FINAL TRANSCRIPT

Decisive Dividend Corporation

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PRESENTATION

Operator

Good morning. My name is Mark and I will be your conference operator today. At this time, I'd like to welcome everyone to the Decisive Dividend Fourth Quarter and Year End 2023 Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. If you'd like to ask a question during this time, simply press star one on your telephone keypad. If you'd like to withdraw your question, you can do so by pressing star and then the number two.

We remind you that today's remarks may include forward-looking statements and non-IFRS financial measures that are subject to important risks and uncertainties. For more information on these risks and uncertainties, please see the applicable sections of Decisive Dividend's news release and MD&A, which are on their website and have been filed on SEDAR.

I would now like to turn the call over to Jeff Schellenberg, Chief Executive Officer, and Rick Torriero, Chief Financial Officer. Please go ahead.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thank you. Hello and good morning, everyone. It's Jeff Schellenberg. I want to welcome everyone here to our Q4 2023 earnings conference call.

By any metric we measure, 2023 was a very successful year for Decisive Dividend with many things to celebrate, including a few things I'd like to highlight here.

We completed four accretive acquisitions in 2023, adding Capital I Industries Inc. and its sister company Irving Machine Inc., Micon Industries Limited, Procore International Radiators Limited, and Innovative Heating Technologies Inc. to our portfolio of businesses. Over the period of 15 months leading to the IHT transaction, we completed six acquisitions or an acquisition every 77 days. The recently announced acquisition of the assets of Alberta Production Machining here in Q1 2024 demonstrates our focus on continuing to deliver growth via acquisition for our shareholders. The five businesses we owned for full year periods prior to 2023 experienced revenue growth of 13% on a year-over-year basis, which is a result of the work done by our subsidiaries to price our products to reflect the value we create for our customers and access profitable new customers.

The gross margins across our portfolio of businesses improved from 33% to 39% on a year-over-year basis, reflecting the product mix changes, pricing increases and other margin-enhancing activities, the effect of higher sales covering a larger percentage of fixed costs, and the impact of the acquisition of higher gross margin businesses in 2023.

As a result of the acquisition activity, organic growth and margin enhancement experienced in 2023, our per-share financial metrics improved significantly, a critical metric for shareholders in terms of the ability to support dividend growth and equity value creation for our shareholders. It was the strength of our adjusted EBITDA and free cash flow less maintenance CapEx per-share performance, which increased by 38% and 44%, respectively, in 2023, that allowed us to complete two dividend increases in 2023, representing a 33% increase in our per-share dividend. The sustainability of the dividend levels, even with the growth we have experienced, is demonstrated by our payout ratio, which improved to 54% in 2023, down from 62% in 2022. The strength in our payout ratio allowed us to complete a further 12.5% increase in our per-share dividend in Q1 2024, resulting in the current dividend being set at $0.54 per share, representing a pro forma payout ratio of 66%.

During 2023, Decisive's financial performance drove strong stock performance with total shareholder return of 67%. This resulted in us earning recognition in the TSX Venture 50 as one of the top 50 performing stocks of the 1,665 companies listed on the TSX Venture Exchange, placing first in the diversified industries category.

In July 2023, we renewed and upsized our credit facilities to $68 million with Canadian Western Bank and its subsidiary, CWB Maxium, and then subsequent to the 2023 year end we announced a new syndicated debt facility which closed on March 13, 2024. The new syndicated facility, co-led by National Bank of Canada and CWB Maxium, which also includes Royal Bank and Desjardins, increased our overall debt capacity by $107 million through a committed $100 million senior secured revolving term loan and a $75 million accordion facility. Finally, we had six banks initiate research coverage on Decisive in 2023, significantly raising the profile of the business with equity investors, illustrating the support we have from equity capital providers, as demonstrated in April 2023 when we completed our first bought deal equity offering led by Eight Capital and Cormark Securities, raising $11.6 million to fund the three acquisitions we announced concurrently in April 2023.

The strength of performance in 2023 was not experienced without any challenges. Our Q4 performance was roughly in line with consensus estimates, with pockets of strength, particularly Hawk and Northside, who are the key drivers of the 18% sales growth we experienced in the quarter, as Hawk sales increased 30% compared to Q4 2022 and Northside sales increased 20% relative to Q4 2022. Blaze

King and ACR were able to work through order backlogs during the quarter, although overall hearth product sales declined in Q4 2023 compared to Q4 2022. We also saw Q4 sales for Unicast, Slimline, and Marketing Impact decline relative to Q4 2022 as lower demand resulting from economic uncertainty impacted Unicast product sales and Slimline sprayer sales. We were encouraged by the strengthening and Marketing Impact's performance, however, as Q4 2023 sales were higher than in any other quarter in 2023 and are further encouraged with the fact we were able to hire Marc Gosselin as the President of Marketing Impact, where he started on March 4, 2024. Marc brings extensive leadership experience and a history of generating results, both within the industry Marketing Impact operates in as well as from outside of it, and we are excited to see the impact you can have on Marketing Impact's performance.

The sales generated by the four businesses acquired in 2023, namely Capital I, Micon, Procore, and IHT, contributed meaningfully to the consolidated sales increase with Q4 2023 sales for Capital I, Micron, and Procore being consistent with pre-acquisition averages, though IHT sales moved below pre-acquisition averages during the quarter as a result of a facility move and customers electing to delay capital projects in light of economic uncertainty. IHT does have a significant number of product trial initiatives either already underway or being initiated, which is a leading indicator of high probability future sales for IHT.

While revenue performance was mixed across our subsidiaries, overall Q4 2023 gross profit increased by 38% relative to Q4 2022, driven by the increase in overall sales, margin-enhancing activities conducted by our subsidiaries, and the four high-margin businesses acquired in 2023. That resulted in gross profit percentages increasing by seven percentage points in Q4 2023 compared to Q4 2022.

Likewise, adjusted EBITDA increased by 79% and EBITDA margins also increased by 7% in Q4 2023 compared to Q4 2022.

So what does this all mean for our future outlook? We are seeing softening economic activity as a result of the high interest rate environment, increased geopolitical instability, and ongoing inflation, though at a declining rate, impacting demand for certain businesses relative to what's been experienced over the past two years. Certain of Decisive's subsidiaries are continuing to experience robust demand characteristics, including Marketing Impact and Slimline, with both companies having order levels tracking slightly ahead of 2023. Others, specifically Unicast, Capital I, and IHT, are seeing order levels trailing last year's orders. While Blaze King and ACR entered 2024 with significantly lower backlogs relative to the start of 2023, which will have an impact on Q1 2024 sales levels, management is encouraged by today 2024 order levels, particularly at Blaze King, which are ahead of last year. As a result, on an overall basis, we expect to see relatively soft overall sales in Q1 2024.

We continue to see encouraging signs in order intake and backlog from our subsidiaries and continually monitor order flow and sales levels to assess the impact of demand levels on our future performance. Further, as I've stated before, in challenging market conditions with lower economic growth, the focus for our subsidiaries will be on how we can grow our market share and profitability, as we cannot count on the market to support our growth. The size of our subsidiaries as well as the differentiated products and capabilities they offer support this approach.

We are continuing to pursue growth and profitability through a focus on three areas: product pricing supported by the differentiation and quality of our value-added products, including adding new products or focusing sales and marketing efforts on higher-margin products, as some of our subsidiaries are doing; second, operational efficiency efforts supporting enhanced margins, including margin boosting outsourcing, process flow refinement, and investment in capital equipment; and three, the pursuit of profitable new customers, both internally, so synergistically, and externally in an effort to enhance market share. We are seeing results out of our efforts focused in these three areas, including, as an example, at Northside, who will be commencing work with a new contract with another major commercial vehicle customer later in 2024 coming out of its efforts to pursue profitable new customers.

Even in the face of softer economic activity and demand, we continued to see the benefits of our subsidiaries' pursuit of margin-enhancing activities, as exemplified by the improved margin profile of the business in 2023. We expect to see continued focus on protecting margin, which, along with the positive impact of Decisive's diversified portfolio of businesses and growth in scale of its portfolio, will support strength in our long-term per-share financial metrics despite near-term challenges.

I do want to stress the importance of the long-term sustainable focus of Decisive. This is the focus of the 2023 CEO letter included in our annual report and I want to make some comments on it here. While quarter-by-quarter performance is of importance to investors and the market, our critical focus needs to be on ensuring we are building the businesses block by block for long-term sustainable benefit. Because of the nature of our buy, build, and hold strategy, this means our shareholders are rewarded by the fact that we will pursue methodical and deliberate growth and improvement in each business we acquire and hold for the long term with a focus on increasing our profitability and cash flows to support growth in our per-share financial metrics that can be continually harvested over our permanent hold period, which result in value enhancement and our ability to increase our per-share dividend.

As I discussed in the shareholder letter, I do want to stress that this process of improving performance in the businesses does not happen overnight. As we build our business, we have seen the significant positive impacts that a change in leadership at a subsidiary can have on the results of that subsidiary, especially as teams, strategies, and processes are upgraded to support longer-term growth objectives in the business. However, while these changes are taking effect, typically these subsidiaries have experienced more challenged short-term results, which is part of the process of positioning these businesses for long-term success. The quality of the leaders being brought in to run subsidiary businesses and head office personnel to provide support to these businesses, along with the steps those leaders are taking at each of the subsidiaries to pursue margin and market share enhancing activities, gives Decisive management confidence that each of Decisive's portfolio businesses is being positioned for long-term success in a manner that will continue to support per-share financial metric enhancement and growing and sustainable dividends.

Further, the Company has been focused on increasing production capacity and improving operational efficiency in its businesses. In aggregate, $3.5 million of growth capital expenditures on manufacturing equipment has been made over the last 24 months and the use of strategic third-party manufacturing partners has been expanded. We experience material short-term benefits of these initiatives as we conduct them and all initiatives are 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. However, the benefits of these investments are not necessarily immediately realized and they can continue to support productivity enhancement over the long term to support increased production capacity and improved operational efficiency to position the portfolio of businesses to meet the expected future demand levels of the group's customers and capitalize on future market expansion opportunities over the long term. As a result, we remain encouraged about 2024 and the performance of our business in this period.

We continue to see a strong and growing backlog of acquisition opportunities, especially within our focus areas of the industries we are already operating in. The acquisition of the assets of Alberta Production Machining announced last week is a terrific example of that. This opportunity was brought to our attention by the President of Hawk Machine Works, Tim Stewart, as a result of his industry connections, including at APM. Tim was able to initiate a dialogue with APM, assess the fit of its capabilities relative to Hawk's existing machine capabilities and customer needs, and also oversee a review and analysis of the value and condition of the assets of that business. The acquisition of these assets was completed to support the organic growth efforts of Tim and his team at Hawk, who have done a tremendous job of diversifying the customer base at Hawk and growing the profitability of the business.

This is the second acquisition we have completed in an industry we have previously invested in and are focused on continuing to identify and acquire businesses in areas that we're already invested in, as discussed in the 2023 CEO shareholder letter, which de-risks the transactions we are completing, supports the scalability of our business model, and creates the opportunities for synergistic activities. The involvement of Tim and his team at Hawk not only de-risked the acquisition process as it streamlined and increased the quality of our diligence processes, but will also shortcut the integration of the business into our program with the employees and machines immediately becoming part of Hawk. This supports the scalability of Hawk, as Tim will be overseeing activities both in Hawk's existing facilities in Linden, Alberta but also in the facility of APM in Edmonton that will be taken over by Hawk. Further, Tim has already had the opportunity to quote work to Hawk's existing customers based on the different machining capabilities offered with the assets being acquired, which positions this acquisition to immediately support synergistic activities while also adding new customers to Hawk that Tim will be able to ramp up into further work across Hawk's locations. This is a great example of the type of acquisition opportunities we are seeing to invest in areas and industries we are already invested in that have had significant success and are excited by the number of opportunities we are seeing in our pipeline that have these types of characteristics. Finally, we were able to utilize our new syndicated credit facility for this asset acquisition, which brings our funding mix to our target 50% equity and 50% debt.

Pulling back from these details, and as previously stated, we are extremely pleased with the 2023 results generated by our portfolio of high-quality, high-gross-margin product manufacturing businesses that are supporting value-creating growth for our shareholders. While near-term economic conditions may shift demand into later periods in the year, we believe the market share enhancing activities focused on during focused on building a backlog of revenue opportunities, along with the ongoing focus on margin-enhancing activities, positions the business for strong performance in 2024. Further, we continue to be encouraged about the strength of our M&A pipeline, especially how it supports growth in areas we have previously invested in, and look forward to providing further updates in our future calls regarding how these opportunities develop.

With that, I now open up the call for questions for both Rick and I.

Q & A

Operator

Thank you. If you would like to ask a question, please dial star one on your telephone keypad now to enter the queue. If you find your question is answered before it's your turn to speak, you can dial star two to withdraw yourself from the queue.

Our first question comes from the line of Ty Collin of Eight Capital. Please go ahead, your line is open.

Ty Collin — Analyst, Eight Capital

Hey. Good morning, guys. Thanks for the question and congrats on wrapping up a really impressive year here. So maybe just start on the outlook you gave for 2024, it kind of sounds cautiously optimistic, but certainly mindful of some of the macroeconomic difficulties your businesses are contending with. I'm just wondering if you could maybe speak to how that outlook translated to the annual budgeting process this year and the conversations you're having with your business leaders. Did you make any adjustments to the usual 15% organic growth target that you aim for? Maybe would you expect that to come in a little bit lighter in 2024? Did the focus shift maybe a little more from growth to profitability? Just wondering if you could elaborate on those discussions this year.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Yeah, you bet, Ty. So the 15% organic growth target is definitely a target that all of our team members are well aware of and that's really what we've defined as what winning looks like. In terms of the budgeting process, what we focus on is realistic budgeting so that we can set our capital plans and dividend policies accordingly. And so, although the target is 15% organic growth and each of our subsidiaries are directly focused on achieving that and in many cases have outperformed that over the last couple of years, our budgeting process isn't focused just on providing us a budget that has 15% organic growth, it's on what realistically do you think will transpire over the next year and then we'd work to refine that as the year progresses.

Ty Collin — Analyst, Eight Capital

Okay. Got it. That's helpful. Thanks, Rick. And then I'm wondering if you could speak to the flexibility that the larger credit facility gives you in terms of deal execution. I think in the past you've done equity financings kind of concurrently with M&A transactions or around M&A announcements. Does having all this debt capacity kind of allow you to just do deals with a little more agility and maybe worry about balancing out the capital structure later on when it's more opportunistic like some of your peers do? Does it kind of give you a lot more flexibility in terms of how you fund your acquisitions?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, Ty. Absolutely. I think you nailed it in terms of how you describe it. For us, I think the importance of, you know, what we've had to do, I think, historically here is really managed deal processes to get a series of elements wrapped up or tied up at the same time to allow us then to rebalance ourselves. The focus has been always on leaving ourselves with enough dry powder to complete our next acquisition, to never be kind of backed into a corner where the market knows that we're forced to raise capital, because we think that puts downward pressure on our stock price for sure and also limits our flexibility. So, because of that, like you mentioned, I mean the great examples of in April 2023 where we did three, announced three acquisitions and an equity raise on the same day, which had a tremendous amount of transaction risk associated with just to get all those separate deals to the finish line on the same timing.

This new credit facility gives us the flexibility to close deals on the timeline that makes sense for the deals to close and then, like you've said, be able to rebalance to our target levels and within our… What we have with our new credit facility as well, outside of our target levels of debt and equity which we have, is grid-based pricing, and so, within the bands of interest rate pricing that we have at different leverage levels, we can understand, on a pro forma basis, where any transaction would end up putting us and kind of manage our cost of capital a little bit in that way as well with what we're doing. So yeah, I think it's an absolutely huge deal.

I think the other thing you didn't mention in your comments about it is the level of competitive advantage it gives us in the acquisition process, because we can walk into any transaction situation of any deal that we've done in the past or o f the size that we are targeting here without any question to be asked about whether or not we actually have the money to do the deal. And I can tell you, in a $10 million deal process, that that is a noticeable distinction for the vendor who's choosing the counterparty to deal with. If there's a question of vendor take-backs or contingent financing or a financing condition in an alternative deal they're looking at, having us as an additional counterparty or a competing party there makes us look very different and that's just a massive advantage for us. And so I think that's an important piece too. I mean I think our focus remains on finding those, what we call, exiting legacy-mined business owners who want to be part of the model because they believe in the model and care about their employees and want to see their business legacy continue, but the financing structures we have in place now give us a real advantage within that group of people as well.

Ty Collin — Analyst, Eight Capital

Right. Okay. That's a really good point on the credibility that gives you in these processes. And if I could just sneak in one more, Jeff, maybe just wondering if you could give a little bit of an update on the M&A pipeline, how valuations are looking these days. I think last quarter you mentioned you saw some softening there. And then it's been a little bit since you guys did one of your larger acquisitions, APM aside. Were you kind of waiting to get the credit deal done before getting a little more aggressive on the existing pipeline? Was there a bit of that dynamic going on?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, I mean I think, you know, we timed the acquisition of APM, for sure, to do it under the new acquisition facility. Absolutely. I'm really encouraged about the quality of our pipeline and the ongoing rate of flow of incoming deal opportunities that fit what we're focused on. And I don't think anyone should be surprised about that. I don't mention that because I think that's something that's really almost even a highlight, it just reinforces the fact that we're in this massive period of intergenerational wealth transfer and we see it in the flow of the number of deals that come across our plates. And so that, for us, is a very, I guess, encouraging sign and should be very encouraging for investors, because the catalyst for this business is absolutely this intergenerational wealth transfer macro trend. So yeah, we're really pleased with what we're seeing. Obviously, yeah, July was the last larger deal we did outside of APM for sure and we're absolutely focused and encouraged by what we're seeing in the pipeline and, obviously, as things unfold, we now have the flexibility of our credit facility. I mean we were well capitalized before, it's not like we didn't have capacity before under our previous facility, but this additional capacity and flexibility is obviously beneficial to us as well.

Ty Collin — Analyst, Eight Capital

All right. Thanks, guys. I'll pass the line.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thanks, Ty.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Thanks, Ty.

Operator

Thank you. Our next question comes from the line of Steve Hansen at Raymond James. Please go ahead, your line is open.

Steve Hansen — Analyst, Raymond James

Good morning, guys. Thanks for the time. Jeff, I wanted to follow up just and circle back on some of the comments you made in your opening remarks around synergy attractiveness and scaling and leveraging existing platforms. How many core silos do you think you guys are going to be able to chase, whether it’s the hearth industry, wear parts, or otherwise? I mean do you sort of view the evolution into two or three core silos of opportunity or is it more broad than that?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, I mean I would characterize it as more broad than that. I mean I think what you can look at, and we’ve disclosed it at machining segment in our financials, but really there’s really five areas, right, with hearth, wear parts, industrial, agriculture, and merchandising. And I can say we like all five of those areas. Merchandising as an example, yeah, we’ve had some ups and downs with Marketing Impact, no doubt about it, but I think for us it’s been about… You know, that’s such a differentiated source of cash flows relative to our other source of more, call it, industrial or even resource-focused streams of revenue and profit, that having that type of investment that more broadly diversifies the cash flow streams of our business is really positive. That’s an area we’re really keen to pursue further investment in. It’s noncyclical. We’re selling products to our customers who sell essential goods to their customers. That’s an area of our business we’d really like to do more. And the industrial side, you see what we did with APM around that. Agriculture. I think we’re a Canadian-based company; to do more investment in the agriculture space is something we’re absolutely pursuing. And hearth, we’ve had such a great amount of success in it and really the quality of our leadership teams and the individuals we have in that space really helps us identify and kind of diligence further opportunities as well, so definitely interested in that. And then the ware parts industry kind of couldn’t be a better fit for our overall business model in terms of the dividend-paying model. These businesses produce parts or wear out and have to be replaced, which is a really great match for a dividend-paying capital allocation structure.

So we like each of those areas. We can see the benefit of investing in any of those things. And really I think, even internally, the APM case studies highlights for our team kind of what the art of the possible is and to encourage them to go find opportunities in their space where there may be gaps in their product offering or geographic coverage or whatever that might be and knowing who competitors are or companies that might be available in that space for us to acquire that help support or address that gap in what they offer. I think it's just a great case study for our internal teams as to how we want to think about these things and the type of opportunities they can be a part of bringing to the table, which really helps support kind of the generation of leads, so to speak, in our M&A world. So yeah, no, I think that's, you know, absolutely, adding to these spaces is 100% our focus right now. I think for us we just, we think it's a much lower-risk acquisition strategy. I think even on top of those five, there's room for more. There could be a future platform acquisition that builds the number of platforms we have, but we're just seeing too many good opportunities within these sectors that we need to put our focus on those.

Steve Hansen — Analyst, Raymond James

That's great. I appreciate the colour. I think most investors appreciate that central focus if you can keep it there. Just one follow-up maybe on the capital allocation again, just referring back to your remarks at the outset, the dividend increase. You've been not shy to increase your dividend along with the cash flow baseline, but how do you think about that longer term here? As you graduate towards large institutional investors, I think the preference is probably for a lower payout, not higher. I think you referenced 66%. So how should we think about sort of the target payout ratio over the next couple of years? Thanks.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah. I mean I think we've been consistent kind of that upper limit of 75%, which absolutely informs kind of a ceiling of where we would not look to change our dividend payout ratio in excess of that for sure. I think for us, we've proven we've been able to generate tremendous total shareholder return under the model we've been operating in and you can see this payout ratio of 54% is as low as we've had. We obviously did a subsequent race to increase it. So you can kind of get a sense of that as a lower bound for where we want to be. And I think for the near term that continues to be kind of the range. I think if we're operating in that level, it's absolutely level that's comfortable for us and I think what we need to continue to do is drive those per-share financial metrics that then support the opportunity to increase our per-share dividend and create share price appreciation as well. So I think that remains our focus kind of within that band.

But I think for the institutional investors too, what we've seen here is really strong participation in our DRIP program. And that's obviously a benefit to the investors but also a benefit to us. All of our payout ratios we talk about are on a dividend-declared basis, not on a dividend-paid basis, so it captures the full amount of the dividend but a high percentage, around 30% of our dividend, you know, that's the participation rate in our DRIP program. So that's a way, I think, for the institutional investor to manage kind of their preferences around the dividend payment structure as well. So I think the models have proven to work very well to drive shareholder returns in excess of either kind of more growth-oriented index or more income-oriented in the indices and I think, with that, that really should encourage investors that we know who we are and we're committed to remaining who we are and then they can count on us to continue to focus on that dividend payment for them.

Steve Hansen — Analyst, Raymond James

Appreciate the colour. Thanks, guys.

Operator

Thank you. Our next question comes from the line of Russell Stanley at Beacon. Please go ahead, your line is open.

Russell Stanley — Analyst, Beacon Securities

Good morning and thank you for taking the question. Just on your acquisition process, Jeff, I think on the November call you talked about seeking exclusivity earlier in the process and just wondering is that effort continuing. Are you finding that helpful in terms of weeding out less desirable targets earlier and really being able to hone in on those targets that make more sense? Just any colour on what you're seeing on that front would be helpful.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, for sure, Russ. That continues to be the focus. I think for us, deals cost money to do as well, right? I think from a professional fee perspective, all those types of things as you get into papering deals, to the extent possible you don't want to be papering deals that you're competing on, right? And so I think getting to a place where you're in exclusive negotiations with counterparties as early as possible is 100% our critical focus. I think we continue to see success in doing that. And for all the things that we've talked about, a bunch of things we've already talked about on this call contribute to that. Number one, the attractiveness of our business model to the right type of vendor; number two, the fact that they know we can finance the deal are all really significant elements of the reason they choose us and choose to move to exclusivity earlier. But the other element of it is, I think, as we refine our deal processes, our ability to move pretty quickly through transaction process is really attractive to these vendors as well. At this point in time, our transaction paperwork, our deal agreements, all those kind of things, we can produce them at a really, a pretty decent pace for these guys, and that, once a lot of these vendors have made the decision to sell, our ability to maintain a pace of moving through a deal process that matches their desire just to kind of finish the process is something that's really important to them also. So it's a series of these factors that helps contribute to the idea, but yes, absolutely, the earlier we can get into exclusive negotiations the better and that's absolutely our focus.

Russell Stanley — Analyst, Beacon Securities

Thanks for that. And still on the subject of the pipeline and work there, I understand the flexibility the new facility gives you with respect to the cash component, given the stock price and its performance. What are you seeing as far as vendors' willingness and interest in taking more stock? I know you've traditionally required a 10%-plus mix, but are you seeing greater appetite on that front and how are you thinking about purchase structures going forward? Thanks.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, I guess what I'd say about that is every vendor that has sold to us has had a very material and substantial return from the share portion, the portion of the consideration they've taken in shares. And that's really important for us. I think that kind of builds the legend and builds the story and is all part of that appeal of, hey, like I want to do a deal with a Decisive, look at what's happened to some of the other people who have been part of that program. So that's of real material importance to us.

And I would say, yeah, the strength of our share price performance and that track record absolutely, I think, opens the doors up to people who think about the importance of getting the stock versus, you know, maybe in the earlier days people were more focused on kind of maintaining that 10%. I mean you saw in IHT, they took 15%. I think there is the opportunity to move into deal negotiations with people who'd like to consider taking more for sure. I think, for retiring share, like a retiring vendor, even though they may have different considerations around the importance of taking cash, right, so there's a bit of an imbalance there, but there is a real appeal to our stock as a source of consideration and something that I think will be really helpful for us as we pursue deals also. So it's a good point, Russell.

Russell Stanley — Analyst, Beacon Securities

Thanks great. Thanks for the colour. I'll hop back in the queue.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thanks, Russ.

Operator

Thank you. Our next question comes from the line of Mike Stevens at Echelon Capital Markets. Please go ahead, your line is open.

Mike Stevens — Analyst, Echelon Capital Markets

Hi. Good morning, guys, and thanks for taking a couple of questions here. Just another one on the M&A front. You'd mentioned previously kind of the shifting landscape and some anecdotes about founders and their trepidation. I'm just wondering if that's still something that you're seeing given the macro uncertainties out there. Like are you finding that founders are kind of more inclined to wait this out, especially with the Fed mentioning three cuts coming later this year, or what is, in terms of the deal flow cadence, like what are you seeing there? And are there levers to pull in terms of do you have any plans on adding to your head office to have a bit more control on that front?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, I'll address both of those. Don't let me forget the last part about our deal team. But yeah, what I would say about that, Mike, is there is, unfortunately, a level of unpredictability of the actions of the vendors given the highly emotional nature of the deals we do. These aren't serial transactors that we're buying businesses from typically, right? That exiting legacy-mined business owner might do one transaction in their life, right, and so it's a major, major deal to walk through for them. And so, with that, comes a level of transaction risk around, you know, there is a chance that something happens that causes them to be like, oh, not right now, I'm not going to do it. So that's definitely something that we have to… It's really important to kind of nurture the relationship and to walk alongside these vendors to kind of get them to the finish line and so we spent a lot of time and effort on doing that. And even in the APM transaction, I think, at the end of the day, Tim Stewart especially, our President of Hawk, really had to kind of walk alongside the vendor to kind of wrap, you know, get the deal to the finish line so to speak.

So yeah, so I think what I would say is it could be, like you said, okay, are better economic times ahead so I have a better line of sight into what I could ultimately get for my business, even if I'm choosing to sell to a Decisive who was more about the business model than maximizing price? Yeah, that might be a factor. It might be a factor of a family member saying, you know, are you sure you want to sell? There's just a whole series of things that can cause that to happen. But what I would say is this is why we are highly focused on what I call the vendor experience, developing a relationship with the vendor so we can work through some of those emotions with them to get deals to the finish line. And I would say I'm encouraged about some of the stuff we're seeing and how we're able to find ways to get these deals closed. Because you see a lot of people, I think, and more people thinking that the area we're operating in is really interesting. And it is. There's a tremendous amount of deals. But it's hard to close deals, right, and so I think that's where having an ability to close deals as part of our organizational strength and capability is absolutely something that has helped us complete the number of acquisitions we have. So that's the point I'd make about that.

On the deal team side, yeah. Absolutely. I think for us, as we continue to add businesses, we need to continue to be able to up the pace of our acquisition activity. But even more than that, I think the ability for us to add capabilities around the integration piece of these businesses into our portfolio and into kind of what I've talked about before of that movement from sustained success and realigning these businesses to accelerated growth, to the extent we can shorten the timeline of that realignment, that is a very, very material opportunity for us as an organization. And I think adding the types of resources that can help us accomplish that is also a real focus. So yes, having M&A capabilities, but also, I'll call it, kind of integration operational capabilities that help support that are also a key focus of ours as well and so that's, ah, we're definitely directing some time and attention to that as we move forward.

Mike Stevens — Analyst, Echelon Capital Markets

Okay. No, that's exceptional colour, so I really appreciate that. Just one more, focusing on one of the better or strong performing businesses, on the wastewater evaporator side with Slimline this year, you know, obviously benefited quite a bit by the Q3 large order. I'm just wondering if you had a sense yet for 2024. Is 2023 a year you can build from and maybe expect another large order or two or how are you seeing that business?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, I would say we're really encouraged about the progress being made in that business. The large order completed last year was a result of a new product that was introduced by the team at Slimline, a product they call the HDXL, which is a very large evaporator with a focus more on kind of the major industrial waste water management type target customers. And we're continuing to see really good opportunities in the pipeline around that. Daryll and his team at Slimline have, I think, done a really good job of positioning this particular product with customers and working closely. Daryll had quite a bit of exposure in his prior life to wastewater management processes at some of the different major mining companies, as an example, and so that's an area that we're able to leverage off of some of his existing relationships even prior to us joining and then having a different type of solution than, you know, was something that's beneficial to us. So we're pleased with the investment that was made to develop that product, are seeing some encouragement around the types of opportunities that having that product is putting us in front of it, and I think anticipating, definitely anticipating more wins in that area, for sure, for that business, because it is a focus and we do have unique capabilities there with the products we have. So yeah, for sure.

Mike Stevens — Analyst, Echelon Capital Markets

Awesome. Appreciate your colour. Cheers.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thanks, Mike.

Operator

Thank you. Just as a reminder, if you do wish to ask a question, please dial star one now. Our next question comes from the line of Steve Hansen at Raymond James. Please go ahead, your line is open.

Steve Hansen — Analyst, Raymond James

Jeff, just one quick follow up, if I may. Can you just go back to the Northside evolution a little bit there? It sounds like you've still got some more opportunities on the auto side and I just wanted to make sure we all understand the backdrop there and what's going on.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, for sure. So I think Northside has taken some major strides in its business, I'd say, over the past couple of years to really reposition the business from a business that was struggling with some of its margin profile and delivery capabilities to one who's found a way to not just enhance its capability to deliver but also enhance its margins through some of the outsourcing of the work they've been able to do to lower cost jurisdictions. But in turn, that has created additional capacity, which then has allowed them to pursue different opportunities, like the one we mentioned in some of our written work here around new client opportunities. And so we're really encouraged about, you know, they're going to be moving into a large tank manufacturing OEM program that will kick off later this year and they're in the process of setting up some additional space that we need to take on to do that work and also will be implementing some automation as part of that program alongside of the customer to be able to deliver in the type of volume that the customer is needing.

And so that is a really significant opportunity and we're excited to see the team… There's been a lot of lessons learned from the team at Northside and the benefit for us is there's been a huge amount of stability in that team, and so I think the lessons that have been learned through the steps that have been taken over the past number of years are now being applied to this new contract opportunity and we're just encouraged to see how it's unfolding and the steps that are being taken so that we're in a position to kind of launch into this program. Likely deliveries in Q4 is that type of timing, so definitely later in the year, but the work is being done to set that up now so that we are in a position so when the contract launches we're going to be in a great position to deliver. So yeah, lots of exciting stuff there, all of which then builds our capability set for the next opportunity, right? And that additional customer diversification and capability, building our capabilities, including with respect to some of the automation opportunities that are here, will be further training grounds that opens up future opportunities. So we're definitely encouraged about that.

Steve Hansen — Analyst, Raymond James

That's great. And just one quick follow up, I guess, is just on the growth CapEx opportunities that you've got in front of you. The APM is almost a little bit like growth CapEx, sometimes you're buying some existing capacity in a relatively adjacent market, but how aggressive do you want to push the growth CapEx opportunity here over the next year or two as you look at some of the growth opportunities you've been focused on within the strategic planning? Thanks.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yeah, that's bang on. I think APM you can almost consider growth CapEx, just like you said. I think that's exactly how we think about it, Steve. I think we're making some investment at Northside to support some of the capabilities they've had. We're making and have made investment, obviously, at Blaze King in additional assets to help support them and that's where, you know, it's going to be adding up of these numbers that gets you to that $3.5 million over the last 24 months that we talk about in our written communication.

I think for us, these types of investments are ways to leverage off of the strength of the leadership teams that we're building to give them more tools to drive organic growth. I think what, and Ty, in his question, referenced this 15% growth target, for us it's really important. This isn't, hey, we expect 15% growth, over to you, we'll talk to you in December to tell us how the year went. It's like, okay, this is the objective, how are we going to get there and how do we build our plans and what type of investments do we make to try to support that type of growth? And so that's the journey we're on with our teams and that's how we think about it with them. And I think, as we up the capabilities of our leadership teams, the quality of their suggestions and what are the areas they want to invest and then their ability to deliver results off of the investments we make is really encouraging for us. And so yeah, it's a priority.

We've talked about it as we're a less than 2% maintenance investor in our businesses, just given the nature of our overall portfolio of businesses and the level of investment we need to make in them, it's at that level, and you can see it again in our 2023 results we were within that, and then kind of up to an additional 2%. And I can tell you that even with the quite significant investments we're making, we're staying within that level as well. And so that just supports kind of the overall capital allocation program as well. Recurring revenue stream businesses with fairly low capital intensity, like we're an overall 4% capital intensity player, which the numbers have proven to be within those ranges, that really allows us to focus our attention on directing cash flows to our shareholders, which all supports the dividend, which obviously supports the valuation of the business as well along with our increasing per-share financial metrics. So that's, yeah, that's, I guess, what I'd say about that.

Steve Hansen — Analyst, Raymond James

Appreciate the time. Thanks.

Operator

Thank you. And our next question comes from the line of Mike Stevens at Echelon Capital Markets. Please go ahead, your line is open.

Mike Stevens — Analyst, Echelon Capital Markets

Yeah, since we have some time here, maybe a quick one for Rick, a model-related question. It looks like the salaries/wages line declined quite substantially quarter over quarter. Just wondering, did that have to do with some of the hires in the head office in Q3? And is this a more normalized level to look at going forward?

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Yeah, I think there's probably a few dynamics there. Yeah, one would be the hires. Another one would just be timing of short-term incentive accruals. So we typically time them as results dictate according to those short-term incentive plan metrics and so with the strong Q3 we saw more of a short-term incentive plan accrual there as well.

Mike Stevens — Analyst, Echelon Capital Markets

Okay. That's helpful. And just last one. With your hearth vertical, I'm just wondering with ACR Heat, given the variability in that business that we've seen, you've cited a number of different reasons, a lot of which I imagine is the macro backdrop. Are you at all surprised that variability? And kind of a follow up: with your synergy plan with Blaze King putting models into the European market, does that at all give you any kind of pause to kind of wait and see how that market shakes out before going through with those initiatives?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Actually, I think what, obviously, there's, I'll call it, macroeconomic softness in the UK market with respect to, you know, people to say that in Q4 the UK entered a technical recession, right? So there's definitely a downward pressure on that economy, which impacts the consumer who's obviously, through ACR's dealer network, the source of their revenue streams. And so I think that's part of what's playing out here.

I think the other things that have happened is, for ACR, we're really looking to… What I'd say their differentiating advantage has been historically is a really attractive value play, a well-designed stove that has a really good quality at a really attractive price point. And that business has done extremely well on the back of that kind of value proposition. I think with what we're doing to develop new products, that's going to shift the equation with respect to the value proposition they can offer their customers. If they're able to offer a very unique product to that market, an overnight burn product, which is effectively what we're focused on there, that is something that they can't get from other providers and I think that's all part of the story of driving the future growth of the business.

Jason and his team at ACR, Jason Searle, the managing director of that business, has a tremendous amount of technical and design competence and capabilities and their ability to work through the product development cycle to identify new products that the market is interested in and then execute on that is a real strength of that business and so we're very encouraged. We had another new product line that was supposed to come out here at the end of last year but had some hang-ups in the regulatory approval process, so that put some downward pressure on their results as well. And then we continue to work through that regulatory approval program for an additional product line. That's an attractively priced contemporary line. But I think, for us, we're just, we're very excited about the opportunities and the differentiation in the product offering we can have in the UK and European market with the product that Blaze King and ACR working together to design, so we remain laser-focused on kind of marching through the process we have on both the design and regulatory approval side to get that into the marketplace.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Yeah, and just as Jeff said, the vast majority of their sales are still into the UK and these new products will open the door for more mainland Europe sales with the type of product and type of capabilities that they have.

Mike Stevens — Analyst, Echelon Capital Markets

Okay, great. Appreciate it. Thanks again.

Operator

Thank you. And there are no further questions in the queue at this time, so I'll hand the floor back to our speakers for the closing comments.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Excellent. Well, thank you, everyone, for attending our Q4 2023 conference call. We look forward to updating you on our progress continuing to the next quarter and beyond. So thanks very much.