sales covering a larger percentage of fixed costs led to increased segment margins.

Overall operating expenses increased from $5.3 million in Q1 2022 to $8.6 million in Q1 2023. The increase was primarily a result of increased financing costs, selling costs associated with the increase in overall sales, and overall scale due to the acquisitions of Marketing Impact and ACR.

Adjusted EBITDA for the first quarter of 2023 was a record $4.9 million, a $2.6 million, or 112%, increase compared to Q1 2022. The overall increase in Adjusted EBITDA was primarily driven by the increases in sales and gross profit relative to Q1 2022.

Consolidated net profit in the quarter was $2.0 million, or $0.13 per share, an increase of $1.5 million, or $0.09 per share, compared to Q1 2022.

Q4 2022 Consolidated Financial Highlights
Sales for the fourth quarter increased by 72% to a record $30.8 million from $17.9 million in Q4 2021. The overall increase was driven by a 124% increase in the finished product segment and a 19% increase in the component manufacturing segment. Each of the portfolio businesses experienced robust customer

demand supported by favorable underlying economic conditions and strong commodity prices. Further, the sales generated by both Marketing Impact and ACR, which were acquired in April and October of 2022 respectively, contributed meaningfully to the finished product segment and consolidated sales increases. Relative to Q4 2021, Blaze King sales increased 16%, Slimline sales increased 22%, Unicast sales increased 22%, Hawk sales increased 52% and Northside sales were consistent.

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

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

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

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

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

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

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

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

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

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

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

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

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 five separate businesses: Blaze King, Slimline, Marketing Impact, ACR and Capital I. Beginning in Q3 2023, IHT will also form part of this segment.

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

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

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

of the art solution that meets specific customer needs in the elimination of wastewater. Slimline's evaporators are sold into markets throughout the world.

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

Capital I
Capital I, located in Tisdale, Saskatchewan, designs, manufactures and distributes high-quality road maintenance and construction equipment. Capital I's innovative products include dozer blades, snow blades and wings, slopers, gravel reclaimers, gravel groomers, lifts, 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, excess manufacturing capacity is used to fabricate parts for various mining, oil and gas and agricultural customers.

Finished Product Segment Performance

(Stated in thousands of dollars)	For the three months ended		For the six months ended	
June 30,	**2023**	2022	**2023**	2022
Sales	$ **17,960**	$ 13,107	$ **35,354**	$ 22,342
Gross profit	**7,063**	5,227	**13,758**	9,020
Gross profit %	**39%**	40%	**39%**	40%
Profit	**2,001**	1,901	**4,154**	3,212
Add (deduct):				
Financing costs	**105**	83	**196**	134
Income tax expense	**311**	331	**619**	508
Amortization and depreciation	**991**	564	**1,697**	885
Foreign exchange expense (income)	**24**	(62)	**19**	6
Interest and other income	**(7)**	(2)	**(23)**	(6)
Gain on sale of equipment	**-**	(2)	**-**	(2)
Adjusted EBITDA	**3,425**	2,813	**6,662**	4,737

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

Three Months Ended June 30, 2023
Overall sales for the segment in Q2 2023, increased by $4.9 million, or 37%, relative to Q2 2022. The increase was driven primarily by the sales generated in the two businesses acquired post-Q2 2022: ACR and Capital I. Capital I experienced strong demand for its products during the quarter, resulting in quarterly sales levels ahead of pre-acquisition averages. Although ACR witnessed seasonal decreases in sales and demand for its wood stove products, it still contributed positively to overall segment sales in the quarter. Similarly, demand for Blaze King products witnessed seasonal declines for the first time in the last several years, and coupled with reduced productivity in the quarter, resulted in a 15% decrease in unit sales, however pricing increases offset the impact on its overall sales to a 5% decrease for the quarter compared to Q2 2022. Slimline sales decreased by 25% in Q2 2023, compared to Q2 2022

primarily as a result of decreases in agricultural sprayer sales. Q2 2023 sales at Marketing Impact were consistent with Q2 2022.

The increase in overall sales resulted in a $1.8 million, or 35%, increase in gross profit in Q2 2023 compared to Q2 2022. The 1% decrease in gross profit percentage in Q2 2023 compared to Q2 2022 was driven by product mix changes at Marketing Impact with a higher percentage of lower margin merchandising products sold in Q2 2023 relative to Q2 2022, as well as margin compression on certain Slimline sales.

Overall segment Adjusted EBITDA was $3.4 million in Q2 2023; an increase of $0.6 million, or 22%, compared to Q2 2022, driven by the increases in overall sales and gross profit described above.

Six Months Ended June 30, 2023

Overall sales for the segment in the first half of 2023 increased by $13.0 million, or 58%, relative to the first half of 2022. The increase was a result of the sales generated by Marketing Impact, ACR and Capital I since their respective acquisition dates of April 14, 2022, October 3, 2022, and April 5, 2023. Sales for Marketing Impact and ACR in the first half of 2023, and sales for Capital I since its acquisition date, are each ahead of their respective pre-acquisition averages. Blaze King sales increased 3% in the first half of 2023, compared to the same period in 2022, as pricing increases more than offset an 11% decrease in the number of units sold based on year-over-year productivity declines and as traditional seasonal demand patterns reduced unit sales in Q2 2023. Sales for Slimline in the first half of 2023 decreased 25% relative the first half of 2022, primarily as a result of decreases in agricultural sprayer sales relative to a year ago.

Overall gross profit increased by $4.7 million, or 53%, in 2023 relative to 2022, driven by the overall increase in sales. The 1% decrease in gross profit percentage in the first half of 2023 compared to the same period in 2022, was primarily a result of margin compression on certain Slimline sales.

Overall segment Adjusted EBITDA was $6.7 million in the first half of 2023; an increase of $1.9 million, or 41%, compared to the first half of 2022, driven by the increases in overall sales and gross profit described above.

Finished Product Segment Industry Trends and Outlook

Blaze King and ACR

- All Blaze King products meet stringent EPA 2020 regulations in effect for wood burning appliances in North America. Blaze King's top selling King and Princess model woodstoves are listed first and second in North America in terms of efficiency by the EPA. Similarly, all of ACR's products meet the environmental standards in effect in the United Kingdom and Europe.

- Investments made with respect to EPA 2020 readiness positioned Blaze King to increase its market share. According to information published by the EPA, since October 2019, the total number of wood stove manufacturers declined by 45% and the total number of certified wood stove models declined by 66%.

- United States government's tax credit program, effective until 2032, is buoying demand as Blaze King products make up 10% 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.

- Recent volatility in the availability and costs of heating alternatives such as natural gas, have also been positive for the demand of wood stoves and fireplaces in North America, the United Kingdom and Europe.

- Accessible price points that ACR distributes its products at have also driven demand given the inflationary pressures impacting the United Kingdom and Europe.

- Based on its current strong backlog, Blaze King management is focused on increasing production capacity to continue to satisfy demand and to capitalize on future market expansion opportunities. Investments in growth capital were made in 2021, 2022 and 2023 with additional investments underway and planned in the coming months. In addition, third party manufacturers (including Northside) are beginning to be utilized to increase production.
- Blaze King and ACR are in the early stages of leveraging synergies between the two businesses which could include the introduction of Blaze King products into Europe and the introduction of ACR products into North America, supported by the extensive dealer networks both businesses have in their respective markets.

Slimline

- Slimline's agriculture sprayers have strong brand equity and market penetration in British Columbia and in the Pacific Northwest and is aiming to capitalize on the wider industry movement toward precision agriculture.
- In February 2023, Daryll Lowry was named the new president of Slimline. Leadership transition has progressed considerably over the last five months.
- New leadership team is focused on improving service to the existing customer base in the Pacific Northwest while also pursuing expansion in other large agricultural markets in North America, such as California, Florida, Georgia, South Carolina and New York. This renewed focus is expected to have Slimline well positioned for the next agricultural sprayer buying season.
- Other worldwide markets such as South America, New Zealand and Europe also being explored as potential international expansion opportunities, which would help mitigate the effects of seasonality on its North American sprayer business.
- Opportunities for Slimline's wastewater evaporator products to provide alternative wastewater remediation solutions in the waste management, oil and gas and mining industries.
- The development of a larger scale evaporator for use in larger scale tailings ponds over the last several months has led to a substantial order that is expected to be fulfilled in the second half of 2023.

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 has softened to date in 2023. However, Marketing Impact is uniquely positioned as a domestic 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.
- Well established with its customer base in Eastern Canada. Given its market position and the quality of its products, management believes there are opportunities for growth in Western Canada and the United States. In the United States, the grocery and pharmacy industries are more fragmented than in Canada, which provides for a wider potential customer sales base.
- Transition of leadership from the founders currently underway which is limiting growth in the business. Decisive focused on supporting the new leadership of Marketing Impact to ensure the business positioned to pursue growth in a methodical fashion.

Capital I

- 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, and improved performance as a result of the unique design attributes of its products relative to its competitors.
- Delivery of summer implement orders nearing completion and backlog of winter implement orders beginning to build.
- Current project underway to manufacture oil and gas machinery in conjunction with Hawk and Unicast.
- Opportunities for growth in Eastern Canada and the United States.

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 five separate businesses: Unicast, Hawk, Northside, Micon and Procore.

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

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

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

Micon

Micon, located in Merritt, British Columbia, 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, located in Merritt, British Columbia, 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.

Component Manufacturing Segment Performance

(Stated in thousands of dollars)	For the three months ended		For the six months ended	
June 30,	**2023**	2022	**2023**	2022
Sales	$ **12,746**	$ 10,082	$ **26,205**	$ 19,536
Gross profit	**4,436**	2,529	**8,862**	4,934
Gross profit %	**35%**	25%	**34%**	25%
Profit	**1,603**	430	**3,297**	950
Add (deduct):				
Financing costs	**30**	26	**57**	54
Income tax expense	**363**	39	**794**	67
Amortization and depreciation	**766**	567	**1,366**	1,118
Acquisition and restructuring costs	**-**	237	**-**	237
Foreign exchange income	**(6)**	(229)	**(43)**	(203)
Interest and other income	**(1)**	(1)	**(3)**	(1)
Gain on sale of equipment	**-**	(7)	**(69)**	(7)
Adjusted EBITDA	**2,755**	1,062	**5,399**	2,215

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

Three Months Ended June 30, 2023

The $2.7 million, or 26%, increase in segment sales in Q2 2023 relative to Q2 2022, was driven by sales increases in Unicast and Northside as well as the sales generated in the two businesses acquired in April 2023: Micon and Procore. The sales generated by Micon and Procore in Q2 2023 were consistent with pre-acquisition averages. Unicast sales increased 9% in Q2 2023 compared to Q2 2022 and Northside sales increased 31% relative to Q2 2022. Demand levels in these businesses has continued to be strong as underlying economic conditions and commodity prices have improved driving increased demand. Hawk sales in Q2 2023 were consistent with Q2 2022 as seasonal demand lows had a similar effect on Hawk's activity in each of the respective quarters.

The increase in sales was a key driver of the $1.9 million, or 75%, increase in segment gross profit for the three-month period ended June 30, 2023, compared to the same period in 2022. In addition, the segment reported considerably higher gross profit percentages in Q2 2023 compared to Q2 2022, as a result of product mix changes, pricing increases and the impact of Northside producing lower margin products through a strategic partnership in a lower cost jurisdiction.

Segment Adjusted EBITDA was $2.8 million in Q2 2023; an increase of $1.7 million, or 159%, compared to Q2 2022. The increase in segment Adjusted EBITDA was driven by the increased sales and gross profit generated in the quarter.

Six Months Ended June 30, 2023
For the six months ended June 30, 2023, segment sales increased by $6.7 million, or 34%, compared to the same period in 2022. The overall increase was a result of 42%, 25% and 24% respective sales increases in each of Unicast, Hawk and Northside, as well as the sales generated in the two businesses acquired in April 2023: Micon and Procore. Demand levels in Unicast, Hawk and Northside continue to increase reflecting strengthening of the industries that these component manufacturing businesses serve. In addition, customer acquisition efforts through the last several quarters have further diversified the customer base for both Hawk and Unicast relative to the first half of 2022.

Overall segment gross profit in the first half of 2023 increased by $3.9 million, or 80%, compared to same period in 2022 and gross profit percentages increased by 9 percentage points over the same respective periods. The higher sales levels in the first half of 2023 were a driver of the overall gross profit increase, however margin enhancing activities undertaken over the last year had an even greater impact on both the overall gross profit increase as well as the increase in gross profit percentages.

Segment Adjusted EBITDA in the first half of 2023 was $5.4 million; an increase of $3.2 million, or 144%, compared to the first half of 2022. The increase in segment Adjusted EBITDA was driven by the increase in sales and gross profit.

Component Manufacturing Segment Industry Trends and Outlook

Unicast, Micon and Procore

- Cement and aggregate industries should continue to see strong demand based on North American cement shortages coupled with infrastructure spending initiatives that have been introduced by governments globally.
- Commodity prices have remained relatively strong keeping mines active across North, Central and South America and Australia.
- Opportunity for market share increases through cross selling amongst complementary customer bases and geographies served between Unicast, Micon and Procore. Further geographic expansion opportunities in Latin America, Africa, Asia, Europe, and the Middle East.
- Mark Watson named President of Unicast in May 2022 with a focus on highlighting Unicast's product differentiators to support sales growth, focusing on higher margin products and expanding Unicast's sales team and distribution networks while diversifying suppliers.
- Brian McDonald hired as the General Manager of Micon and Procore in August 2023, supporting leadership transition from the exiting founders of these businesses.

Hawk

- Customer base currently tied closely to the North American oil and gas industry. Over the last year customer base has diversified which has lessened the reliance on its main customer considerably.
- Current oil and natural gas price levels continue to be supportive of strong activity levels in the oil and gas industry, evidenced by increasing rig counts in Western Canada in Q3 2023, which is positive with respect to demand for Hawk's products.

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

Northside

- Currently, Northside's primary focus is supplying products for the commercial vehicle and forestry sectors and Northside has two main customers in these areas.
- Demand for commercial vehicle products has increased significantly in 2023 and based on current production forecasts, the provision of these products is expected to continue to support strong demand levels for commercial vehicle products for the remainder of 2023.
- Conversely, North American lumber prices have declined in 2023, as rising interest rates have reduced demand for lumber. Demand for forestry equipment has moderated as a result, which has negatively impacted demand for the products connected to this sector.
- 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 Q2 2023 to help mitigate the effect of cost increases over the last few years and meet the expected future demand levels of its customers while also increasing production capacity.
- Production capacity improvements are being used to produce fireboxes for Blaze King, which commenced in early Q3 2023. These efficiencies also allow Northside to pursue other value add manufacturing opportunities.

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 six months ended	
June 30,	**2023**	2022	**2023**	2022
Loss	$ **(2,403)**	$ (1,447)	$ **(4,284)**	$ (2,766)
Add (deduct):				
Financing costs	**746**	548	**1,383**	924
Income tax expense (recovery)	**36**	(9)	**15**	89
Amortization and depreciation	**14**	9	**28**	13
Acquisition and restructuring costs	**578**	341	**602**	341
Share-based compensation expense	**115**	28	**354**	98
Interest and other income	**-**	(1)	**-**	(1)
Adjusted EBITDA	**(914)**	(531)	**(1,902)**	(1,302)

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

Three Months Ended June 30, 2023

During the three-month period ended June 30, 2023, Head Office expended $2.4 million on corporate activities. This was an increase of $1.0 million relative to Q2 2022.

The increase was primarily a result of an increase in financing costs; acquisition costs; professional fees; salaries, wages and benefits; and share-based compensation. The $0.2 million increase in financing costs in the quarter was due to the increase in long-term debt used to fund acquisitions over the preceding twelve months and to fund increased working capital across the Group, as well as an increase in variable rate borrowing costs. The acquisition activity in Q2 2023 resulted in a $0.2 million increase in acquisition costs relative to Q2 2022. Professional fees were also $0.2 million higher in the quarter as a result of recruitment costs incurred to fill additional head office positions and increased audit fees. In addition, salaries, wages and benefits increased $0.2 million due to the addition of another resource at head office as well as short-term incentive accruals based on the strong overall operating performance of the Group in the first half of 2023. Also, share-based compensation was $0.1 million higher in Q2 2023, versus Q2 2022, as a result of restricted share units issued in the quarter.

Six Months Ended June 30, 2023
For the six months ended June 30, 2023, Head Office expended $4.3 million on corporate activities. This was an increase of $1.5 million relative to the first half of 2022.

The increase was primarily a result of a $0.5 million increase in financing costs in the first half of 2023 due to the increase in long-term debt used to fund acquisitions over the preceding twelve months and to fund increased working capital across the Group, as well as an increase in variable rate borrowing costs. The acquisition activity in the first half of 2023 resulted in a $0.3 million increase in acquisition costs relative to the same period in 2022. Professional fees were also $0.2 million higher in the first half of 2023 as a result of recruitment costs incurred to fill additional head office positions and increased audit fees. In addition, salaries, wages and benefits increased due to the addition of another resource at head office as well as short-term incentive accruals based on the strong overall operating performance of the Group in the first half of 2023. Also, share-based compensation was $0.3 million higher in the first half of 2023, versus the same period in 2022, as a result of deferred share units and restricted share units issued in the first half of 2023.

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 its Annual MD&A can significantly affect the financial condition and liquidity of the Company.

Cash and Working Capital

As of the date of this MD&A, the Company had cash of $4.9 million, compared to cash of $3.6 million at June 30, 2023, and cash of $4.7 million at December 31, 2022.

As at June 30, 2023, the Company had net working capital of $22.4 million (December 31, 2022 - $17.9 million) as follows:

(Stated in thousands of dollars)		**June 30, 2023**		December 31, 2022
Cash, net of bank indebtedness	$	**3,589**	$	4,734
Accounts receivable		**20,430**		16,380
Inventory		**23,363**		14,940
Prepaid expenses		**1,676**		2,433
Accounts payable		**(21,742)**		(17,909)
Dividends payable		**(611)**		(447)
Prepaid deposits		**(1,900)**		(344)
Warranty provision		**(593)**		(579)
Current portion of lease obligations		**(1,542)**		(1,279)
Current portion of long-term debt		**(222)**		-
Net working capital	$	**22,448**	$	17,929

Capital Expenditures

(Stated in thousands of dollars)		For the three months ended				For the six months ended		
June 30,		**2023**		2022		**2023**		2022
Purchase of property and equipment	$	**932**	$	385	$	**1,653**	$	612
Proceeds from sale of property and equipment		**-**		(17)		**(81)**		(17)
		932		368		**1,572**		595
Growth capital expenditures		**581**		76		**732**		76
Maintenance capital expenditures		**351**		292		**840**		519
	$	**932**	$	368	$	**1,572**	$	595

The increase in capital expenditures was a result of increases in both maintenance capital and growth capital expenditures. Growth capital expenditures in 2023 were directed toward production capacity enhancements at Blaze King and capability enhancements at Hawk.

Free Cash Flow

(Stated in thousands of dollars)

	For the three months ended		For the six months ended	
June 30,	**2023**	2022	**2023**	2022
Cash provided by operating activities	$ **6,995**	$ 1,494	$ **6,964**	$ 1,290
Add (deduct):				
Changes in non-cash working capital	**(2,311)**	1,327	**1,286**	2,799
Income taxes paid	**11**	(51)	**1,333**	991
Current income tax expense	**(929)**	(439)	**(1,836)**	(763)
Acquisition and restructuring costs	**578**	578	**602**	578
Interest paid	**(836)**	(614)	**(1,547)**	(1,028)
Lease payments	**(373)**	(305)	**(689)**	(592)
Required principal repayments on debt	**(55)**	-	**(55)**	-
Free cash flow	$ **3,080**	$ 1,990	**6,058**	3,275

The increase in Free Cash Flow in 2023, was primarily a result of the increase in Adjusted EBITDA relative to 2022, which was partially offset by increases in interest paid, current income taxes and lease payments on right of use assets.

Dividends and Dividend Payout Ratios

The Company's Board of Directors regularly examines the dividends paid to shareholders. The following dividends were declared during the six months ended June 30, 2023, and throughout 2022:

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

	2023		2022	
Month	**Per share ($)**	**Dividend Amount ($)**	Per share ($)	Dividend Amount ($)
January	$ **0.030**	$ **448**	$ 0.025	$ 303
February	**0.030**	**450**	0.025	304
March	**0.035**	**528**	0.025	305
April	**0.035**	**608**	0.030	377
May	**0.035**	**610**	0.030	377
June	**0.035**	**611**	0.030	378
July	**-**	**-**	0.030	379
August	**-**	**-**	0.030	379
September	**-**	**-**	0.030	436
October	**-**	**-**	0.030	441
November	**-**	**-**	0.030	443
December	**-**	**-**	0.030	447
Total	$ **0.200**	$ **3,255**	$ 0.345	$ 4,569

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid in 2023, $2.2 million were settled in cash and $0.9 million were reinvested in additional common shares of the Company, pursuant to the dividend reinvestment and cash purchase plan "the DRIP".

On March 15, 2023, the Company announced an increase in its monthly dividend to $0.035 per share and on June 22, 2023 announced a further increase in its monthly dividend to $0.04 per share effective for the August 2023 dividend payment. The increased monthly dividend represents annualized dividends of $0.48 per common share, up from the annualized March level of $0.42 per common share and the previous level set at $0.36 per common share on an annualized basis.

The Company utilizes Free Cash Flow Less Maintenance Capital to analyze the percentage of cash generated from operations returned to shareholders as dividends. This is analyzed on a trailing twelve-month basis in order to reduce the impact of seasonality on the analysis. Cash outflows associated with acquisitions, including acquisition costs, and growth capital expenditures are not included in this payout ratio as they are expected to generate incremental cash inflows in the future. The Company's dividend payout ratio decreased in the trailing twelve-month period ended June 30, 2023 compared to the same period in 2022, primarily as a result of the $8.6 million increase in Adjusted EBITDA for the trailing twelve-month period ended June 30, 2023, compared to the same period in 2022, which was partially offset by increases in interest paid, current income taxes and lease payments on right of use assets.

(Stated in thousands of dollars) For the trailing twelve month period ended June 30,	**2023**	2022
Cash provided by operating activities	**$ 14,097**	$ 2,165
Add (deduct):		
Changes in non-cash working capital	**1,679**	5,871
Income taxes paid	**1,333**	862
Current income tax expense	**(2,816)**	(1,145)
Acquisition and restructuring costs	**1,103**	693
Interest paid	**(2,873)**	(1,997)
Lease payments	**(1,323)**	(1,119)
Required principal repayments on debt	**(55)**	(8)
Free cash flow	**11,145**	5,322
Maintenance capital expenditures	**(1,275)**	(934)
Free cash flow less maintenance capital	**9,870**	4,388
Dividends declared	**5,780**	3,791
Dividend payout ratio	**59%**	86%

Cumulative dividends, paid since Decisive's inception, for the six months ended June 30, 2023, are as follows:

(Stated in thousands of dollars)	**June 30, 2023**
Cumulative dividends, beginning of period	**$ 19,686**
Dividends declared during the period	**3,255**
Cumulative dividends, end of period	**$ 22,941**

Subsequent to June 30, 2023, the Company undertook the following dividend actions:

- A dividend of $0.04 per share was declared on July 15, 2023, for shareholders of record on July 31, 2023, which is payable on August 15, 2023.

Long-Term Debt

(Stated in thousands of dollars)	Authorized	**August 10, 2023 Outstanding**	**June 30, 2023 Outstanding**	December 31, 2022 Outstanding
Revolving term operating facility (i)	$ 15,000	$ **7,722**	$ **6,081**	$ 4,988
Revolving term acquisition facility (ii)	25,000	**11,000**	**3,000**	-
Non-amortizing term loan (iii)	28,000	**28,000**	**28,000**	28,000
Equipment loans	513	**513**	**536**	-
	$ 68,513	$ **47,235**	$ **37,617**	$ 32,988

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

(i) The revolving term operating facility bears interest at the lender's prime rate plus 1.0%. The Company's ability to access the revolving term operating facility is dependent on a borrowing base which is measured against the Group's accounts receivable and inventory. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term operating facility.

(ii) The revolving term acquisition facility bears interest at the lender's prime rate plus 2.5% and is available to the Company for acquisition purposes. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term acquisition facility.

(iii) The non-amortizing term loan bears interest at a fixed rate of 6.9% with no required principal payments for the term of the loan.

Subsequent to the end of the quarter, the Company renewed the credit agreement with its senior lenders, increased the amount available, lowered the borrowing costs on its revolving term acquisition facility by 0.5%, and extended the term of the agreement by one year so that all drawn amounts now mature in June 2026. On renewal, the total amount available under the credit agreement was increased to $68.0 million from $53.0 million as follows:

(Stated in thousands of dollars)	Previously Authorized	Increases	Currently Authorized
Revolving term operating facility (i)	$ 10,000	$ 5,000	$ 15,000
Revolving term acquisition facility (ii)	15,000	10,000	25,000
Non-amortizing term loan (iii)	28,000	-	28,000
	$ 53,000	$ 15,000	$ 68,000

The Company utilized its revolving term acquisition facility in each of the four acquisitions completed to date in 2023. The acquisition facility was subsequently paid down through the net proceeds of an equity offering completed in April 2023, proceeds on the exercise of warrants (both of which are described later in this MD&A under the heading "Disclosure of Outstanding Share Data"), and operating cash flows leaving ample liquidity for future acquisitions.

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

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

As at June 30, 2023, the Group was in compliance with these ratios.

Off-Balance Sheet Arrangements

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

Disclosure of Outstanding Share Data

The following table sets forth the Company's share capital data as at August 10, 2023, June 30, 2023, and December 31, 2022. 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.

	August 10, 2023	**June 30, 2023**	December 31, 2022
Common shares, basic	**18,630,072**	**17,468,267**	14,888,021
Warrants outstanding	**1,074,650**	**1,893,825**	924,181
Deferred share units outstanding	**43,114**	**43,114**	-
Restricted share units outstanding	**67,707**	**67,707**	-
Stock options outstanding	**395,168**	**457,167**	659,666
Common shares, fully diluted	**20,210,711**	**19,930,080**	16,471,868

An aggregate of 347,181 common shares were issued during the six months ended June 30, 2023, through Decisive's employee share purchase plan, DRIP and the exercise of stock options. These share issuances generated cash proceeds of $0.7 million and reduced the amount of cash dividends paid by $0.9 million.

During the second quarter, as part of the consideration paid for the acquisitions of Capital I, Micon and Procore described earlier in this MD&A under the heading "Acquisitions", 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.

Also during the second quarter, 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.

Subsequent to the end of the quarter, as part of the consideration paid for the acquisition of IHT described earlier in this MD&A under the heading "Acquisitions", on July 19, 2023, the Company issued an aggregate 314,614 common shares to the vendors of IHT at a price of $7.39 per share.

Subsequent to the end of the quarter, the 819,175 warrants issued to Waratah Capital Advisors Ltd. in 2022 were exercised at a price of $4.94 per warrant for total cash proceeds $4.0 million, which were used to pay down the Company's revolving term acquisition facility.

As at August 10, 2023, there were 906,844 shares in escrow relating to the Company's completed acquisitions, as follows:

- Marketing Impact – 156,863 to be released half per year in April 2024 and 2025 respectively.
- ACR – 166,790 to be released at one-third per year in October 2023, 2024, and 2025 respectively.
- Capital I – 123,962 to be released at one-third per year in April 2024, 2025, and 2026 respectively.
- Micon – 55,434 to be released at one-third per year in April 2024, 2025, and 2026 respectively.
- Procore – 89,181 to be released at one-third per year in April 2024, 2025, and 2026 respectively
- IHT – 314,614 to be released at one-third per year in July 2024, 2025, and 2026 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 six months ended June 30, 2023, included $0.85 million of salaries, benefits and director fees (2022 - $0.65 million) and $0.26 million of share-based compensation (2022 - $0.06 million).

Accounting Policies

The Company's significant accounting policies are disclosed in Note 3 of Decisive's audited consolidated financial statements for the year ended December 31, 2022. During 2023, there have not been any changes in the accounting policies or methods of computation used.

Critical Accounting Estimates

This MD&A is based on the Company's consolidated financial statements. The preparation of the consolidated financial statements requires that certain estimates and judgements be made with respect to the reported amounts of revenues and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgement. Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. The estimates and judgements considered to be the most significant in the preparation of the consolidated financial statements were described in the Company's 2022 Annual MD&A under the heading "Critical Accounting Estimates". There were no significant changes to the methodologies employed in applying these estimates and judgements in the first six months of 2023.

Financial Instruments and Financial Risk Management

Fair Value Measurement and Disclosures

The basis for fair value measurements and/or disclosures were described in the Company's 2022 Annual MD&A under the heading "Financial Instruments". There were no changes in the classification or in the fair value measurement basis of the Group's financial instruments since December 31, 2022.

At June 30, 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.

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

Financial Risk Management

The Company's primary business activities consist of the acquisition of businesses in the manufacturing sector. The Company examines the various financial risks to which the Group is exposed and assesses the impact and likelihood of occurrence. These risks may include liquidity risk, credit risk, currency risk, and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial and commodity markets and its objective is to minimize the potential adverse effects of such risks on the Group's financial performance, where financially feasible to do so. When deemed material, these risks may be monitored by the Group's corporate finance group and they are regularly discussed with the Company's board of directors or one of its committees. There were no changes in the Company's assessment of risks from the use of financial instruments or in the financial risk management policies of the Company since December 31, 2022.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. To mitigate this risk, the Group has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Group's cash is held in business accounts which are available on demand for the Group's programs. The contractual maturities of financial instruments are as follows:

(Stated in thousands of dollars)

June 30, 2023	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	**$ 21,742**	**$** 21,742	$ 16,024	$ 5,718	$ -
Dividends payable	**611**	611	611	-	-
Long-term debt	**37,365**	45,520	2,931	42,589	-
Lease obligations	**6,747**	7,640	1,830	4,932	878
	$ 66,465	**$** 75,513	$ 21,396	$ 53,239	$ 878

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

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 June 30, 2023, 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)

		June 30, 2023	
Not yet due	$	**11,913**	**62%**
31-60 days overdue		**4,683**	**24%**
61-90 days overdue		**1,561**	**8%**
>90 days overdue		**1,069**	**6%**
Trade accounts receivable		**19,226**	**100%**
Less: expected credit losses		**(159)**	
Net trade accounts receivable	$	**19,067**	

Of the amounts over 90 days due, $0.7 million were collected subsequent to the end of the quarter. 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.

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

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

(Stated in thousands of dollars)

	Entities with a CAD functional currency		Entities with a USD functional currency		Entities with a GBP functional currency		
As at June 30, 2023	**CAD**	**USD**	**CAD**	**USD**	**CAD**	**GBP**	**Total**
Cash	$ (897)	$ 1,007	$ 1,919	$ 253	$ -	$ 1,307	**$ 3,589**
Accounts receivable	13,444	3,869	492	1,703	-	922	**20,430**
Accounts payable	(19,364)	(862)	(112)	(484)	-	(920)	**(21,742)**
Dividend payable	(611)	-	-	-	-	-	**(611)**
Inter-company amounts	6,853	-	(8,431)	1,582	(4)	-	**-**
Long-term debt	(36,829)	(536)	-	-	-	-	**(37,365)**
Net exposure	(37,404)	3,478	(6,132)	3,054	(4)	1,309	**(35,699)**
Effect of 5% strengthening of FC versus CAD:							
Profit (loss)	-	174	307	-	-	-	**481**
OCI	$ -	$ -	$ -	$ (153)	$ -	$ (65)	**$ (218)**

The Company is at times exposed to interest rate risk on its long-term debt, as described under the heading "Long-term Debt" earlier in this MD&A, due to the interest rate on certain of its credit facilities being variable. Of the Company's interest-bearing debt outstanding at June 30, 2023, 24% was variable rate. The Company does not enter into derivative contracts to manage this risk.

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

(Stated in thousands of dollars)

Interest rate risk		**June 30, 2023**
Floating instruments	$	**9,081**
Average balance		**7,249**
Impact on profit (loss) of a change in interest rates:		
-1%		**73**
+1%	$	**(73)**

Risk Factors

The Company and its subsidiaries are subject to a number of risk factors. These risk factors relate to the organizational structure of the Company and to the operations of its subsidiaries. There were no changes to the principal risk factors from those reported in the Company's Annual MD&A for the year ended December 31, 2022.

Non-IFRS Financial Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Return on Invested Capital**" the Company references a return on invested capital ratio, which is calculated by dividing Free Cash Flow Less Maintenance Capital, as defined above, by the associated capital cost of the applicable investment. 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;
- The Company's method of calculating Non-IFRS financial measures may differ from that of other corporations or entities and therefore may not be directly comparable to measures utilized by other corporations or entities;
- In the future, the Company may disclose different Non-IFRS financial measures in order to help its investors more meaningfully evaluate and compare future results of operations to previously reported results of operations.
- Non-IFRS financial measures should not be viewed as an alternative to measures that are recognized under IFRS such as profit or loss or cash provided by operating activities; and
- A reader should not place undue reliance on any Non-IFRS financial measures.

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

Cautionary Statement Regarding Forward Looking Information and Statements

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

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

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

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

Internal Controls Over Financial Reporting

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

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