



Decisive Dividend

— Corporation —

ANNUAL INFORMATION FORM

For the year ended December 31, 2019

April 16, 2020

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GLOSSARY

Capitalized terms used in this annual information form have the meanings ascribed to them below. Unless otherwise stated, all references to “\$” or “dollars” are to the lawful currency of Canada.

“**2018 Equity Financing**” means the public offering of 3,737,500 Common Shares that closed on June 28, 2018 and July 19, 2018 for aggregate proceeds of \$14,950,000;

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**Audit Committee**” means the Audit Committee of the Board;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Blaze King**” means, collectively, Valley Comfort, Blaze King USA and Blaze King Canada;

“**Blaze King Canada**” means Blaze King Industries Canada Ltd., a corporation incorporated under the laws of Canada and an indirect wholly-owned Subsidiary of the Corporation;

“**Blaze King USA**” means Blaze King Industries Inc., a corporation incorporated under the laws of the State of Washington and an indirect wholly-owned Subsidiary of the Corporation;

“**Board**” means the Board of Directors of the Corporation;

“**Common Shares**” means the common shares of the Corporation and, where the context requires, includes a fraction thereof;

“**Corporation**” means Decisive Dividend Corporation and includes, where the context requires, its Subsidiaries;

“**COVID-19**” means coronavirus disease (COVID-19), also known as the 2019 novel coronavirus, and severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);

“**CNC**” means computer numerical control;

“**Credit Facility**” means, at a particular time, the Corporation’s credit facility or credit facilities made available by the Corporation’s senior lender(s) at such time, as more particularly described under “*Description of Capital Structure – Credit Facilities*”;

“**CSA**” means the Canadian Standards Association;

“**Director**” means a director of the Corporation;

“**DRIP**” means the Dividend Reinvestment and Cash Purchase Plan adopted by the Board on December 10, 2018 and effective for the dividend on the Common Shares paid in January 2019;

“**DSU**” means a deferred share unit issued pursuant to the Equity Incentive Plan;

“**EPA**” means the United States Environmental Protection Agency;

“**EPA 2020 Regulations**” has the meaning ascribed to that term in “*Narrative Description of the Business – Description of the Business of Blaze King - Summary*”;

“Equity Incentive Plan” means the equity incentive plan of the Corporation providing for the grant of deferred share units, restricted share units and stock options, a copy of which is available on the Corporation’s profile on SEDAR at www.sedar.ca;

“ESPP” means the employee share purchase plan of the Corporation dated February 1, 2016, as amended on January 30, 2020;

“Exchange” means the TSX Venture Exchange;

“Governance and Compensation Committee” means the Governance and Compensation Committee of the Board;

“Hawk” means Hawk Machine Works Ltd., a corporation incorporated under the ABCA and a direct wholly-owned Subsidiary of the Corporation;

“Hawk Vendors” has the meaning ascribed to that term in *“General Development of the Business - History – Acquisition of Hawk”*;

“IFRS” means International Financial Reporting Standards;

“Independent Director” means a director who is “independent” within the meaning set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

“ISO” means International Standard Organization;

“Northside” means Northside Industries Inc., a corporation amalgamated under the BCBCA and a direct wholly-owned Subsidiary of the Corporation, and where the context requires, includes the predecessor thereof operating as “Northside Industries”;

“Northside Vendors” has the meaning ascribed to that term in *“General Development of the business - History – Acquisition of Northside”*;

“OEM” means original equipment manufacturer;

“R&D” means research and development;

“RSU” means a restricted share unit issued pursuant to the Equity Incentive Plan;

“Scotiabank” means The Bank of Nova Scotia;

“SEDAR” means the System for Electronic Document Analysis and Retrieval;

“Shareholder” means a holder of Common Shares;

“Slimline” means Slimline Manufacturing Ltd., a corporation amalgamated under the BCBCA and a direct wholly-owned Subsidiary of the Corporation;

“Slimline Vendors” has the meaning ascribed to that term in *“General Development of the Business - History – Acquisition of Slimline”*;

“Stock Option Plan” means the stock option plan of the Corporation dated December 18, 2012;

“Subsidiary” means, at a particular time, any entity: (i) of which more than 50% of the outstanding securities ordinarily entitled to elect a majority of the board of directors thereof (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by the Corporation; or (ii) which is otherwise controlled, directly or indirectly, by the Corporation;

“Tax Act” means the *Income Tax Act* (Canada), and the regulations thereto, as amended from time to time;

“TiC” means titanium carbide;

“Unicast” means Unicast Inc., a corporation amalgamated under the BCBCA and a direct wholly-owned Subsidiary of the Corporation;

“Unicast Vendors” has the meaning ascribed to that term in *“General Development of the Business - History – Acquisition of Unicast and Related Financings”*; and

“Valley Comfort” means Valley Comfort Systems Inc., a corporation incorporated under the laws of British Columbia and a direct wholly-owned Subsidiary of the Corporation.

FORWARD-LOOKING STATEMENTS

This annual information form contains forward-looking statements. All statements other than statements of historical fact contained in this annual information form are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, prospects, potential acquisitions and financings and the potential impact of such completed and/or potential acquisitions and financings on the operations, results of operations, financial performance, financial condition, capital resources and business of the Corporation and/or its Subsidiaries, the Corporation’s policy with respect to the amount and/or frequency of dividends, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or its Subsidiaries. Readers can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “may”, “intends”, “projects”, “anticipates”, “plans”, “estimates”, “continues” and similar words or the negative 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, industry, economic and market risks, uncertainties and contingencies. 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 as at the date they are made, there can be no assurance that such expectations or assumptions will prove to be correct or continue to be reasonable in the opinion of management. A number of factors could cause actual future results, performance, achievements and developments of the Corporation and/or its Subsidiaries 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: general economic conditions; pandemic; competition; government regulation; environmental regulation; access to capital; market trends and innovation; climate risk; general uninsured losses; risk related to acquisitions; dependence on customers, distributors and strategic relationships; supply and cost of raw materials and purchased parts; operational performance and growth; implementation of the growth strategy; product liability and warrant claims; litigation; reliance on technology and intellectual property risks; availability of future financing; interest rates and debt financing; income tax matters; foreign exchange; dividends; trading volatility of Common Shares; dilution risk; reliance on management and key personnel; employee and labour relations; conflicts of interest; all as more particularly described herein under *“Risk Factors”*.

Additional factors that could affect the operating results and performance of the Corporation and its Subsidiaries include assumptions regarding the performance of the businesses of the Corporation and its Subsidiaries that are considered in setting the business plan for the Corporation and its Subsidiaries and in setting financial targets. Key assumptions include that there will continue to be a demand for products and services of the businesses of the Corporation and its Subsidiaries. **Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Corporation and its Subsidiaries may vary materially from those described in forward-looking statements.**

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included or incorporated by reference in this annual information form are made as of the date of this annual information form or such other date specified in such statement. Except as required by law, the Corporation disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results or otherwise.

STRUCTURE OF THE CORPORATION

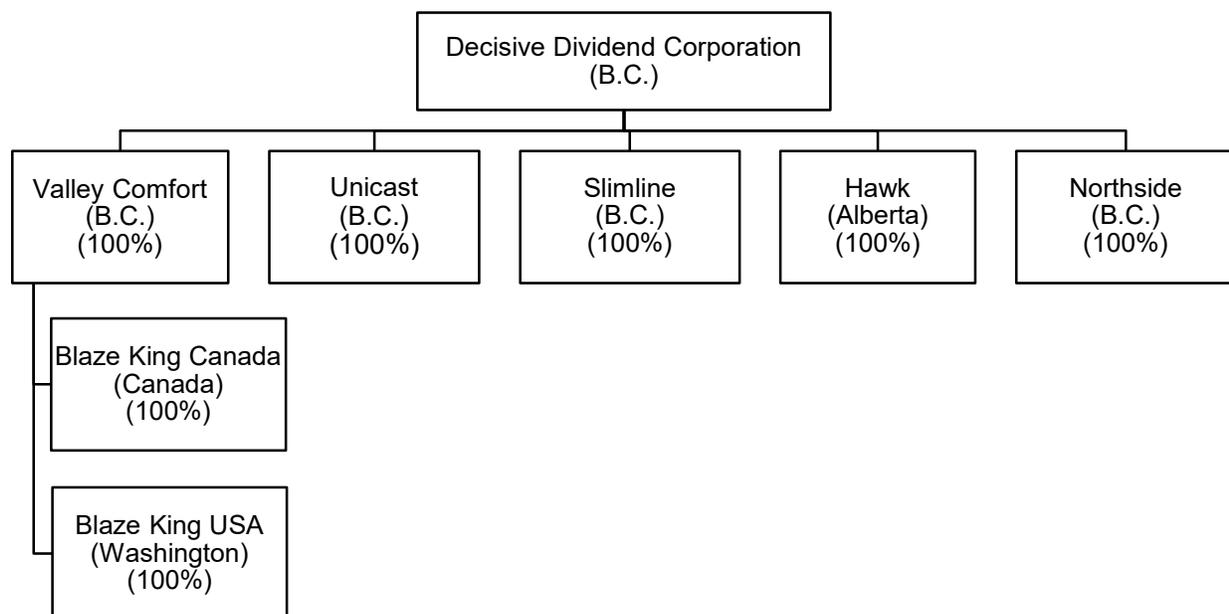
Name, Address and Formation

The Corporation was incorporated under the BCBCA on October 2, 2012. The head office of the Corporation is located at #201, 1674 Bertram Street Kelowna, British Columbia, Canada, V1Y 9G4. The registered office of the Corporation is located at #301, 1665 Ellis Street, Kelowna, British Columbia, Canada, V1Y 2B3.

The Corporation completed its initial public offering of Common Shares on September 19, 2013 and the Common Shares were listed on the Exchange on September 23, 2013. The Corporation is a reporting issuer in each Province of Canada, other than the Province of Québec.

Inter-Corporate Relationships

As at December 31, 2019, the Corporation held the securities of its Subsidiaries as set forth in the diagram below. Each of the Subsidiaries is wholly-owned by the Corporation.



GENERAL DEVELOPMENT OF THE BUSINESS

General

The Corporation is an acquisition-oriented corporation focused on opportunities in manufacturing. The business plan of the Corporation is to acquire profitable, well-established manufacturing companies with strong cash flows and growth potential. To date, the Corporation has completed the acquisition of five manufacturing businesses, being Blaze King, Unicast, Slimline, Hawk and Northside, as further described below.

The objectives of the Corporation are:

- (a) to deliver long-term, sustainable and growing dividends to Shareholders by acquiring specialty manufacturing companies (with a sustainable competitive advantage and a focus on non-discretionary products) and providing oversight to ensure sound business operations and appropriate expansion strategies are executed;
- (b) to maximize Common Share value through on-going active monitoring and active organic growth of its operating Subsidiaries; and
- (c) to continue to acquire additional companies or businesses in order to expand and diversify the Corporation's investments.

Management of the Corporation continuously monitors its Subsidiaries. The Subsidiaries of the Corporation, however, operate autonomously and maintain their individual business identities.

The acquisition strategy of the Corporation is to acquire 100% ownership of profitable, well-established companies with strong cash flows and growth potential. The Corporation's acquisition strategy is focused on manufacturing companies. Where appropriate, the Corporation attempts to retain senior management following acquisitions and, wherever possible, have them own an equity interest in the Corporation. Management of the Corporation believes that there are numerous companies that meet the Corporation's acquisition criteria and that the Corporation will be able to implement its acquisition strategy in order to expand and diversify its investments and increase its cash flow and create Shareholder value over the long term.

Management believes that the Corporation provides an attractive exit opportunity for owners of successful companies who wish to have their business legacy continue. The Corporation provides business owners with the opportunity to liquidate their investment in their business. The Corporation's acquisition model provides for a negotiated percentage of the purchase price for a target company in cash with a percentage of the purchase price paid in Common Shares. Each transaction may differ in the percentage offered and paid. The Corporation provides target companies with capital to grow the business, where appropriate and available, and the stability of long-term ownership. From the perspective of employees of a target company acquired by the Corporation, the Corporation's acquisition model is to retain the existing employees of the target company and provide them an opportunity to own Common Shares through the ESPP.

The Corporation's current objective is to acquire an average of one target company per year.

History

The Corporation was incorporated on October 2, 2012. On September 19, 2013, the Corporation completed its initial public offering as a “capital pool company” under the Exchange’s Policy 2.4 – *Capital Pool Companies* and was classified as such until the completion of its qualifying transaction, which was the acquisition of Blaze King, as described below. The Common Shares were listed on the Exchange on September 23, 2013.

Set forth below is a summary of how the business of the Corporation has developed since its inception.

Acquisition of Blaze King and Related Financings

On February 27, 2015, the Corporation acquired Blaze King. The purchase price paid by the Corporation for Blaze King was \$6,600,000, subject to customary post-closing adjustments. This transaction served as the Corporation’s “qualifying transaction” under the Exchange’s Policy 2.4 – *Capital Pool Companies*.

The purchase price paid by the Corporation for Blaze King was satisfied by the issuance of 330,000 Common Shares to the vendors at a deemed price of \$2.00 per Common Share (\$660,000) with the balance of \$5,940,000 paid in cash.

The cash portion of the purchase price was paid by the Corporation from the following sources:

- (a) a \$3,500,000 term loan from the Corporation’s senior lender at such time;
- (b) the net proceeds of a private placement of 1,004,250 subscription receipts at a price of \$2.00 per subscription receipt for aggregate gross proceeds of \$2,008,500. The subscription receipts were converted into Common Shares immediately prior to the closing of the acquisition of Blaze King on a one to one basis; and
- (c) cash on hand.

For further details regarding the business of Blaze King, see “*Narrative Description of the Business – Description of the Business of Blaze King*”.

Establishment of Monthly Dividend Policy

On May 12, 2015, the Corporation announced that it had adopted a monthly dividend policy pursuant to which it would initially declare and pay monthly dividends in the amount of \$0.02 per Common Share (\$0.24 per Common Share on an annualized basis), subject to solvency tests under the BCBCA. The Corporation paid its first cash dividend on June 15, 2015.

Increase to Monthly Dividend

On August 26, 2015, the Corporation announced an increase of its monthly dividend to \$0.025 per Common Share (\$0.30 per Common Share on an annualized basis). The increased dividend took effect with the dividend paid on October 15, 2015 to Shareholders of record as at September 30, 2015.

Acquisition of Unicast and Related Financings

On June 23, 2016, the Corporation acquired all the issued and outstanding shares and the shareholder loans of Unicast. The purchase price paid by the Corporation for Unicast was \$11,000,000, subject to customary post-closing adjustments.

The purchase price paid by the Corporation for Unicast was satisfied through the issuance of 516,996 Common Shares to the vendors (the “**Unicast Vendors**”) at a deemed price of \$3.00 per Common Share (\$1,550,988) with the balance of \$9,449,012 paid in cash.

The cash portion of the purchase price was paid by the Corporation from the following sources:

- (a) a \$5,500,000 loan from the Corporation’s senior lender at such time; and
- (b) the net proceeds of a private placement of 1,659,114 Common Shares at a price of \$3.00 per Common Share for aggregate gross proceeds of \$4,977,342.

For further details regarding the business of Unicast, see “*Narrative Description of the Business – Description of the Business of Unicast*”.

Further Increase to Monthly Dividend

On February 22, 2017, the Corporation announced an increase of its monthly dividend to \$0.030 per month (\$0.36 per Common Share on an annualized basis). The increased dividend took effect with the dividend paid on April 14, 2017 to Shareholders of record as at March 31, 2017.

New Credit Facility

In June 2017, the Corporation replaced its Credit Facility with its former senior lender with a Credit Facility with Scotiabank. For a summary of the terms of that Credit Facility, see “*Description of Capital Structure – Credit Facilities*”.

2018 Debt Financing

In May 2018, the Corporation amended and restated its Credit Facility with Scotiabank which included the availability in one of its non-revolving loan facilities of an additional amount of \$6,000,000. The Corporation used the net proceeds from the new \$6,000,000 loan under the Credit Facility to satisfy the cash component of the purchase price for the acquisition of Slimline. For more details, see “*Description of Capital Structure – Credit Facilities*” and “*General Development of the Business - History – Acquisition of Slimline*”.

Acquisition of Slimline

On May 31, 2018, the Corporation acquired Slimline. Slimline carries on a sprayer and evaporator design, manufacturing and distribution business based in Penticton, British Columbia, Canada.

The base purchase price paid by the Corporation for Slimline was \$7,000,000 subject to customary post-closing adjustments and an earn-out payment based upon the financial performance of Slimline for the 12-month period ending July 31, 2018. \$1,000,000 of the base purchase price for the acquisition of the issued and outstanding shares and shareholders loans of Slimline Manufacturing Ltd. was satisfied through the issuance to certain vendors (the “**Slimline Vendors**”) of 257,733 Common Shares at a deemed price of \$3.88 per Common Share, with the balance of \$6,000,000 paid in cash. \$700,000 of the cash portion of the base purchase price was subject to escrow and was released to the Slimline Vendors on November 5, 2018. Following the final calculation of the earn out payment, the Slimline Vendors received an additional earn out payment in the amount of \$591,879 cash and 25,424 Common Shares.

The 283,157 Common Shares received by the vendors were subject to escrow and scheduled to be released to the Slimline Vendors in tranches as follows:

- (i) 94,386 (33%) of the escrowed shares were released following the first anniversary of the closing date;

- (ii) 94,386 (33%) of the escrowed shares will be released following the second anniversary of the closing date; and
- (iii) the balance of the escrowed shares will be released following the third anniversary of the closing date.

For further details regarding the escrowed shares pursuant to the acquisition of Slimline, see “*Escrowed Securities and Securities Subject to a Contractual Restriction on Transfer*”.

For further details regarding the business of Slimline, see “*Narrative Description of the Business – Description of the Business of Slimline*”.

2018 Equity Financing

On June 28, 2018, the Corporation completed the initial closing of the 2018 Equity Financing, pursuant to which the Corporation issued 3,198,145 Common Shares at a price of \$4.00 per Common Share for net proceeds of \$12,792,580. On July 19, 2018, the Corporation completed the second and final closing of the 2018 Equity Financing, resulting from the exercise of the agent’s over-allotment option, pursuant to which the Corporation issued 539,355 Common Shares at a price of \$4.00 per Common Share for net proceeds of \$2,157,420. Pursuant to the 2018 Equity Financing, the Corporation sold an aggregate amount of 3,737,500 Common Shares for aggregate gross proceeds of \$14,950,000.

Acquisition of Hawk

On June 28, 2018, the Corporation acquired all of the issued and outstanding shares of Hawk. Hawk is a corporation governed by the ABCA that operates a full service, machine shop business based in Linden, Alberta, Canada.

The base purchase price paid by the Corporation for Hawk was \$13,500,000, which was subject to customary post-closing adjustments. \$2,700,000 of the purchase price was satisfied through the issuance to certain vendors (the “**Hawk Vendors**”) of the 678,392 Common Shares at a deemed price of \$3.98 per Common Share, with the balance of \$10,800,000 paid in cash.

\$1,350,000 of the cash component of the purchase price was subject to escrow and was released on December 28, 2018.

The 678,392 Common Shares received by the Hawk Vendors were subject to escrow and scheduled to be released to the Hawk Vendors as follows:

- (i) 226,131 (33%) of the escrowed shares were released following the first anniversary of the closing date;
- (ii) 226,131 (33%) of the escrowed shares will be released following the second anniversary of the closing date; and
- (iii) the balance of the escrowed shares will be released following the third anniversary of the closing date.

For further details regarding the escrowed shares pursuant to the acquisition of Hawk, see “*Escrowed Securities and Securities Subject to a Contractual Restriction on Transfer*”.

For further details regarding the business of Hawk, see “*Narrative Description of the Business – Description of the Business of Hawk*”.

DRIP

On December 10, 2018, the Corporation announced the adoption of the DRIP effective for the regular monthly dividend payable on January 15, 2019 to Shareholders of record on December 31, 2018.

Equity Incentive Plan

On July 24, 2019, Shareholders approved the adoption of the Equity Incentive Plan. The Equity Incentive Plan enables the Corporation to grant deferred share units, restricted share units and stock options of the Corporation to Directors, officers and employees of the Corporation or any of its affiliates or designated service providers.

2019 Debt Financing

In August 2019, the Corporation entered into a new Credit Facility with Scotiabank and Roynat Inc., a subsidiary of Scotiabank. The new Credit Facility consists of:

- a \$10,000,000 revolving term loan bearing interest at Scotiabank's prime rate plus 1% or bankers' acceptances plus 2.5%, and standby fees of 0.25% on the unused portion of the revolving term loan. The revolving term loan is for a committed three-year term;
- a \$21,200,000 term loan, bearing interest at a fixed rate of 8.0% with no required principal payments for the three-year term of the loan; and
- a credit card facility with a limit of up to \$300,000.

The new Credit Facility replaced the Corporation's pre-existing Credit Facility with Scotiabank. For more information, see "*Description of Capital Structure – Credit Facilities*".

The new Credit Facility was also used to fund the cash component of the purchase price for the acquisition of Northside. For more information on Northside see "*General Development of the Business - History – Acquisition of Northside*".

Acquisition of Northside

On August 16, 2019, the Corporation acquired Northside, a specialty manufacturing company based in West Kelowna, British Columbia, Canada.

At closing, the Corporation paid an aggregate of \$12,237,541 to certain vendors of Northside (the "**Northside Vendors**"), representing the base purchase price of \$12,000,000, plus upward adjustments of \$200,041 for estimated closing working capital in excess of the target working capital and \$37,500 for certain capital expenditures agreed to by the parties.

Of the aggregate purchase price, \$1,200,000 was satisfied through the issuance to the Northside Vendors of 316,539 Common Shares at a deemed price of \$3.791 per Common Share, with the balance of \$11,037,541 paid in cash. The purchase price was subject to customary post-closing adjustments based upon confirmation of closing working capital plus up to an additional \$4,000,000 contingent on Northside meeting certain earnings targets over the subsequent three years.

Of the cash portion of the base purchase price, \$1,080,000 is subject to escrow and is scheduled to be released to the Northside Vendors on February 23, 2021. The 316,539 Common Shares received by the vendors were also subject to escrow and scheduled to be released to the Northside Vendors in tranches as follows:

- (i) 105,513 (33%) of the escrowed shares will be released following the first anniversary of the closing date;
- (ii) 105,513 (33%) of the escrowed shares will be released following the second anniversary of the closing date; and
- (iii) the balance of the escrowed shares will be released following the third anniversary of the closing date.

For further details regarding the escrowed shares pursuant to the acquisition of Northside, see “*Escrowed Securities and Securities Subject to a Contractual Restriction on Transfer*”.

For further details regarding the business of Northside, see “*Narrative Description of the Business – Description of the Business of Northside*”.

Recent Developments Since December 31, 2019

Temporary Suspension of Hawk’s Plant Operations

On March 27, 2020, as a result of the COVID-19 pandemic and decline in global oil prices and their impact on customer activity, the Corporation announced that it had temporarily suspended plant operations of Hawk. All Hawk employees were temporarily laid off, with the exception of management, sales, quoting and offices roles. Management of Hawk anticipates that plant operations will resume on a limited production basis on April 20, 2020.

Suspension of Monthly Dividend

On March 31, 2020, the Corporation announced that it had suspended its monthly dividend after payment of the \$0.03 per Common Share dividend on April 15, 2020. The Board made the decision to suspend monthly dividend payments in response to the considerable economic uncertainty surrounding the worldwide COVID-19 pandemic and the significant decline in global oil prices. As one of the Corporation’s objectives is to pay a regular dividend to its Shareholders over the long term, the Corporation plans to re-commence the declaration and payment of dividends when determined appropriate by the Board.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation’s overall business is conducted through two operating segments comprised of finished product and component manufacturing. In addition, the Corporation itself, as the public company parent, is considered a third and separate reportable segment, as its function is an investment holding and management company. The Corporation’s two operating segments, as determined by management, sell similar product types to similar types of customers and share similar processes and distribution methods. An overview of these operating segments and the businesses within each segment is set forth below.

- The finished product segment manufactures and sells products that are purchased and used by end customers as designed. As at December 31, 2019, within the finished product segment there were two separate businesses: Blaze King and Slimline.
- The component manufacturing segment manufactures and sells products based on specifications determined by its customers for use in its customers’ processes. As at December 31, 2019, within the component manufacturing segment there were three separate businesses: Unicast, Hawk and Northside.

The Corporation's financial results include the results of any acquisitions from their dates of acquisition. The revenues reported by operating segment for the years ended December 31, 2019 and December 31, 2018 are as follows:

Year	Finished Product (\$000s)	Component Manufacturing (\$000s)	Consolidated (\$000s)
2019	23,425	23,965	47,390
2018	18,966	19,027	37,993

Bankruptcy and Similar Proceedings

Neither the Corporation nor any of its Subsidiaries have been subject to any bankruptcy, receivership or similar proceeding within the three most recently completed financial years of the Corporation or during or proposed for the current financial year of the Corporation.

Reorganizations

There have been no material reorganizations of the Corporation or any of its Subsidiaries during the three most recently completed financial years of the Corporation or completed during or proposed for the current financial year of the Corporation.

Description of the Business of Blaze King

Summary

Blaze King designs and produces high-quality, high-efficiency, clean burning wood stoves, inserts and gas fireplaces, all manufactured on its premises in Penticton, British Columbia, Canada and Walla Walla, Washington, United States. Blaze King has been operating since 1977, and its hearth products are sold worldwide.

Blaze King is recognized as a leader in the design and manufacturing of high efficiency and clean-burning wood stoves, inserts and gas heating products.

New EPA regulations, set to take effect on May 15, 2020 (the "**EPA 2020 Regulations**"), are pushing the wood burning stove industry to meet new stringent emissions levels of under 2 grams of particulate emissions per hour. All of Blaze King's products meet the requirements of the EPA 2020 Regulations, and 10 of 12 (83%) product lines offered by Blaze King are more than 50% lower than the maximum 2-grams of particulate emissions per hour limit. Of note, Blaze King's King KE40 is the most efficient wood stove available in North America and its Princess PE32 is the second most efficient wood stove available in North America, as listed by the EPA as at the date hereof. Management believes that Blaze King is in a strong position to take advantage of the new market conditions from the coming into force of the EPA 2020 Regulations on May 15, 2020 and onwards.

Blaze King's wood stoves are more efficient, provide longer burn times, and consume less wood for a given amount of heat delivered into the consumer's home than those of its competitors as at the date hereof. These efficiencies are the result of Blaze King's unique combustion system, where airflow is constantly managed by the use of a thermostat regulator and catalytic combustor.

Set forth below is a list of the most efficient wood stove and fireplace insert models produced by Blaze King as listed by the EPA:

Model	Model #	Grams Per Hour Emissions	Higher Heating Value Tested Efficiency
King	KE 40	1.1	81%
Princess	PE 32	0.4	80%
Chinook 30	CK 30.2	0.8	76%
Sirocco 30	SC 30.2	0.8	76%
Ashford 30	AF30.2	0.8	76%
Chinook 20	CK20.2	0.7	77%
Sirocco 20	SC 20.2	0.7	77%
Ashford 20	AF20.2	0.7	77%
Boxer 24	BX 24.1	0.9	77%
Princess Insert	PI 29	1.26	76%
Sirocco 25 Insert	SC25	0.9	77%
Ashford 25 Insert	AF25	0.9	77%

Blaze King's products are now sold worldwide, although the majority of sales continue to be in North America. Blaze King continues to investigate potential new markets for its products outside of its traditional markets to manage seasonality and weather-related risks.

The main hearth products produced by Blaze King are wood stoves and fireplace inserts. Based on available data from the Hearth, Patio and Barbecue Association (HPBA), a trade association of which Blaze King is a member, the size of the North American cordwood appliance market was estimated at over US\$200 million in 2019. The cordwood appliance market includes fireplaces, freestanding wood stoves and inserts. Blaze King produces wood stoves and fire-place inserts but does not produce wood fireplaces. Blaze King estimates that it accounted for 4% of the wood hearth market in 2019 based on information provided by the HPBA.

The cordwood appliance sector of the hearth products industry has remained relatively flat in sales volume for the past three years. Management believes that the market will remain flat due to changes in seasons and increased competition from propane and natural gas heating products. The cost of these fuels remains relatively low due to the current low cost of oil.

Management of Blaze King expects further industry consolidation as smaller manufacturers will need significant investment to meet future environmental regulations, including the EPA 2020 Regulations. As of the date hereof, there are 416 fireboxes listed on the EPA web site that are approved for sale. Of these 416 fireboxes, only 116 currently meet the EPA 2020 Regulations that come into force on May 15, 2020, which would represent a reduction of 72% in the amount of salable fireboxes. Blaze King's management expects other manufacturers will certify more products to meet the EPA 2020 Regulations but anticipates that there will be a significant reduction in the number of competitors after its coming into force. As of the date hereof, there are 56 wood stove manufacturers listed on the EPA web site, and of these, there are only 29 manufacturers with products that can be sold after May 15, 2020. As of the date hereof, Blaze King owns 7 of the 116, or 6%, of fireboxes that are approved for sale after the coming into force of the EPA 2020 Regulations (note that there can be multiple models based on a single firebox). Blaze King's management believes that its preparation for the EPA 2020 Regulations will result in increased market share as other manufacturers struggle to meet the requirements.

Management of Blaze King believes that the Blaze King brand has significant opportunities for growth in both the wood and gas stove sectors of the hearth products industry. Blaze King's distribution network in eastern Canada and the northeastern United States is now established and it is anticipated by management that this will lead to Blaze King increasing its share of the wood stove market in these areas. There are also market opportunities for Blaze King's products in Europe, New Zealand and Australia. Consumers in these markets have inquired in the past as to the availability of Blaze King's products in their respective markets. The major driver of these inquiries is Blaze King's long and efficient burn times created by its unique combustion technology. Management of Blaze King believes that there is

no manufacturer in these markets that utilizes such technology as of the date hereof. As of the date hereof, Blaze King has four product models that are certified and available for sale in New Zealand, the Sirocco 30, Chinook 30, Sirocco 20 and Chinook 20.

Blaze King also has the opportunity to leverage its brand and improve the utilization of its sales force and dealer network by developing a full line of gas products for the North American market. Blaze King continues its product development in gas fireplaces and inserts and anticipates new models to be ready for market in 2020.

Marketing Strategies

Blaze King is focused on producing highly efficient, well-built, eco-friendly hearth products. Management of Blaze King believes that its stoves are some of the longest-burning, highest efficiency stoves in the hearth market and that its stoves have a reputation for quality. These traits have helped build the Blaze King brand and reputation, which drives sales through dealer and customer loyalty.

There are two main channels of distribution in the hearth industry, the new construction and the independent retailer channel. The new construction channel is now dominated by the two largest entities in the North American hearth market and is the most price competitive segment. Management believes that opportunities exist for Blaze King at the higher end of the new construction market where price is a less significant consideration, however, many manufacturers compete in this segment. Blaze King is more active in the independent retailer channel where there are fewer manufacturers. Blaze King largely competes in the higher end of the independent retailer channel where price is generally not the most significant consideration for purchasers.

Management of Blaze King believes that the most important factors to customers are the features of each model, company reputation and product quality. Blaze King's stoves have a unique advantage because its combustion system is cleaner burning and more efficient than those of its competitors and, accordingly, occupy a market niche. This allows for premium pricing of Blaze King's products.

Blaze King focuses on prompt delivery of its products to retailers, which is important as many retailers no longer carry a large amount of stock and expect manufacturers to have adequate inventory available to be delivered to them. Management of Blaze King believes that competitors who focus on lower price point products also attempt to market products to big box retailers, and do not achieve the same degree of loyalty as Blaze King stoves do from the true independent retailer.

Management of Blaze King believes that the hearth business is dependent on personal relationships. In order to build these relationships, Blaze King has created and maintains an effective sales force that has had a positive effect on building personal relationships with dealers and distributors in all markets. This approach has been extremely important in expanding Blaze King's dealer network. Blaze King's brand reputation for efficiency, quality and customer service has also been important in building customer relationships.

Management of Blaze King believes that increasing the size of its dealer network has generally led to increasing market share for Blaze King.

Research and Development

Blaze King undertakes R&D to develop new products and improve upon its existing products on a continuous basis. Blaze King's R&D projects vary from designing a wood stove for small rooms or homes to research to reduce emissions from its hearth products. Blaze King has invested in improving its lab and testing facilities and improving its testing equipment.

Blaze King's R&D is conducted through a combination of its in-house expertise and the use of research facilities within its current manufacturing facilities in Walla Walla, Washington, United States and Penticton, British Columbia, Canada. Blaze King's employees design new models and conduct testing in-house for all products. Blaze King currently has three full-time R&D employees in Penticton, British Columbia, Canada and two full-time R&D employees in Walla Walla, Washington, United States.

Production and Services

Blaze King does its own manufacturing, for the production of samples for R&D purposes and for fulfillment of commercial scale orders, in two leased facilities located in Penticton, British Columbia, Canada and Walla Walla, Washington, United States.

All wood and gas stoves and accessories are processed in a similar fashion:

- (a) sheet stock is laser cut or punched;
- (b) bar stock is sawed to length or run through an ironworker;
- (c) parts are then bent and welded into assemblies, and then into completed units;
- (d) the units are then sanded, prepped and painted;
- (e) final assembly includes addition of combustors, thermostats, control systems, glass, doors and labels; and
- (f) the units are then packaged individually in either wooden open side crates or cardboard cartons.

Blaze King has an ongoing purchasing goal for each of its hearth unit components to have two supplier relationships with an 80 to 20 percent split between these suppliers. The objective is to have a back-up supplier with an established relationship sufficient to ensure the shortest time to fill-in for a primary vendor failure. In most cases one or both of the primary and secondary vendors are long-term suppliers but the relationships (and percentage split) are subject to change in relation to price, quality, delivery, vendor failures, etc. There are always some items for which the search for a "back-up" supplier is ongoing.

No major failures with any supplier were experienced in the past year. Secondary vendors have been able to fill demand within sufficient time to prevent a major production delay.

Periodically, Blaze King does have quality or delivery issues, but with most of its vendor relationships being long-term, it has been able to resolve such issues fairly quickly.

Both of Blaze King's manufacturing sites are leased from arm's length parties. The Penticton, British Columbia, Canada location has a lease in place until March 31, 2021, and the Walla Walla, Washington, United States location has a lease in place until October 31, 2020. Both leases are in good standing and the relationships with the landlords are positive.

Specialized Skill and Knowledge

Management of Blaze King believes that its quality assurance process meets the strict requirements of numerous agencies including, among others, the EPA, CSA, American National Standards Institute and Underwriters Laboratories. Quality assurance procedures are documented in Blaze King's internal quality assurance manual and procedures stipulated by certification agencies such as Omni Test, Intertek Testing and CSA which audit Blaze King's facilities every 3 months.

Blaze King has a low product return percentage and warranty expense of less than 1% annually (\$57,407 and \$63,997 in the years ended December 31, 2019 and 2018 respectively) and no additional significant issues in relation to product returns have been reported to Blaze King as at the date hereof.

Welders are the largest group of skilled employees of Blaze King, with up to 12 on staff at any one time. Most are “C” level welders with several participating in apprenticeship programs. Blaze King does not require its welders to obtain additional certification since their products are specialized and the tasks are fairly repetitive. Blaze King trains its welders in-house.

The ongoing R&D performed by Blaze King’s R&D team is a specialized skill of Blaze King. One of Blaze King’s R&D employees in Walla Walla, Washington has been with Blaze King for over 30 years and has developed a knowledge base and understanding regarding the function and operation of catalytic stoves that is very valuable to Blaze King. Blaze King’s R&D team is highly specialized, and is integral to Blaze King’s success.

Competitive Conditions

As of the date hereof, there are 56 wood stove manufacturers listed on the EPA web site, and of these, there are only 29 manufacturers with products that can be sold after May 15, 2020. Blaze King’s main competitors include:

- (a) Hearth and Home Technologies (a division of HON Industries) is, to management’s knowledge, the only publicly traded competitor of Blaze King. They are the largest hearth manufacturer in the North American market. These brands include Quadra Fire, Heat N Glow, Harman stoves, Heatilator, Vermont Castings, Monessen and Majestic.
- (b) Innovative Hearth Products is a company formed by a New York investment firm from the hearth division of Lennox Industries and FMI Corporation. They are the other major entity in the new construction market channel.
- (c) Travis Industries is a privately held corporation based in Washington, United States. Their major wood brands are Lopi and Avalon, but their primary focus is in the gas segment of the industry.
- (d) Napoleon (a division of Wolf Steel Ltd.) is a privately held corporation based in Barrie, Ontario, Canada. They are a diversified company that continues to expand into many areas and markets, including patio furniture, HVAC furnaces and barbecues.
- (e) Fireplace Products International Ltd. is a company based on Delta, British Columbia, Canada that is owned by a Swedish company, NIBE. Their main brand is Regency, and their focus is on gas, wood and pellet products.
- (f) Stove Builder International is a privately-owned corporation based in Québec, Canada. They have a highly automated factory and are a builder of lower price point products. Brand names include Drolet, Nordica, Osburn, Enerzone, and PSG.

New Products

New product development is an additional strategy that Blaze King has prioritized. This strategy allows Blaze King to address product categories where it is currently under-represented. Blaze King has introduced new contemporary wood stove and insert models, re-certified its complete product line to meet the EPA 2020 Regulations, and is developing new gas fireplaces and inserts featuring more contemporary styling.

Blaze King has a number of projects currently being developed in its R&D facilities in both Walla Walla, Washington, United States and Penticton, British Columbia, Canada.

In terms of gas heating product development, projects include new gas fireplaces and new gas fireplace inserts, slated for release in 2020.

On the wood stove product development, Blaze King has finalized all wood products to be completely certified for the EPA 2020 Regulations, and is exploring new wood fireplace inserts for export markets.

Components

Blaze King has never had any difficulty in sourcing the raw materials, component parts or finished products necessary to produce its products. See “*Production and Services*” above.

Intangible Properties

Blaze King has secured trademarks to protect its brand names in Canada and the United States. The following is a list of all current and pending trademarks and registrations in the United States and Canada:

Canadian Trademark Registrations

Registration Number	Application Number	Registration Date	Current Owner	Trade-mark	Renewal Date
ETMA828,167	1515365	July 16, 2012	Valley Comfort Systems Inc.	BLAZE KING & Design	July 16, 2027
TMA277,070	438774	February 25, 1983	Valley Comfort Systems Inc.	BLAZE KING STOVE	February 25, 2028
TMA737,617	1265739	April 7, 2009	Valley Comfort Systems Inc.	LES ROI DES FLAMMES	April 7, 2024
TMA801,120	1433645	June 29, 2011	Valley Comfort Systems Inc.	EL REY DE LLAMAS Translation: The King of Flames	June 29, 2026
TMA828,166	1515363	July 16, 2012	Valley Comfort Systems Inc.	BLAZE KING	July 16, 2027
TMA880,228	1617905	June 16, 2014	Valley Comfort Systems Inc.	BLAZE KING & Design	June 16, 2029
TMA427,947	725346	May 27, 1994	Valley Comfort Systems Inc.	PEGASUS	May 27, 2024
TMA543,831	1029072	April 17, 2001	Valley Comfort Systems Inc.	VALLEY COMFORT & Design	April 17, 2031

United States Trademark Registrations

Registration Number	Application Number	Registration Date	Current Owner	Trade-mark	Renewal Date
4,079,316	-	January 3, 2012	Valley Comfort Systems Inc.	BLAZE KING	January 3, 2022
2,587,692	-	July 2, 2002	Valley Comfort Systems Inc.	BLAZE KING	July 2, 2022
1,142,055	-	December 2, 1980	Valley Comfort Systems Inc.	BLAZE KING	December 2, 2020
4,627,081	-	October 28, 2014	Valley Comfort Systems Inc.	BLAZE KING	October 18, 2024

Cycles

Blaze King's business is cyclical in that its sales trend upwards and downwards based on the strengths and weaknesses of the Canadian and American housing markets. The business is also seasonal, as historically, the months of February through June are the weakest sales months as spring and summer lead to fewer sales of heating appliances. This trend is not unique to Blaze King in the hearth industry.

Historically, the months of July through January are the strongest sales months, particularly in the Western United States and Canada. Historically, as the year moves into September and October, orders become more prevalent from northwestern and northeastern United States. The final orders of the season from dealers and distributors begin coming in late October and November from California and other parts of south-western United States, as winter conditions are being experienced in those parts of North America. It is a continual challenge for Blaze King to ensure inventory levels are monitored to match the demand patterns of a seasonal business that services many different climates.

Economic Dependence

The business of Blaze King is not substantially dependent on any one particular customer or contract.

Changes to Contracts

No aspect of Blaze King's business is anticipated to be affected in the current financial year by renegotiation or termination of any contract.

Environmental Protection

Blaze King is committed to developing pollution-reducing hearth products. In order for Blaze King to maintain and grow sales, it is required to continually develop and modify its designs to meet the specific requirements of its customers and prospective customers. Blaze King is also subject to separate regulatory approval processes related to commercialization of its hearth products in the United States and Canada.

In the United States, the EPA regulates wood heater particulate emissions. All wood burning stoves and fireplace inserts offered for sale in the United States must be certified by the EPA in accordance with Title 40 of the Code of Federal Regulations under the United States Clean Air Act.

In British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Quebec, Canada, it is a requirement for all wood burning stoves and fireplace inserts offered for sale to be certified under the following regulations:

- (a) the EPA's Standards of Performance for New Residential Wood Heaters, under the United States Clean Air Act; or
- (b) the CSA's Performance Testing of Solid Fuel Burning Heating Appliances.

Alberta, Saskatchewan, Manitoba, Prince Edward Island, North West Territories, Yukon and Nunavut, Canada, do not currently require any environmental certification for wood burning stoves and fireplace inserts.

Blaze King currently has all certifications and approvals necessary to sell its products in the jurisdictions in which they are currently sold. In terms of marketing, Blaze King expects that any developments in environmental protection requirements and new emissions standards would favour its low emission catalytic stove products.

Employees

As at December 31, 2019, Blaze King had 47 employees based in Penticton, British Columbia, Canada and 14 employees in Walla Walla, Washington, United States, for a total of 61 employees.

Foreign Operations

Blaze King does not currently rely to any significant extent upon sales of its products in jurisdictions outside of North America.

Lending

Blaze King does not undertake any lending operations.

Social or Environmental Policies

Blaze King has not implemented any social or environmental policies that are material to their operations.

Description of the Business of Slimline

Summary

Slimline carries on an agricultural sprayer and industrial evaporator design, manufacturing and distribution business based in Penticton, British Columbia, Canada.

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 sells these sprayers under the name "Turbo Mist" which includes a heavy-duty series, a standard series, a cherry blower, a multi-row air blast sprayer and a "Rotomister" sprayer used to combat insect infestations.

Slimline also designs, manufactures and sells its "EcoMister" evaporator systems primarily used in the mining, oil and gas, and waste management industries. Slimline's EcoMister evaporator division has been in operation since 1996. It produces an environmental and economical, patented, state of the art solution that meets specific customer needs in the elimination of wastewater. Target markets include mining, oil and gas, solid waste, power generation, municipal wastewater and food processing operations.

Slimline's sprayers and evaporators utilize common patented technology as well as pumps and turbines. In addition to its two main product lines, Slimline manufactures custom products and sells various sprayer, evaporator, and other industrial parts. The sales mix for Slimline's products in the last three fiscal years was as follows:

Product	2019	2018	2017
Sprayers	64%	57%	52%
Parts	26%	23%	26%
Evaporators	7%	17%	20%
Custom work	3%	3%	2%
	100%	100%	100%

The primary markets served by Slimline are the agricultural, mining, oil and gas, and waste management industries.

Marketing Strategies

Slimline has dealer agreements with dealers across Canada and the United States to sell its sprayers. The focus of Slimline in previous years was selling sprayers in the Pacific Northwest. Slimline's new management has focused on serving the existing base in the Pacific Northwest while also focusing on aggressive expansion through a number of markets in North America, such as California, Florida, Georgia, South Carolina and New York, and targeting large grower operations. Slimline is also exploring South America as a potential international expansion opportunity, which would help mitigate the effects of seasonality on its North American sprayer business. Slimline will continue to develop its current new technology to maximize its opportunities in several of these markets, such as multi row sprayers for the specific fruit varieties.

Historically, the marketing approach for evaporators was based on the availability to promote the product at trade shows and resulted in Slimline responding to requests for proposals and quotes rather than promoting the product in the marketplace. Management developed and implemented a new go-to-market strategy, building on previous success in the oil and gas, mining, solid and wastewater, food and beverage, power generation and chemical processing industries. The initial focus has been centered on North America, but Slimline anticipates adding resources to meet the needs of the global application and customer base for the product.

Parts sales are driven through Slimline's dealership network, online orders, past evaporator installations and walk-in traffic.

Research and Development

Several projects varying in degree of scope are currently being undertaken by the Slimline engineering team. These projects are focusing on overall product improvement, cost reductions and improved performance of existing products. New agricultural product development has become a focus and is being driven by market requirements from Slimline's key customer groups. Of particular interest are multi-row sprayers and boom sprayers as well as electronic eye/sensor spray controls. Slimline is participating and working with several universities and government agencies on educational programs for growers, spraying techniques and overall efficiencies of managing drift and chemical applications. On the evaporator side of the business, Slimline is developing an enhanced dust suppression system for markets such as mining, quarries and construction sites. A complete redesign of Slimline's 24-inch evaporator has been completed and tested, and the first orders shipped in April 2020.

Production and Services

Slimline designs and manufactures agricultural sprayers and industrial evaporators for several different industries and geographies. Most of the products produced by Slimline work off of a common platform but are customizable based on the end user's application. Products are customized by the end user on a regular basis through communication with Slimline's sales and engineering teams. New and/or upgraded drawings are produced for each customization which are signed off by the customer before Slimline produces a finished product.

Slimline's manufacturing process is all-encompassing as the frames, tanks, turbines and other ancillary parts are all designed and manufactured in-house allowing for consistent high-quality workmanship and reducing the need for outside suppliers. The various component parts are manufactured to the highest standards in the industry which leads to the longevity of the products in service and the overall reputation of the brand. Component parts sourced from outside sources are typically off the shelf high-quality items such as pumps and motors. Both pumps and motors are considered long lead items and are ordered and warehoused accordingly.

Slimline enjoys long standing relationships with the majority of its suppliers due to the quality of product, service and delivery. Traditionally Slimline does not experience any shortages of materials from suppliers and have not been faced with supply chain issues. Annual supplier reviews are undertaken to ensure a good working relationship, to manage expectations, and to evaluate costs. Secondary suppliers are established and evaluated on a regular basis.

Slimline's manufacturing site in Penticton, British Columbia, Canada, is leased from the former owner of Slimline. This site has a lease in place until May 31, 2023. The lease is in good standing and the relationship with the landlord is positive.

Specialized Skill and Knowledge

Slimline agricultural products are designed and manufactured to the highest standards in the industry using technology developed over the past 50 years. Slimline continues to lead the market in education and training. Slimline is involved with the various grower associations, government agencies and universities and provides "Train the Trainer" services. Application and spraying methods are a focus of the ongoing commitment to help the industry develop best practices, as well as calibration training to allow growers to maximize their spraying efficiencies.

The same can be said relative to the evaporator products sold by Slimline. Slimline's expertise and knowledge pertaining to the proper plume and drift control of evaporators is recognized throughout the industry. Slimline evaporators are known for being robust, environmentally friendly, cost effective, and provide ecofriendly solutions when dealing with wastewater.

Competitive Conditions

Slimline has two primary product lines: agricultural sprayers and industrial evaporators. The agriculture equipment market is in its maturity and the dealership groups are consolidating into larger corporate groups across its customer base. This consolidation provides an opportunity to directly sell to a larger dealership group and offer incentives on that basis, rather than standalones. Conversely, the industrial evaporator market is currently in its infancy with fewer market participants. Slimline's main competitors include:

Sprayers

- (a) Rears Manufacturing is a privately held corporation based in Oregon, United States, which produces sprayers and field equipment for agricultural applications.
- (b) Durand-Wayland is a privately held corporation based in Georgia, United States, which manufactures packinghouse equipment and sprayers.
- (c) Nelson Hardie is a privately held corporation based in California, United States, which manufactures sprayers, cabs for low profile tractors and orchard pruning equipment.
- (d) Air-O-Fan is a privately held corporation based in California, United States, which manufactures orchard sprayers, vineyard sprayers, herbicide sprayers, PTO sprayers and engine sprayers.
- (e) Progressive Ag Inc. is a privately held corporation based in California, United States, which manufactures sprayers.
- (f) D&M Manufacturing is a privately held corporation based in California, United States, which manufactures sprayers and berm blowers.
- (g) Cima SpA is a corporation based in Italy, which produces low volume pneumatic sprayers and dusters.

Evaporators

- (a) Resource West is a privately held corporation based in Colorado, United States, which produces industrial evaporators.
- (b) SMI Evaporative Solutions is a privately held corporation based in Michigan, United States, which produces mechanical industrial evaporators.
- (c) Minetek is a corporation based in Australia, which produces, among other things, water evaporations systems.

New Products

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

Components

Slimline has never had difficulty sourcing the raw materials, component parts or finished products necessary to produce its products. See "Production and Services" above.

Intangible Properties

Slimline's evaporator design was patented in February 2001 under patent number: Evaporator US 6190498 B1.

Slimline has also secured trademarks to protect its brand names in Canada and the United States. The following is a list of all current trademarks and registrations in Canada and the United States:

Canadian Trademark Registrations

Registration Number	Application Number	Registration Date	Current Owner	Trade-mark	Renewal Date
UCA30915	201305	November 26, 1948	Slimline	TURBO-MIST	November 26, 2023
	1922577	Pending	Slimline	TURBOMISTER	
	1911866	Pending	Slimline	ECO MISTER	
				ECO MISTER	
	1911867	Pending	Slimline	EVAPORATOR & Design	
	1904581	Pending	Slimline	GEAR UP THROTTLE DOWN	
	1904583	Pending	Slimline	GEAR UP THROTTLE DOWN & Design	

United States Trademark Registrations

Registration Number	Application Number	Registration Date	Current Owner	Trade-mark	Renewal Date
0620809	71683306	February 7, 1956	Slimline	TURBO-MIST	May 14, 2029
5859113	88164562	September 10, 2019	Slimline	ECO MISTER	September 10, 2029
5918106	88166013	November 26, 2019	Slimline	TURBO-MISTER	November 26, 2029

Cycles

Slimline's agricultural sprayer business is seasonal. Historically, the months of July through November are the weakest sales months as agricultural sprayers and related agricultural parts are typically purchased ahead of the growing seasons in North America. This trend is not unique to Slimline in selling products to the North American agricultural industry. Slimline is exploring opportunities to expand sales outside of the Northern hemisphere as well as new crop applications, which would partially mitigate the effect of seasonality on its North American sales.

Slimline's evaporator business is not seasonal, however, timing of sales can be influenced by budgetary cycles of its current and potential customers. Given that the evaporator market is currently in its infancy, this can result in sales fluctuations throughout the year. Slimline works with Export Development Canada to offer favorable purchasing terms for their clients. Slimline also recently partnered with a third-party company to offer flexible lease and rental options to customers who may require the use of an evaporator system but are not in a position to purchase one.

Economic Dependence

The business of Slimline is not substantially dependent on any one particular customer or contract.

Changes to Contracts

No aspect of Slimline's business is anticipated to be affected in the current financial year by renegotiation or termination of any contract.

Environmental Protection

In terms of its agricultural products, through both product development and customer education, Slimline has an ongoing commitment to help the industry develop best practices with respect to application and spraying methods. Slimline works with grower associations, government agencies and universities in this regard.

Slimline's industrial evaporator products enable clients to address environmental concerns such as the separation of contaminants from wastewater. The evaporators are environmentally friendly products that can dispose of wastewater for multiple industries including: mining, oil and gas, textiles, chemical processing, food and beverage processing, waste management and power generation. Slimline will support its customers in working with applicable regulatory agencies and in developing the expertise and knowledge pertaining to the proper plume and drift control of the evaporator, thereby providing the most ecofriendly solution for dealing with wastewater.

Employees

As at December 31, 2019, Slimline had 31 employees in its facility in Penticton, British Columbia, Canada.

Foreign Operations

Slimline does not currently rely to any significant extent upon sales of its products in jurisdictions outside of North America.

Lending

Slimline does not undertake any lending operations.

Social or Environmental Policies

Slimline has not implemented any social or environmental policies that are material to their operations.

Description of the Business of Unicast***Summary***

The business of Unicast is producing and distributing wear parts and valves for the mining, aggregate and cement industries. Wear parts are parts for machinery that tend to wear out quickly when crushing rock, which is done extensively in these industries.

In general, the wear parts that Unicast produces are used by customers to replace parts produced by OEMs. Management of Unicast believes that its replacement wear parts and valves generally last longer than parts produced by OEMs, which is one of the main reasons why customers choose Unicast's parts rather than parts from OEMs.

One of Unicast's most important products is a TiC insert in a manganese alloy that allows the manganese to harden before extensive wear occurs. This significantly improves wear parts that may be affected by extensive impacting and extensive sliding. These TiC inserts have been shown by one of Unicast's largest clients to increase the wear life of OEM parts by up to 8.5 times. Unicast's offers a TiC insert product line in a number of wear parts, including impactors/blow bars, jaw crusher plates, hammers, breaker blocks and bowl and mantles.

Unicast currently supplies wear parts and valves to all four of the multi-national cement companies operating in the United States, as well as smaller regional customers.

Unicast supplies several mining operations in the western hemisphere with wear parts for their crushing and operational needs. The Teck Happy Valley copper mine, the New Gold New Afton gold mine, and the Jerritt Canyon Gold gold mine are three examples of North American mines that Unicast services with its wear parts. Unicast also supplies wear parts to three gold mining operations in Nicaragua, operated by a Canadian gold mining and exploration company.

Steel tariffs introduced in Q3 2018, on Chinese steel products entering the United States, negatively impacted gross margins for Unicast in the second half of 2018 and throughout 2019. Unicast is looking at options to source some products from foundries in other countries, however, until it is able to secure suppliers outside of China on a cost effective basis, management of Unicast anticipates that the above noted steel tariffs will continue to negatively impact gross margin in 2020.

The market for wear parts in North and Latin America is extremely large. According to Sandvik, a Swedish multi-national corporation that specializes in building and maintaining entire mining solutions for mining companies (and one of Unicast's competitors), the annual wear parts industry, including the mining and cement industries, is worth approximately US\$20 billion per annum on a global basis. As at the date hereof, in Canada there are over 200 active mining operations and in the United States there are over 330 active mining operations. As all of these mining operations use wear parts, the market for Unicast's products is extremely large and, accordingly, there is a lot of room for Unicast to increase its market share.

Unicast's product sales mix in the last three fiscal years was as follows:

Product	2019	2018	2017
TiC Products	29%	14%	17%
Apron Feeder Pans	4%	13%	16%
Hammermills	10%	7%	11%
Mill Grinding	17%	11%	9%
Valves	6%	12%	8%
Impactors	6%	10%	5%
Products comprising less than 5% of sales	28%	33%	34%
	100%	100%	100%

The majority of Unicast's products are shipped from its facility in Kelowna, British Columbia, Canada to dealers and customers globally. Certain products are shipped directly from the foundry to customers, based on geographic proximity. In the last three fiscal years, Unicast's products were sold into the following geographic regions:

Geographic Region	2019	2018	2017
United States	52%	61%	55%
Canada	16%	21%	23%
Latin America	19%	14%	19%
Other	13%	4%	3%
	100%	100%	100%

Unicast sells their products in a variety of different business sectors. In the last three fiscal years, Unicast's products were sold into the following sectors:

Business Sector	2019	2018	2017
Cement	49%	42%	47%
Dealer	23%	21%	24%
Mining	21%	28%	17%
Aggregate	5%	4%	7%
Other	2%	5%	5%
	100%	100%	100%

Marketing Strategies

Management of Unicast aims to increase its market share throughout North America and South America by concentrating on increasing its sales to the mining and cement industries. In 2019, Unicast continued to look at new market opportunities in South America and the Middle East. Unicast will continue to support and service the aggregates industries but will focus on attracting and targeting the mining and cement industries for sustained growth. In particular, Unicast will target sales to the mining and cement industries in Central and South America. Unicast has recently increased its sales force in a number of locations to provide for better geographical coverage in an attempt to increase its sales by both retailers and individual Unicast representatives.

Research and Development

All of Unicast's products are tested and quality inspected by its internal quality control engineering department. Unicast's products are tested and inspected for quality at its own facility in Kelowna, British Columbia, Canada and at the University of British Columbia's labs in Kelowna, British Columbia, Canada.

Unicast is focused on manufacturing engineered product solutions with prompt delivery at a competitive price for the cement, aggregates and mining industries with the longest practicable wear life. Management of Unicast believes that its wear parts are some of the longest-lasting and cost-efficient in the market. Management believes that these attributes have helped build the Unicast brand and reputation, which drives sales through dealer and customer loyalty.

Production and Services

Unicast designs and produces high quality wear parts for the cement, mining and aggregate industries. Unicast's account managers work with its engineers in Kelowna, British Columbia, Canada to specify and design various wear parts which are then manufactured by third party foundries.

Unicast utilizes over 25 supplier foundries located in China, India, Canada and the United States to meet the specific needs of its customers. Unicast chooses the foundry to produce a particular product based on a number of factors, including: (i) the alloy required to be produced for such product; (ii) the expertise of that foundry in producing that particular product; and (iii) the ability of such foundry to meet the design requirements of the product. Unicast has a list of preferred suppliers that are used to produce specific products.

No major failures with any supplier were experienced in the last year, although Unicast's suppliers in China have been impacted by the pollution controls and inspections implemented by the Chinese government. Consistent with many companies that utilize factories in China, emissions inspections and shutdowns have resulted in late deliveries to customers. In addition, the effects of COVID-19 have resulted in supply disruptions and shipping delays from China to date in 2020. Unicast continues to manage supplier risk through the use of secondary vendors to meet demand with sufficient time to prevent any major delays.

Unicast does have periodic quality and delivery issues with its suppliers. However, due to the long-term relationship that Unicast has with most of its suppliers, most issues are able to be resolved quickly.

Specialized Skill and Knowledge

Unicast's relationships with its supplier foundries are a special skill and knowledge that is of great benefit to it. Unicast's relationships with over 25 foundries enables it to choose the optimal foundry to produce the wear products required by its customers. Unicast is always vetting out new foundries and new technology on a regular basis.

Unicast has an experienced sales team of four that travel extensively to meet with customers regarding their wear part requirements and to ensure that customers are up to date regarding Unicast's product offerings. Unicast's sales team also meets with customers to inspect and measure wear parts to ensure that they are performing as required by the customer.

Unicast has an engineering team comprised of three people. Unicast's engineering team is constantly looking for better wear life properties and compositions to provide Unicast with better and more effective products to sell to its customers.

Competitive Conditions

Unicast competes in two major areas of the wear parts industry: (i) mining and aggregate wear parts; and (ii) wear parts and valves for the cement industry. Unicast's competitors generally fall into two categories: (a) OEMs of wear parts; and (b) "aftermarket" manufacturers of wear parts. Unicast's main competitors in each of the foregoing categories are described below:

OEMs

- (a) Magotteaux is a producer of wear parts for a variety of industries. Magotteaux has one of the widest ranges of products, services and systems for the aggregates, mining, cement, coal power station, quarry and recycling industries. Magotteaux is headquartered in Vaux-Sous-Chevremont, Belgium.
- (b) FLSmidth & Co. is a supplier of equipment and services to the cement and mining industries. FLSmidth & Co. supplies everything from single machinery to complete cement plants and mineral processing facilities including services before, during and after the construction. FLSmidth is headquartered in Copenhagen, Denmark.

- (c) Terex Minerals Processing Systems is a company that produces modular plants, portable plants, crushers, screens, apron belt feeders and pan feeders. Terex is headquartered in Cedar Rapids, Iowa, United States.
- (d) Metso is an international minerals processing and flow control technology and services supplier company for the mining, aggregates and oil and gas industries. Metso is headquartered in Helsinki, Finland.
- (e) Sandvik is a high-technology company specializing in tools and tooling systems for metal cutting, mining, construction equipment and products in stainless steel and alloys. Sandvik is headquartered in Sandviken, Sweden.

Aftermarket

- (a) Columbia Steel produces wear parts for the mining, aggregate and cement industries. Columbia is headquartered in Portland, Oregon, United States.
- (b) Boundary Equipment is a manufacturer of products for mining, material handling and smelting. They specialize in aftermarket mining replacement parts. Boundary is headquartered in Edmonton, Alberta, Canada.
- (c) Cast Steel Products LP is a worldwide supplier of cast, forged and fabricated wear, abrasion and heat resistant products for mining and mineral processing, oil sands, oil and gas, steel, aluminum, cement, power and railway industries as well as the ground engaging and heavy equipment, smelting and crushing application sectors. Cast Steel Products LP is headquartered in Edmonton, Alberta, Canada.
- (d) Spokane Industries is a precision casting company which serves the medical, industrial and manufacturing industries. Spokane Industries is headquartered in Spokane Valley, Washington, United States.

Unicast remains a very small player in both the cement and mining wear parts industries, especially when compared to large multi-national OEMs like Magotteaux, Metso and Sandvik. Both of the cement and the mining wear parts industries are extremely competitive. However, management of Unicast believes that it possesses a number of competitive advantages over its competitors, including:

- (a) enhanced wear life for certain of its wear parts, including blow bars, TiC hammers and diverter valves;
- (b) innovative proprietary designs for its wear parts and valves;
- (c) quick turnaround and quick response times to customer needs;
- (d) well motivated management team and employees;
- (e) innovative financing and ordering programs; and
- (f) extensive distribution network with very good access to products.

New Products

Unicast is currently testing two new metallurgical products that will be incorporated in various product lines. The products are currently undergoing field testing with select customers, with results expected later in 2020. Unicast is exploring the use of new materials in its various products, including its blow bars, hammers, liners and other and crusher parts to extend their wear life.

Components

Unicast sources the majority of its wear products from China, where its supplier foundries are located, and has been doing so for approximately nineteen years. Remaining production is from foundries based in India, United States and Canada. Suppliers arrange for all components required for the production of Unicast's products themselves. See "*Production and Services*" above. There are no additional components required by Unicast for its business.

Other than as described under "*Production and Services*" above, Unicast has never had any significant issues sourcing its wear parts. In the event that Unicast encounters an issue with a particular supplier, Unicast is generally able to replace such supplier with another supplier without any material disruption to its business.

Intangible Properties

There are no intangible properties that are significant to the business of Unicast, and no current patents in place.

Cycles

Unicast has a diverse and global market for its products. For this reason, Unicast's business is not seasonal or cyclical to any extent.

Economic Dependence

Unicast has over 1,400 customers globally and is not dependent on any one customer. Unicast also has approximately 25 supplier foundries for its wear parts and is not dependent on any one supplier. See "Foreign Operations" below.

Changes to Contracts

No aspect of Unicast's business is anticipated to be significantly affected in the current financial year by renegotiation or termination of any contract.

Environmental Protection

The production of Unicast's products is undertaken by third-party supplier foundries in China, which are responsible for complying with their own applicable environmental laws and requirements. Environmental protection requirements do not impact Unicast's own operations in any significant manner.

Employees

As at December 31, 2019, Unicast had 20 employees at its facility in Kelowna, British Columbia, Canada. Unicast also has non-exclusive sales agency agreements with representatives in the United States (1), Africa (1), Latin America (6) and Asia (1).

Foreign Operations

Unicast sells approximately 30% of its products to customers in Latin America, Australia, Africa and Asia. Unicast is not dependent upon these foreign operations to any significant extent. Unicast is dependent upon its supplier foundries in China, historically representing substantially all of the manufactured product. As noted above, Unicast has experienced various manufacturing and shipping delays due to the government pollution shutdowns. Unicast management continues to look to ways to mitigate risk and manage exposure by actively looking for manufacturing partnerships in multiple geographies, including suppliers located in India, Canada and the United States. Management follows a monthly scorecard approach to grade foundries on specific criteria to ensure that Unicast continues to only use suppliers that meet customer quality and delivery specifications. See "Components" above.

Lending

Unicast does not undertake any lending operations.

Social or Environmental Policies

Unicast has not implemented any social or environmental policies that are material to their operations.

Description of the Business of Hawk**Summary**

Hawk operates a full-service machine shop, offering professional manufacturing, machine work, assembly, and testing for a variety of industries in the North American market. Hawk's production facility is based in Linden, Alberta, Canada.

Hawk was founded in 1998. Hawk's position in the computer numerical control (CNC) machining/fabrication market is as a complete turnkey solution for customized machining products. Hawk's main customer focus is a supplier for value-add CNC machining, specializing in down-hole tools. Hawk routinely executes purchase orders requiring mass production capability, assembly, and testing of machined products. Hawk has implemented quality assurance standards that are appropriate for its customers and the industry in which the business of Hawk operates. Hawk is ISO 9001:2015 designated.

Hawk's machining capability enables it to manufacture products for many industry sectors. For approximately the past 10 years, the primary markets served by Hawk are the oil field, gas field, gas compression, frack, automotive, electrical power distribution and agricultural equipment and machinery markets. The financial performance of the business of Hawk in recent years was substantially the result of business conducted with its one main customer. Hawk has an objective of diversifying its customer base and expanding its business to other industry sectors beyond the oil and gas industry.

The sales mix for Hawk's products in the last three fiscal years was as follows:

Product	2019	2018	2017
Frac Tools	65%	81%	83%
Oil Tools	27%	14%	13%
Ground Rods	5%	4%	3%
Other	3%	1%	1%
	100%	100%	100%

Marketing Strategies

As of the date hereof, Hawk has focused on servicing its main customer, which is a producer of multi-stage frac sleeves for the oil and gas industry. In 2016, Hawk management was offered the option of becoming a "turn-key" operation, in which they would assume a much bigger percentage of their main customer's Canadian production, provided they could meet that customer's rigorous quality standards. This "turn-key" relationship means that Hawk operates as a quasi-division of their main customer, with all production being shipped directly to the end-user, the customer's clientele, instead of going to the main customer's facility for inspection. This position of trust was earned over a decade-long relationship with Hawk's main customer's management.

Hawk is now positioned as a premium quality CNC shop, specializing in down-hole fracking tools. Hawk's geographical position is also key as it is close to many oil and gas fields, including Duvernay, Muskwa Shale and Alberta oil sands, which are currently responsible for approximately \$250 million in fracking sales per annum. With Hawk's reputation and market position, its ability to branch out to service other customers in the down-hole fracking tool market is very strong.

Hawk's success to date is based on servicing its main customer, and its ability to scale up production capacity at its current manufacturing facility. In the past, Hawk has responded to requests for proposals and quotes coming through word of mouth or its website, rather than promoting the product to the marketplace with a sales team. The business provided by the main customer has in the past kept the Hawk facilities operating at or near full capacity. The next step in Hawk's marketing plan is to formalize the business development process and its go-to-market approach. In this regard, management of Hawk has expanded its sales team with the aim of further customer and industry diversification.

Research and Development

All of Hawk's products are tested and inspected by its internal quality control department, which includes two full-time inspectors. Hawk's operators and machinists are also responsible for "first off" and "in-process" inspections. Hawk's products are tested and inspected for quality at its own facility in Linden, Alberta, Canada. Due to Hawk's commitment to quality, it has been able to keep its quality levels at a .002% historic failure rate.

Hawk performs R&D services on its premises for customers as requested, including machining and testing of new product designs.

Production and Services

Hawk does its own manufacturing, for the production of samples for R&D purposes and for the fulfillment of client orders, in its production facility located in Linden, Alberta, Canada.

All products produced by Hawk are processed in a similar fashion:

- (a) Product is ordered, or research and development service is requested, by the customer;
- (b) Raw material is machined according to customer specifications;
- (c) Machined parts are assembled and tested;
- (d) Quality control inspection is completed;
- (e) Product is shipped to the customer.

Periodically, Hawk experiences quality and/or delivery issues with suppliers, but with most of its vendor relationships being long-term, it has been able to resolve such issues expediently.

Hawk's manufacturing site located in Linden, Alberta, Canada is leased from a company owned by the former owner, and current president, of Hawk. The current lease is in place until June 28, 2023.

Specialized Skill and Knowledge

Management of Hawk confirms that its quality assurance process meets the strict requirements of ISO 9001:2015. Quality assurance procedures are documented in Hawk's quality management system (QMS). Certification of Hawk's internal quality assurance manual and procedures is done by Quasar Management System, who performs a surveillance audit every year and a major audit every three years. Hawk product quality documentation is provided to Hawk's customers when requested. Additionally, Hawk has put in place a Certification of Recognition (COR) safety program. As a requirement of COR, Hawk must perform a yearly internal audit yearly and an external audit every three years.

As at December 31, 2019, Hawk had nine red seal journeymen machinists, five employees who were in the apprenticeship program, 33 CNC operators, 19 skilled assembly workers and four quality control inspectors.

Competitive Conditions

Most of Hawk's orders come from its main customer, other than custom orders and ground-rod products for power utility companies, therefore most of the work Hawk performs is for the Western Canadian oil and gas market. Hawk has also started to do work for other Subsidiaries of the Corporation, including Blaze King and Unicast. This trend toward diversifying Hawk's product and customer base is expected to continue as further opportunities are explored across Western Canada for its products and services.

The industry Hawk operates in is very competitive, and Hawk's main competitors have been identified as follows:

- a) ALM Aerolift Machine is located in Houston, Texas, United States. Management believes this company to be Hawk's primary competition. ALM Aerolift produces similar frac line products and is estimated to be comparable to Hawk in terms of facility capacity and size of organization.
- b) Natayo Manufacturing is based out of Calgary, Alberta, Canada. Natayo does not compete with Hawk's frac-line products, however they do compete in the fabrication of a certain other oil tools. In addition, Natayo does not have assembly or torque machine capabilities. Natayo is not considered a head to head competitor.
- c) BRC Engineering is also based out of Calgary, Alberta, Canada. BRC also builds oil tools for the fracking industry. BRC is not viewed as a significant risk, at the present time, to Hawk profitability, market share or its customer base.
- d) Precimax Ltd. is located in Edmonton, Alberta, Canada. Precimax manufactures and machines precision components for the oil and gas and nanotechnology industries. Precimax is not considered a direct competitor to Hawk at this time.

New Products

Hawk builds according to its customer specifications and performs research and development as requested by its customers. Hawk is currently not developing any new proprietary products.

Components

Hawk has never had any difficulty in sourcing the raw materials, component parts or finished products necessary to produce its products. In the event that Hawk encounters an issue with a particular supplier, Hawk is generally able to source materials from different suppliers without any material disruption to its business. For more details, see "*Production and Services*" above.

Intangible Properties

There are no intangible properties that are material to the business of Hawk, and no current patents in place.

Cycles

Due to Hawk's dependence on its main customer whose main business is supplying down-hole tools to oil and gas sector clients, Hawk's business is cyclical. As such, Hawk's sales trend upwards and downwards based on the price of oil and gas. The price of oil in Canada influences the amount of capital spending by

oil and gas producing companies, and traditionally, when the price of oil is higher, capital spending is also higher.

Hawk's business is also seasonal. Historically, the months of April through June are Hawk's weakest sales months as spring "break-up" leads to a slow-down in drilling, when Canadian drilling locations become impassable during the spring thaw. The strongest sales months of the year are July through to March. This trend is not unique to Hawk in the oil and gas industry.

Economic Dependence

Hawk is dependent on one major customer who supplies the majority of work for their business.

Changes to Contracts

No aspect of Hawk's business is anticipated to be significantly affected in the current financial year by renegotiation or termination of any contract.

Environmental Protection

Hawk's policy is to contain all spent liquids in drums and steel collection basins that are vacuumed out regularly into protected drums. The drums are regularly emptied by an environmentally certified disposal company. This company provides Hawk with documents attesting proper disposal of such waste.

Employees

As at December 31, 2019, Hawk had 84 employees in its facility in Linden, Alberta, Canada.

Foreign Operations

Hawk does not currently rely to any significant extent upon sales of its products in jurisdictions outside of North America.

Lending

Hawk does not undertake any lending operations.

Social or Environmental Policies

Hawk has not implemented any social or environmental policies that are material to their operations.

Description of the Business of Northside

Summary

Northside is a full-service provider of welding and fabrication solutions located in West Kelowna, British Columbia, Canada. Northside services a diverse number of industries across North America. Currently, the primary focus of Northside is in the commercial vehicle and forestry sectors. 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. Northside is also a global distributor for Hydrau-Flo, a unique and fast fuel filling valve system that is also aimed at preventing overfilling, spillage and fuel tank rupture.

In the last three fiscal years, Northside's products were sold into the following sectors:

Business Sector	2019	2018	2017
Commercial Vehicle	51%	39%	38%
Forestry	32%	27%	31%
Mining	7%	17%	19%
Other	10%	17%	12%
	100%	100%	100%

Marketing Strategies

Northside's marketing strategies are directed towards supporting three main business objectives: market penetration, diversification and new product entry.

As a supplier to OEMs, marketing strategies for other business penetration opportunities with existing and new OEMs support industry visibility through areas such as trade shows, industry associations, and white paper presentations. Direct to client marketing is also conducted, demonstrating Northside's established manufacturing and product capabilities.

Additionally, a product focused marketing strategy, developing avenues outside of OEMs and instead to dealer networks and large fleet owners is also underway.

Similar marketing strategies are used to support diversification of Northside's customer and market base while leveraging existing engineering and manufacturing capabilities to onboard new clients while creating brand awareness. New product entry marketing strategies are under review, revolving around developing both product awareness and client value proposition.

Research and Development

Research and development efforts at Northside are aimed towards two main objectives: developing a product base in addition to its existing manufacturing service base; and continuous improvement in its business and manufacturing processes, methods, and materials.

Product development also considers market diversification from Northside's historic markets as well as creating opportunities in existing markets with new clients. Examples already released to market are marine fuel tanks and fluid filtration equipment used in the mining industry. Further products are anticipated as Northside executes its product development strategy through the remainder of the year. Research and development activities to-date are primarily undertaken by Northside's engineering staff with any regulatory certification testing conducted externally.

Management of Northside is also directing research and development efforts towards manufacturing and business processes and methods. As part of its continuous improvement focus, Northside is developing and streamlining its business processes through enhanced use of its enterprise resource planning system as well as operational efficiencies in terms of its equipment, materials and processes.

Production and Services

Northside's primary business is providing commercial vehicle and forestry OEMs with steel and aluminum fabricated components. Northside leverages its in-house, full service, provider capabilities including, but not limited to, the following:

- precision cutting using either of its two lasers, its waterjet, or saws;

- precision forming using any of its three sizes of brake presses;
- cylindrical tank manufacturing using roll forming and seam welding machinery;
- tank pressurization testing;
- certified welding for a wide range of materials; and
- powder coating using its conveyor operated powder coat paint finishing system.

Northside's supply chain for its primary material, ferrous and non-ferrous steel, is supported by long-standing relationships with domestic steel suppliers providing stable supply. This is further supported by on-site consignment agreements. Supplier value programs and regular cost reviews support cost efficiency, supplier performance and supply chain stability.

Northside's manufacturing site in West Kelowna, British Columbia, Canada provides approximately 48,000 square feet of manufacturing and office infrastructure and is conveniently located adjacent to a main client's freight consolidation carrier. The site is leased from an arm's length party and is in place until October 31, 2024. The lease is in good standing and the relationship with the landlord is positive.

Specialized Skill and Knowledge

Northside's specialized skills and knowledge are deeply embedded in its knowledge of commercial vehicle and heavy equipment component manufacturing. With decades of operating in these markets, Northside has an acute understanding of the technical and quality requirements for these components, as well as client engagement and management to continue to successfully execute ongoing and new contracts.

Northside's fabrication expertise enhances client engagement and retainage by providing value added engineering and manufacturability support for its client's in assessing new component and equipment research and development projects.

Northside's quality assurance system is certified to ISO 9001:2015, as well as other relevant certification and testing standards for specific components that it manufactures. Commercial vehicle fuel tanks are approved by Transport Canada for on-highway use and the United States Department of Transport.

Marine fuel tanks have been lab tested to the relevant standards of the American Boat and Yacht Council, ISO, and United States Coast Guard.

Competitive Conditions

The majority of Northside's business comes from providing steel fabrication services to two main customers. Cost competitiveness and customer satisfaction are the primary drivers in retaining and securing new business with these customers. Recognizing the above, Northside operates in a highly competitive environment that includes domestic and international competitors who operate in the steel fabrication industry.

Northside's primary local competitors are:

- Reidco Metal Industries Ltd. is a privately held corporation based in British Columbia, Canada, that is engaged in the fabrication of precision steel, stainless steel and aluminum products.

- Monashee Manufacturing Corporation Ltd. is a privately held corporation based in British Columbia, Canada, whose primary focus is the production of heavy duty under body plows for snow clearing vehicles.
- Metal Form Products is a privately held company based in Ontario, Canada, that is a manufacturer and distributor specializing in industrial machine guarding.

Northside's primary International competitors are:

- Industrial Fabrication Company is a privately held corporation based in Washington, United States, that provides custom metal fabrication to a variety of industries.
- Progressive Metal Manufacturing Company is a privately held corporation based in Ferndale, Michigan, United States, that supplies parts to the commercial vehicle sector.
- Conor Manufacturing Services is a privately held entity headquartered in California, United States, that services the aerospace, automotive, heavy truck / transportation and renewable energy markets.
- Q Pacific Manufacturing Corporation is a privately held company based in Oregon, United States, that supplies both fabricated and stamped parts for the commercial vehicle and aerospace industries.
- American Trim LLC is a limited liability company based in Ohio, United States, that is an OEM supplier to the appliance, heavy truck and automotive industries.

New Products

Northside recently implemented a product innovation strategy to identify new product opportunities and a stage-gate process through to release to market. In this regard, Northside recently developed and released to market both marine fuel tanks and fluid filtration equipment used in the mining industry. Further product development is part of Northside's strategic plan to diversify its markets and provide growth.

Components

Northside's primary sources of components pertain to steel, aluminum and stainless steel, which are provided by domestic suppliers.

Northside has also developed a supply chain in China to support cost competitiveness through the supply of formed and stamped parts used in components fabricated and supplied to one of its main customers. Additionally, this supply chain is positioning Northside to expand its offering into cast and stamped components that it would otherwise have declined to quote.

As a global distributor of "Hydrau-Flo", Northside relies upon the manufacturer's ability to supply product from their facility in a timely fashion. To-date, Northside has not experienced any supply issues pertaining to the Hydrau-Flo product.

Intangible Properties

There are no intangible properties that are material to the business of Northside, and no current patents in place.

Cycles

Due to Northside's dependence on its two main customers whose businesses are in the commercial vehicle and forestry sectors, Northside's business is cyclical. As such, Northside's sales could trend upwards and downwards based on industry conditions in the commercial vehicle and forestry sectors.

Economic Dependence

Northside is dependent on two major customers who in recent years have supplied the majority of work for their business.

Changes to Contracts

Northside recently agreed to the terms of a significant new contract with its main commercial vehicle customer. The new contract builds on the work already being done for this customer and includes products that it will require for a new line of commercial vehicles. Based on current production forecasts, management of Northside expects that the provision of these products will significantly increase sales levels with this customer each year during the term of the contract. However, depending on the extent and duration of the impact that COVID-19 has on the overall economy, production under this contract could be delayed in the near-term. Northside management will work to contain costs in-line with activity levels. Management believes that the commercial vehicle sector will be critical both during the pandemic response across North America and also as the continent recovers from the economic effects of COVID-19 and that any production delays will be more near-term in nature.

Environmental Protection

Northside contains all spent liquids in drums and steel collection basins that are regularly emptied by an environmentally certified disposal company.

Employees

As at December 31, 2019, Northside had 58 employees in its facility in West Kelowna, British Columbia, Canada.

Foreign Operations

Northside does not currently rely to any significant extent upon sales of its products in jurisdictions outside of North America.

Lending

Northside does not undertake any lending operations.

Social or Environmental Policies

Northside has not implemented any social or environmental policies that are material to their operations.

RISK FACTORS

The Corporation and its Subsidiaries are subject to a number of risk factors. These risk factors relate to the organizational structure of the Corporation and to the operations of the Subsidiary entities. The risk factors described below are significant risk factors that management of the Corporation believes to be material to the business and results of operations of the Corporation. When reviewing forward-looking statements and other information contained in this annual information form, investors and others should carefully consider these risk factors, as well as other risk factors that may adversely affect future results of the Corporation. The Corporation and its Subsidiaries operate in a very competitive and rapidly changing environment. New risk factors emerge from time-to-time and it is not possible for management of the Corporation to anticipate all risk factors or the impact that such factors may have on the business and financial performance of the Corporation. The Corporation assumes no obligation to update or revise these risk factors or other information contained in this annual information form to reflect new events or circumstances, except as may be required by law. References in this “Risk Factors” section to the Corporation include references to its Subsidiaries, as applicable.

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

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

External Risks:**General Economic Conditions**

The general global economic environment can impact the business and financial performance of the Corporation. The demand for the Corporation's products depends on the conditions of the respective industries in which they operate, which are influenced by numerous factors over which the Corporation has no control, including oil and natural gas and other commodity prices, the weather and climate, macro-economic and geopolitical factors, regulatory and other economic conditions. A prolonged or more significant downturn in any economy where the Corporation operates could negatively impact the demand for the Corporation's products.

The level of activity in the Canadian crude oil and natural gas industry can be volatile. The volatility of crude oil and natural gas prices accounts for much of the cyclical nature of the oilfield services business. A downturn in oil and natural gas prices has a direct impact on activities of certain customers of the Corporation, particularly the customers of Hawk. Generally, there is a higher demand for Hawk's products when oil and gas prices are high. Global oil prices have recently declined significantly based on a combination of the recent COVID-19 pandemic and the oversupply of oil from Saudi Arabia and Russia, and the Corporation anticipates that this could result in a decrease in business for Hawk.

Pandemic

The spread of contagious disease could have a material adverse effect on the Corporation and its Subsidiaries' business and financial performance by triggering global financial market shocks, causing shortages of employees to staff the Corporation and its Subsidiaries' offices and facilities, interrupting supplies from third parties upon which the Corporation and its Subsidiaries rely for its business operations, impacting the industries of customers, and disrupting or suspending the Corporation and its Subsidiaries' business operations entirely in certain circumstances.

On March 11, 2020, the World Health Organization classified the outbreak of the novel strain of coronavirus (COVID-19) as a worldwide pandemic. In response, federal, state, provincial and municipal governments in North America and across the world have and will likely continue to implement measures to combat the spread of COVID-19. While the extent and duration of the COVID-19 pandemic, the measures taken in response, and the impacts on the Corporation and its Subsidiaries and their suppliers and customers remains uncertain and unquantifiable at this time, the pandemic could have a material adverse effect on the Corporation and its Subsidiaries' business and financial performance. There can be no assurances of what the continued impact of the pandemic will be on the Corporation and its Subsidiaries' business and financial position.

Competition

New competition or increased competition could have a significant impact on the Corporation's business, results from operations, and financial conditions.

The industries in which the Corporation and its Subsidiaries operate are highly competitive and each of the Corporation's Subsidiaries competes with a substantial number of companies, some of which have greater technical and financial resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Corporation and its Subsidiaries or that new or existing competitors will not enter the various markets in which each of the Corporation's Subsidiaries is active or that each of the Corporation's Subsidiaries wishes to enter. In certain aspects of its business, the Corporation's Subsidiaries also compete with a number of small and medium-sized companies, which, like the Corporation's Subsidiaries, have certain competitive advantages such as low overhead costs and specialized regional strengths.

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

Government Regulation

Certain of the industries in which the Corporation's Subsidiaries operate are subject to, and significantly impacted by, governmental regulation. For example, the wood burning stove market in which Blaze King operates is highly regulated in North America and these regulations are subject to frequent change. Federal, state, provincial and municipal governments in North America and across the world have and will likely continue to implement measures to combat the spread of COVID-19. There can be no assurance that the Corporation's business will not be adversely affected in the event of additional regulation in any of the industries or jurisdictions where the Corporation's Subsidiaries operate or sell their respective products.

Current international, multinational and/or bilateral trade agreements and tariffs in effect from time to time can significantly impact the Corporation and each of its Subsidiaries' businesses and financial performance. Such trade agreements and tariffs can impact the demand, cost, and production of the Corporation and its Subsidiaries' products. The Corporation and its Subsidiaries regularly engage in business transactions with United States based suppliers and customers. In November 2018, Canada, the United States and Mexico signed the new United States – Canada – Mexico Agreement ("USCMA") to replace the North American Free Trade Agreement. The USCMA was ratified by the three countries in February 2020.

Trade disputes between countries or among multiple countries can disrupt global and local supply chains, distort commodity pricing, impair the ability of the Corporation and its Subsidiaries to make long-term investment decisions, create volatility in relative foreign exchange rates and contribute to stock market volatility. For example, tariffs introduced by the United States in 2018, which remain in place as at the date of this annual information form, have a direct impact on the business and financial performance of the Corporation and its Subsidiaries, and in particular, Unicast. The continuation or increase of existing tariffs, the implementation of new tariffs, and/or the existence or escalation of trade disputes from time to time could have an adverse effect on the financial results and profitability of the Corporation and its Subsidiaries.

Environmental Regulation

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

Access to Capital

One of the objectives of the Corporation is to continue to acquire additional companies or interests therein in order to expand and diversify the Corporation's investments. The ability to execute this objective is dependent on the Corporation's ability to raise funds in the capital markets. If the capital markets' desire for income producing investments, such as the Common Shares, were to significantly decrease, the Corporation would have difficulty in executing its acquisition objectives. The Corporation's current level of leverage is considered reasonable, which gives the Corporation the ability to undertake acquisitions, up to a given size, in the short-term without being dependent on the capital markets. However, the suspension of the dividend announced by the Corporation on March 31, 2020 may also have an affect on the Corporation's ability to raise funds in the capital markets.

Market Trends and Innovation

The Corporation and each of its Subsidiaries' market positions are dependent on their ability to effectively anticipate consumer habits and expectations and develop new or modified products in a timely fashion to satisfy these expectations. If the Corporation and its Subsidiaries are not able to develop new products that are attractive to customers, the Corporation and its Subsidiaries risk losing those customers to competitors.

Climate Risk

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

General Uninsured Losses

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

Operational Risks:Risk Related to Acquisitions

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

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

Dependence on Customers, Distributors and Strategic Relationships

The Corporation's business may be subject to customer concentration risk in that the financial performance is based substantially on business carried out with a main customer or a small group of customers. For example, Hawk's business is subject to customer concentration risk in that the financial performance of Hawk during recent financial periods was substantially the result of business conducted with a main customer. Northside's financial performance during recent financial periods has been similarly substantially the result of business conducted with two main customers. There can be no assurance that these main customers will continue to conduct business with Hawk and Northside in a similar amount and on similar terms to the business conducted with these Subsidiaries each year. In the event that the business prospects of these main customers deteriorate, or in the event that these main customers reduce the amount of business that they conduct with Hawk or Northside, or do not conduct business with Hawk or Northside on similar terms, there may be a material adverse effect on the business and financial

performance of Hawk and/or Northside, as applicable. Although Hawk and Northside both have the objective of diversifying their respective customer bases and the industries that they serve, there can be no assurance that they will achieve such objectives. The other Subsidiaries of the Corporation have a fairly broad customer base and do not solely depend on any one customer or group of customers.

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

Supply and Cost of Raw Materials and Purchased Parts

The Corporation and its Subsidiaries rely on a stable and consistent supply of materials and finished goods in carrying out its operations. Each of the Subsidiaries of the Corporation secure supplies of raw materials and finished goods from various suppliers on an ongoing basis at negotiated prices (including, Chinese and/or other foreign suppliers). An interruption in the availability of these raw materials or finished goods, from pandemics such as COVID-19 or otherwise, trade barriers inflicted on the countries where these suppliers are located, geopolitical factors in certain parts of the world, other factors not within the control of the Corporation or its Subsidiaries or otherwise, or significant increases in the prices paid by the Corporation's Subsidiaries for them, could have a material adverse effect on the Corporation and its Subsidiaries' businesses and financial performance.

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

Operational Performance and Growth

The Corporation's principal source of funds is cash generated from its Subsidiaries. The Corporation and its Subsidiaries have and expect to continue to experience some negative impacts from the worldwide COVID-19 pandemic and the significant decline in global oil prices. The Corporation and its Subsidiaries are actively managing liquidity and has implemented measures to reduce costs wherever possible, suspended all non-essential capital expenditures, suspended dividend payments, and is pursuing all available government subsidy programs. Management is satisfied that these steps are currently adequate to enable the Corporation and its Subsidiaries to continue operating for the foreseeable future. However, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic and the significant decline in global oil prices will have on the overall economy and the Corporation and its Subsidiaries' operations, further actions may be necessary.

Implementation of the Growth Strategy

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

The Corporation may not effectively select candidates for acquisition or successfully negotiate or finance such acquisitions. There can be no assurance the acquisitions will be completed on acceptable terms or that the newly acquired companies will be successfully integrated into the Corporation's operations. Additionally, the Corporation and its Subsidiaries may experience increased production costs or problems, difficulty in obtaining financing and increased cost of borrowing as a result of such acquisitions. With the Corporation's intention to expand the sales focus into new geographic areas there may be exposure to political and economic risks not currently experienced in current geographic sales areas.

Product Liability and Warranty Claims

The Corporation's Subsidiaries may be subject to potential product liabilities connected with its operations, including liabilities and expenses associated with product defects. The Corporation's Subsidiaries may also be subject to personal injury claims for injuries resulting from use of its products.

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

Although each of the Corporation's Subsidiaries maintains product liability insurance, there can be no assurance that such insurance will continue to be available on commercially reasonable terms and that it will be sufficient to cover all claims.

Litigation

The Corporation and its Subsidiaries may be subject to litigation from time to time and such litigation has the potential to materially adversely affect the business and/or financial performance of the Corporation. For details with respect to the active litigation of the Corporation and its Subsidiaries, see "*Legal Proceedings and Regulatory Actions*".

Reliance on Technology and Intellectual Property Risks

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

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

Financial Risks:*Availability of Future Financing*

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

Interest Rates and Debt Financing

The Corporation has significant debt service obligations pursuant to the financing agreements relating to its long-term debt. The degree to which the Corporation is leveraged could have important consequences to the Corporation and/or its Shareholders, including:

G the ability of the Corporation to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited;

H a substantial portion of cash flow from operations of the Corporation are, and will be, dedicated to servicing its indebtedness, thereby reducing funds available for future operations;

I certain borrowings of the Corporation are, or will be, at variable rates of interest, which will expose the Corporation to future fluctuations of interest rates; and

J the Corporation may be more vulnerable to economic downturns and may be limited in its ability to withstand competitive pressure.

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

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

The Corporation and its Subsidiaries have and expect to continue to experience some negative impacts from the worldwide COVID-19 pandemic and the significant decline in global oil prices. These events have created uncertainty in forecasted results for 2020 which, depending on the extent and duration of these impacts, could impair the Corporation's ability to meet certain debt covenants through the remainder of 2020.

Income Tax Matters

The businesses and operations of the Corporation and its Subsidiaries are complex and the computation of income taxes payable involves many complex factors including the Corporation and its Subsidiaries' interpretation of relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Corporation and its Subsidiaries' interpretation of the applicable tax legislation and regulations. If any challenge to the Corporation and its Subsidiaries' tax filing positions were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Corporation and its Subsidiaries' tax positions. Furthermore, federal or provincial or foreign tax legislation may be amended, or its interpretation changed (whether by legislative or judicial action or decision), retroactively or for the future, which could adversely affect the Corporation and its Subsidiaries' tax positions.

Foreign Exchange

A significant portion of the Corporation's Subsidiaries products will be sold in markets outside of Canada, while most of its operating expenses and capital expenditures are denominated in Canadian dollars. Additionally, a significant amount of the raw materials and finished goods used by the Corporation's Subsidiaries in their respective businesses are denominated in foreign currency since they are mainly sourced from outside of Canada. As a result, the Corporation and its Subsidiaries will be exposed to fluctuations in the foreign exchange rates between the Canadian dollar and the currency in which a particular purchase or sale is transacted, which may result in foreign exchange losses that could affect earnings. The Corporation and its Subsidiaries do not currently manage this exposure through the use of derivative contracts.

Dividends

As one of the Corporation's objectives is to pay a regular dividend to its Shareholders over the long term, the Corporation plans to re-commence the declaration and payment of dividends when determined appropriate by the Board. However, there can be no assurance that dividends will continue in the future at the same frequency, or in the same amounts, or at all. The actual amount of dividends declared and paid by the Corporation in respect of the Common Shares will depend upon numerous factors, including profitability, fluctuations in working capital, and the sustainability of margins and capital expenditures of the Corporation and its Subsidiaries.

Trading Volatility of Common Shares

Management of the Corporation cannot predict at what price its Common Shares will trade and there can be no assurance that an active trading market for the Common Shares will be sustained. The market price of the Common Shares could be subject to significant fluctuations in response to variations in financial results, general trends in the industry and other factors, including extreme price and volume fluctuations which have been experienced by the securities markets from time to time.

Dilution Risk

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

Human Capital Risk:Reliance on Management and Key Personnel

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

Employees and Labour Relations

The success of the Subsidiaries is dependent in large part upon their ability to attract and retain key management and employees. Recruiting and maintaining personnel in the industries in which the Subsidiaries are involved is highly competitive and it cannot be guaranteed that these entities will be able to attract and retain the qualified personnel needed for their businesses. A failure to attract or retain qualified personnel could have an adverse effect on the Corporation's businesses, results from operations and financial condition.

Conflicts of Interest

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

DIVIDEND POLICY AND HISTORY

The dividend policy of the Corporation is that the Board has the discretion to determine if and when dividends are declared and the amount that is paid to Shareholders through any such dividends of the Corporation. The Corporation's ability to pay dividends and the actual amount of such dividends will be dependent upon, among other things, the financial performance of the Corporation and its Subsidiaries, its debt covenants and obligations, its ability to meet solvency tests under applicable corporate law its ability to refinance debt obligations on similar terms and at similar interest rates, its working capital requirements, its future tax obligations and its future capital requirements.

Dividend History

On May 12, 2015, the Corporation announced that it had adopted a monthly dividend policy pursuant to which it would initially declare and pay monthly dividends in the amount of \$0.02 per Common Share (\$0.24 per Common Share on an annualized basis). The Corporation paid its first cash dividend on June 15, 2015.

On August 26, 2015, the Corporation announced an increase of its monthly dividend to \$0.025 per Common Share (\$0.30 per Common Share on an annualized basis). The increased dividend took effect with the dividend paid on October 15, 2015 to Shareholders of record as at September 30, 2015.

On February 22, 2017, the Corporation announced an increase of its monthly dividend to \$0.030 per month (\$0.36 per Common Share on an annualized basis). The increased dividend took effect with the dividend paid on April 14, 2017 to Shareholders of record as at March 31, 2017.

The table below sets forth the cash dividends declared by the Corporation in the financial years ended December 31, 2019, 2018 and 2017. In each case, the dividends declared below were paid in the middle of the following month.

Month	2019		2018		2017	
	Per share	Amount	Per share	Amount	Per share	Amount
January	\$ 0.030	\$ 330,806	\$ 0.030	\$ 185,951	\$ 0.025	\$ 151,668
February	0.030	330,874	0.030	185,951	0.025	152,531
March	0.030	332,301	0.030	186,506	0.030	184,082
April	0.030	332,392	0.030	186,530	0.030	184,082
May	0.030	332,490	0.030	195,274	0.030	184,082
June	0.030	332,976	0.030	312,461	0.030	184,082
July	0.030	333,127	0.030	328,642	0.030	184,113
August	0.030	342,733	0.030	329,122	0.030	184,113
September	0.030	343,000	0.030	329,362	0.030	184,265
October	0.030	343,121	0.030	329,989	0.030	184,265
November	0.030	343,419	0.030	329,989	0.030	184,662
December	0.030	343,728	0.030	330,752	0.030	185,231
	\$ 0.360	\$ 4,040,967	\$ 0.360	\$ 3,230,529	\$ 0.350	\$ 2,147,176

YEAR END 2019

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DECISIVE DIVIDEND CORPORATION

On March 31, 2020, the Corporation announced that it had suspended its monthly dividend after payment of the \$0.03 per Common Share dividend on April 15, 2020. The Board made the decision to suspend monthly dividend payments in response to the considerable economic uncertainty surrounding the worldwide COVID-19 pandemic and the significant decline in global oil prices. As one of the Corporation's objectives is to pay a regular dividend to its Shareholders over the long term, the Corporation plans to re-commence the declaration and payment of dividends when determined appropriate by the Board.

For further details with respect to restrictions that could prevent the Corporation from paying dividends, see "*Risk Factors – Financial Risks – Dividends*".

DRIP

On December 10, 2018, the Corporation announced the adoption of the DRIP effective for the regular monthly dividend payable on January 15, 2019 to Shareholders of record on December 31, 2018.

The DRIP provides eligible Shareholders of the Corporation with the opportunity to reinvest the dividends they receive on Common Shares in additional Common Shares at a 3% discount to the volume weighted average closing trading price of the Common Shares on the TSXV for five trading days preceding the dividend payment of the Common Shares and without incurring brokerage fees or commissions. Of the dividends paid in 2019, \$197,564 (2018 - \$nil; 2017 - \$nil) were reinvested in additional Common Shares pursuant to the DRIP.

The DRIP also permits eligible Shareholders of the Corporation to purchase new Common Shares by way of an additional cash payment. The purchase price for the cash payment option is the average closing trading price of the Common Shares on the TSXV for preceding 5 trading days and without brokerage fees or commissions. The minimum permitted monthly optional cash purchase under the cash purchase option is \$100, and not participant may make optional cash purchases in excess of \$10,000 in one financial year. The aggregate number of Common Shares purchased pursuant to the cash payment option during any financial year is subject to a maximum of 2% of the total number of issued and outstanding Common Shares at the commencement of such financial year.

Due to the suspension of the Corporation's monthly dividend, the DRIP has been temporarily suspended. For more information, see "*Divided History*".

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without par value. The holders of Common Shares are entitled to dividends if, as and when declared by the Directors, to cast one vote per Common Share at meetings of the holders of Common Shares and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of Common Shares.

The Common Shares do not have:

- (a) any pre-emptive rights;
- (b) any conversions or exchange rights;
- (c) any redemption, retraction, purchase for cancellation or surrender provisions;
- (d) any sinking or purchase fund provisions;
- (e) any provisions permitting or restricting the issuance of additional securities and any other material restrictions; or

- (f) any provisions requiring a holder to contribute additional capital.

As at December 31, 2019, there were 11,457,613 Common Shares issued and outstanding.

The Corporation has adopted the DRIP, which results in additional Common Shares being issued to participating eligible Shareholders on a monthly basis in accordance with the terms thereof. See *"Dividend Policy and History – DRIP"*.

Equity Incentive Plan

The purpose of the Equity Incentive Plan is to attract and motivate Directors, senior officers, employees, management Corporation employees, consultants and others providing services to the Corporation and its Subsidiaries, and thereby advance the Corporation's interests, by affording such persons with an opportunity to acquire an equity interest in the Corporation, through the issuance of DSUs, RSUs and/or stock options.

The Equity Incentive Plan was approved by the Shareholders at the Corporation's annual general meeting on July 24, 2019 and will require re-approval by the Shareholders each year at the Corporation's annual general meeting.

The maximum number of Common Shares issuable under awards subject to the Equity Incentive Plan is (i) with respect to DSUs and RSUs, an aggregate fixed number of 175,000 Shares, subject to increase with the approval of the TSXV and requisite approval of Shareholders in accordance with the policies of the TSXV; and (ii) with respect to stock options, that number of Common Shares equal to 10% of the issued and outstanding Common Shares from time to time, less the fixed number of Shares underlying the DSUs and RSUs, and Common Shares reserved for issuance under the Corporation's employee share purchase plan or any other securities based compensation at such time at such time.

The Equity Incentive Plan authorizes the Board to grant DSUs, RSUs and/or stock options on the following terms:

- (a) Any stock options granted under the Equity Incentive Plan will have a maximum term of ten years, and will be exercisable at a price not less than 100% of the last closing price of a Common Share on the TSXV (or any other stock exchange or market on which the shares are principally traded) before the date of the grant, less applicable discounts permitted by the TSXV, or such other minimum exercise price as may be required by the TSXV. Unless otherwise specified by the Board, stock options will vest and be exercisable immediately.

Notwithstanding the foregoing, the Equity Incentive Plan provides that in the event that the term of a stock option expires during or within ten days after the last day of a "blackout period" imposed by the Corporation, the stock option shall expire on the date that is ten business days following the end of the blackout period, the date of which will not be subject to the discretion of the Board.

- (b) A RSU is a contractual promise to issue Common Shares at a specified future date. Any RSUs under the Equity Incentive Plan will have a maximum term of ten years. Initially, RSUs will vest on and after the second anniversary of the date of grant, subject to the right of the Board to determine at the time of grant that a particular RSU will vest and be exercisable in whole or in part on a different date (including earlier or later dates) and to determine at any time after the time of grant that a particular RSU will be exercisable in whole or in part on an earlier date for any reason. In addition, vesting of RSUs may be subject to performance tests at the discretion of the Board. An award of RSUs shall be settled in Common Shares.

- (c) A DSU is a contractual promise to issue Common Shares at a specified future date. DSUs will vest on the date of grant, subject to the right of the Board to determine at the time of grant that a particular DSU will be exercisable in whole or in part on a different date.

The following restrictions apply to awards under the Equity Incentive Plan:

- (a) The aggregate number of awards granted to one person (and corporations wholly owned by that person) in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Corporation at the time of the grant (unless the Corporation has obtained the requisite approval from disinterested Shareholders);
- (b) The number of Common Shares underlying RSUs granted to any one person (and corporations wholly owned by that person) in a 12-month period must not exceed 1% of the issued and outstanding Common Shares of the Corporation at the time of the grant;
- (c) The number of Common Shares underlying DSUs granted to any person (and corporations wholly owned by that person) must not exceed 1% of the issued and outstanding Common Shares of the Corporation at the time of the grant;
- (d) The aggregate number of awards granted to one service provider (including without limitation those service providers engaged in investor relations activities) in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Corporation at the time of the grant. Any award granted to a service provider shall vest in stages over 12 months with not more than 25% of the Common Shares subject to the award vesting in any 3 month period;
- (e) The number of stock options granted to insiders (as a group), within a 12-month period, together with any other awards granted in such 12-month period (unless the Corporation has obtained the requisite approval from disinterested Shareholders), at any time, pursuant to the Equity Incentive Plan and any other security-based compensation arrangement adopted by the Corporation, cannot exceed 10% of the issued and outstanding Common Shares;
- (f) The aggregate number of Common Shares issuable under the DSUs granted to insiders (as a group), within a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Corporation at the time of the grant (unless the Corporation has obtained the requisite approval from disinterested Shareholders); and
- (g) The aggregate number of Common Shares issuable under the RSUs granted to insiders (as a group), within a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Corporation at the time of the grant (unless the Corporation has obtained the requisite approval from disinterested Shareholders).

In the event of any recapitalization, reorganization, arrangement, amalgamation, split or combination, distribution or other similar event or transaction, substitutions or adjustments will be made by the Board in its discretion to: (i) the aggregate number, class and/or issuer of the securities reserved for issuance under the Equity Incentive Plan; (ii) the number, class and/or issuer of securities subject to outstanding awards; and (iii) the exercise price of outstanding stock options, in each case in a manner that reflects equitably the effects of such event or transaction. In addition, the appropriate adjustments in the number of Shares under an Award and the other terms and conditions thereunder, may be made by the Board in its discretion to give effect to the adjustments in the number of Shares resulting from the implementation and operation of any shareholder rights plan of the Corporation, if any.

The foregoing is only a summary of the salient features of the Equity Incentive Plan, and is qualified in its entirety by reference to the actual terms and conditions of the Equity Incentive Plan.

Notice of awards granted under the Equity Incentive Plan must be given to the Exchange on a monthly basis. Any amendments to the Equity Incentive Plan must also be approved by the Exchange and, if necessary, by the Shareholders prior to becoming effective.

As at December 31, 2019, there were 888,500 stock options and 55,881 RSUs issued and outstanding under the Equity Incentive Plan.

Employee Share Purchase Plan

The purpose of the ESPP is to advance the interests of the Corporation and its Subsidiaries by facilitating and encouraging employees of the Corporation and its Subsidiaries to purchase Common Shares and accordingly, have a direct interest in the Corporation's success.

The material terms under which employees may purchase Common Shares under the ESPP are as follows:

- (a) only persons who are permanent full-time employees of the Corporation or its affiliates who have completed six full calendar months of service and who reside in Canada are eligible to participate in the ESPP. For greater clarity, Consultants and Investor Relations Consultants (as those terms are defined by the Exchange) are not eligible to participate in the ESPP;
- (b) the Corporation will issue the Common Shares to those employees who are participating in the ESPP once a year (the "**Purchase Date**") at a price per Common Share determined by calculating the weighted average trading price of the Common Shares on the Exchange for the 5 days immediately preceding the Purchase Date;
- (c) the maximum number of Common Shares issuable under the ESPP is 50,000 Common Shares (subject to adjustment in the event of changes affecting the Corporation's capital structure), provided that in the aggregate, the Corporation is restricted from offering Common Shares pursuant to both its Equity Incentive Plan and its ESPP, which will result in the issuance of Common Shares exceeding 10% of the Corporation's issued Common Shares from time to time;
- (d) no one employee may acquire Common Shares pursuant to the ESPP which exceed more than 1% of the issued and outstanding Common Shares in any 12-month period and the insiders of the Corporation, as a group, may not acquire Common Shares pursuant to the ESPP which exceed, collectively and in the aggregate, more than 2% of the issued and outstanding Common Shares in any 12-month period;
- (e) employees may only designate up to 5% of their salary (in increments of 1%), on an annual basis, to contribute to the ESPP;
- (f) subject to an 18-month vesting period calculated from the Purchase Date, an employee participating in the ESPP will receive the right to receive additional Common Shares consisting of 33 1/3% of the number of Common Shares purchased by such employee on the Purchase Date (the "**Additional Shares**") and, at the irrevocable election of such participating employee designated at the time of enrollment in the ESPP, either (i) the aggregate value of the dividends that would have been payable on such Additional Shares had they been issued on the Purchase Date (the "**Phantom Dividends**"); or (ii) that number of Common Shares that can be purchased with the value of the Phantom Dividends, which such Common Shares being purchased in the open market through the facilities of the Exchange within 60 days after expiry of the vesting period by an administrative agent appointed under the ESPP, with all incidental fees and expenses being paid by the Corporation;

- (g) the Common Shares purchased pursuant to the ESPP may be paid for in cash or by way of a loan facility provided by the Corporation for such purpose, to be repaid by payroll deductions and supported by a promissory note; and
- (h) the rights granted to employees who elect to participate in the ESPP are not transferrable and no right or interest in any Common Shares which are subject to the vesting provisions of the ESPP may be transferred without the consent of the ESPP administrators.

Common Share Purchase Warrants

The Corporation has issued warrants to purchase Common Shares to agents in connection with its prior private placements and its 2018 Equity Financing. As at December 31, 2019, there were 37,005 Common Share purchase warrants of the Corporation issued and outstanding, all of which expired unexercised prior to the date of this annual information form.

Credit Facilities

The Corporation utilizes debt financing in the ordinary course of its business (including for acquisitions of target companies) and from time to time has entered into commitment letters and/or credit agreements providing for credit facilities as follows:

- (a) a Credit Facility with the Corporation's former senior lender from December 2014 to June 2017, which included:
 - (i) a line of credit in the amount of \$2,000,000 bearing interest at a rate per annum of 0.75% above the lender's prime rate of interest; and
 - (ii) a term loan of up to \$3,500,000 at an annual interest rate of 1.5% above the lender's prime rate of interest;
- (b) a Credit Facility with Scotiabank from June 2017 to August 2019 (including pursuant to various amendments made in May 2018, March 2019 and June 2019), which included:
 - (i) a revolving term loan in the amount of \$5,000,000 for working capital and general corporate purposes bearing interest at a rate per annum of 0.75% above the lender's prime rate of interest;
 - (ii) a non-revolving term loan, initially in the amount of \$13,862,503 requiring monthly principal repayments of \$124,887 and bearing interest at a rate per annum of 1.25% above the lender's prime rate of interest;
 - (iii) a credit card facility with a limit of up to \$300,000; and
 - (iv) a revolving term loan in the amount of \$1,000,000 to finance equipment purchases bearing interest at the lender's base leasing rate plus a spread determined at the time of the transaction.
- (c) a Credit Facility with Scotiabank and Roynat Inc. from August 2019 to the date hereof, which includes:
 - (i) a \$10,000,000 revolving term loan with a three-year term bearing annual interest at the lender's prime rate plus 1% or bankers' acceptances plus 2.5%, and standby fees of 0.25% on the unused portion of such revolving term loan;

- (ii) a \$21,200,000 term loan with a three-year term, bearing interest at a fixed rate of 8.0% per annum with no required principal payments for the three-year term; and
- (iii) a credit card facility with a limit of up to \$300,000.

The current Credit Facility provides for security by way of a general security agreement over the assets of the Corporation and its Subsidiaries, and is subject to customary terms, conditions, covenants and other provisions, including both financial and negative covenants. The financial covenants consisted of: (i) a maximum total funded debt to EBITDA ratio of 3.0:1 on a trailing 12-month basis; and (ii) a minimum fixed charge coverage ratio of 1:1:1 on a trailing 12-month basis.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the Exchange under the symbol "DE". The following is a summary of the price ranges and volumes traded on the Exchange, as applicable, from January 1, 2019 to December 31, 2019.

	High	Low	Volume
January	\$4.22	\$3.75	312,400
February	\$4.25	\$4.03	127,000
March	\$4.39	\$4.00	111,700
April	\$4.19	\$3.99	130,200
May	\$4.17	\$3.95	145,100
June	\$4.09	\$3.59	204,200
July	\$4.04	\$3.71	207,500
August	\$3.95	\$3.39	186,700
September	\$3.96	\$3.64	193,900
October	\$3.88	\$3.71	130,500
November	\$3.94	\$3.70	150,800
December	\$3.78	\$3.50	154,200

PRIOR SALES

During the year ended December 31, 2019, the Corporation issued the following securities not listed or quoted on an exchange or marketplace.

- (a) On July 9, 2019, the Corporation granted 100,000 stock options to certain officers and employees of the Corporation, with each stock option being exercisable into one Common Share at an exercise price of \$3.85 until July 9, 2029;
- (b) On October 25, 2019, the Corporation granted 55,000 RSUs to Directors at a fair market value of \$3.83 per RSU; and
- (c) On October 25, 2019, the Corporation issued 20,000 stock options to certain employees of the Corporation, with each stock option being exercisable into one Common Share at an exercise price of \$3.85 until October 25, 2029.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO A CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets forth the number of Common Shares held, to the knowledge of the Corporation, in escrow or that are subject to a contractual restriction on transfer as at December 31, 2019.

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer ⁽¹⁾⁽²⁾⁽³⁾	Percentage of Class as at December 31, 2019
Common Shares	957,572	8.4%

Notes:

- (1) An aggregate of 283,157 Common Shares issued by the Corporation to the Slimline Vendors were subject to an escrow agreement dated May 31, 2018. The escrow agent is Farris, Vaughan, Wills & Murphy LLP. The Common Shares held pursuant to this escrow agreement are being held in escrow and shall be released over a period of three years from the closing of the transaction on May 31, 2018. As of the date hereof, 188,771 Common Share remain in escrow.
- (2) An aggregate of 678,392 Common Shares issued by the Corporation to the Hawk Vendors were subject to an escrow agreement dated June 28, 2018. The escrow agent is Odyssey Trust Company. The Common Shares held pursuant to this escrow agreement are being held in escrow and shall be released over a period of three years from the closing of the transaction on June 28, 2018. As of the date hereof, 452,261 Common Share remain in escrow.
- (3) An aggregate of 316,539 Common Shares issued by the Corporation to the Northside Vendors were subject to an escrow agreement dated August 16, 2019. The escrow agent is Miller Titerle Law Corporation. The Common Shares held pursuant to this escrow agreement are being held in escrow and shall be released over a period of three years from the closing of the transaction on August 16, 2019. As of the date hereof, 316,539 Common Share remain in escrow.

DIRECTORS AND OFFICERS

The Directors and officers of the Corporation are set forth in the below. The term of office of each Director will expire at the next annual meeting of Shareholders. On January 15, 2020, Mr. David Redekop resigned as a Director and officer of the Corporation for personal reasons.

Name and Municipality of Residence	Position held with the Corporation	Director of the Issuer since	Principal Occupation for the Preceding Five Years
James Paterson Kelowna, BC	Director, Chairman and CEO	October 2, 2012	Chief Executive Officer of the Corporation since inception. Partner, Barrister & Solicitor with Pushor Mitchell LLP, a law firm, since January 2003.
G. Terence Edwards ⁽⁴⁾ Kelowna, BC	Director, Secretary and COO	December 6, 2012	Chief Operating Officer of the Corporation since December 2012. Chief Operating Officer of Pushor, Mitchell LLP, a law firm, from January 2005 to September 2017.
Michael Conway ⁽¹⁾⁽²⁾ West Kelowna, BC	Director	December 6, 2012	President of Stratcon Ventures Inc., a management consulting firm, since July 2017. President & CEO, Financial Executives International Canada, a senior financial executives association, from September 2007 to June 2017.
Timothy Pirie ⁽¹⁾⁽³⁾⁽⁴⁾ Kelowna, BC	Director (Lead Director)	December 6, 2012	President of Prospect Energy Services Ltd. since 2002.
M. Bruce Campbell ⁽¹⁾⁽²⁾⁽³⁾ Kelowna, BC	Director	December 6, 2012	President and Portfolio Manager of StoneCastle Investment Management, an investment fund manager, since September 2008.
Warren Matheos ⁽³⁾ Calgary, AB	Director	December 6, 2012	Senior Business Development Manager – Western Canada at Temple Lifestyle Ltd., a brand developing company, since May 2017; Senior Key Account at PepsiCo Canada from September 2016 to April 2017; Regional Director West at Heineken Canada from October 2013 to January 2016;

Name and Municipality of Residence	Position held with the Corporation	Director of the Issuer since	Principal Occupation for the Preceding Five Years
Robert Louie ⁽¹⁾⁽²⁾ West Kelowna, BC	Director	April 25, 2013	Proprietor of Indigenous World Winery since 2012; Proprietor Indigenous World Distillery & Spirits since 2013; Chief of the Westbank First Nation, a self-governing First Nation, from 2002 to 2016.
Peter Jeffrey ⁽¹⁾⁽⁴⁾ Kelowna, BC	Director	November 13, 2013	President of PD&J Associates, a consulting business, since February 2013.
Rick Torriero Kelowna, BC	CFO	NA	Chief Financial Officer of the Corporation since October 2018. Vice President, Finance of Savanna Energy Services Corp. from April 2015 to June 2018. Director, Finance and Accounting of Savanna Energy Services Corp. from August 2011 to April 2015.

Notes:

- (1) Independent Director.
(2) Member of the Audit Committee.
(3) Member of the Governance and Compensation Committee.
(4) Member of the Risk Committee.

Aggregate Ownership of Securities

As of the date of this annual information form, the current Directors and officers of the Corporation beneficially own, or exercise control and direction over, directly or indirectly an aggregate of 1,175,628 Common Shares (approximately 10% of the outstanding Common Shares).

Corporate Cease Trade Orders or Bankruptcies

For the purposes of this section, “**Order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days.

No current Director or officer of the Corporation, or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or has been within the past ten years, a director, trustee or executive officer of any issuer that:

- (a) was subject to an Order that was issued while the Director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) was subject to an Order that was issued after the Director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted in an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or
- (c) within one year of that person ceasing to act in the capacity as a Director or executive officer of the issuer, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No current Director or officer of the Corporation, or Shareholder who holds a sufficient number of securities of the Corporation to materially affect control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into any settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Individual Bankruptcies

No current Director or officer of the Corporation, or Shareholder who holds a sufficient number of securities of the Corporation to materially affect control of the Corporation, is or has, within the ten years preceding the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

To the best of the knowledge of the Corporation, there are currently no known existing conflicts of interest between the Corporation or a Subsidiary and any Director or officer of the Corporation or a Subsidiary.

There may be potential conflicts of interest to which some or all of the Directors, officers, and insiders of the Corporation become subject in connection with the operations of the Corporation and situations may arise from time to time where some or all of the Directors, officers and insiders of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

PROMOTERS

Engagement of Adelaide

On January 16, 2019, the Corporation announced that it had engaged Adelaide Capital Markets Inc. ("Adelaide") to provide investor relations services for the Corporation, including:

- (i) meeting and communicating with corporate analysts, institutional and professional investors, and retail brokers for the purpose of encouraging or promoting investment in the Corporation;
- (ii) advising the Corporation with respect to its communication materials, including the Corporation's press releases and its website;
- (iii) advising the Corporation generally with respect to its corporate development and the advancement of its interests; and
- (iv) assisting the Corporation with preparation for meetings and presentations with investors.

Adelaide's services were utilized for seven months in 2019, at a cost of \$8,000 per month, after which time the Corporation and Adelaide mutually agreed to terminate their agreement.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, management of the Corporation is not aware of any material legal proceedings or regulatory actions to which the Corporation or its Subsidiaries is a party or of which any of their respective property is subject.

In January 2017, the Corporation announced that it had been made aware of a notice of motion filed with the Ontario Superior Court by Constance Weller, Gerald Weller, Adrienne Latimour and Tara Pengally, the plaintiffs in a civil claim (the “**Claim**”) requesting an order granting the plaintiffs leave to amend their statement of claim to, among other things, add two of the Corporation’s Subsidiaries, Valley Comfort and Blaze King Canada (collectively, the “insured companies”) as defendants to the Claim.

Under the Claim, the four individual plaintiffs seek aggregate damages against the defendants of: \$11,000,000, plus aggregate punitive, aggravated or exemplary damages of \$10,000,000 and \$200,000 in damages pursuant to the *Family Law Act* (Ontario) and prejudgment interest, costs and such other relief as the court deems just.

Management of the Corporation believes that the Claim against the named Subsidiaries is without merit and, in the event that court grants the motion allowing the statement of claim to be amended, each of the named Subsidiaries will vigorously defend itself against the Claim.

In the event that the requested motion is granted and damages are ultimately awarded against the named Subsidiaries, management of the Corporation believes damages of up to \$10,000,000 would be insured, which is the limit on the insurance policy. The insured companies have notified their insurance company of the notice of motion. The insurance company has acknowledged that the insurance policy requires it to pay claims that the insured companies are legally obligated to pay as compensatory damages in an amount of up to \$10,000,000. Compensatory damages do not include punitive, aggravated or exemplary damages. Accordingly, the insured companies have retained legal counsel to represent them for the punitive damages claim (which is not covered by the insurance policy) and compensatory damages in excess of the \$10,000,000 policy limit. Based upon discussions with legal counsel and the circumstances underlying the Claim, the Corporation and the insured companies will continue to vigorously defend the Claim and are of the view that the likelihood of punitive damages being awarded against them in any amount, and the likelihood of compensatory damages being awarded against the insured companies in any amount, or in an amount exceeding \$10,000,000, is low. The plaintiffs in such lawsuit have named a number of defendants (in addition to the insured companies) against whom damages are sought, including propane providers, a propane service company, a propane technician and the manufacturer of a valve within one of the insured companies’ fireplaces.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No Director or executive officer of the Corporation or any person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the Common Shares, or an associate or affiliate of the forgoing, has any material interest, direct or indirect, in any transaction within the three recently completed financial years or during the current financial year that has materially affected, or is reasonably expected to materially affect the Corporation.

Key Management Compensation

The Corporation identifies its key management personnel as being those personnel having the authority and responsibility for planning, directing, and controlling the Corporation. Salaries and benefits, bonuses and share-based payments are included in compensation expenses.

Compensation awarded to key management for the financial years ended December 31, 2019, 2018 and 2017 are as follows:

	2019		2018		2017	
Salaries and benefits	\$	679,976	\$	290,610	\$	167,515
Share-based payments		31,543		216,970		-
	\$	711,519	\$	507,580	\$	167,515

Hawk Lease

Hawk's production facility located in Linden, Alberta, Canada is leased from a company owned by the former owner and current President of Hawk, Duane Klassen. This site has a lease in place until June 28, 2023.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are PricewaterhouseCoopers LLP, Vancouver, British Columbia, Canada.

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada at its principal offices in Vancouver, British Columbia, Canada.

MATERIAL CONTRACTS

The following is a summary of the material contracts of the Corporation, other than contracts entered into in the ordinary course of business:

- (a) the ESPP;
- (b) the Equity Incentive Plan;
- (c) the DRIP; and
- (d) the Credit Facility.

Copies of these material contracts are available for inspection at the head office of the Corporation at #201, 1674 Bertram Street Kelowna, British Columbia, Canada, V1Y 9G4, upon reasonable notice.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, the auditors of the Corporation, have advised the Corporation that they are independent of the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of the securities of the Corporation and securities authorized for issuance under compensation plans is contained in the management information circular of the Corporation dated June 19, 2019. Additional financial information is provided in the Corporation's financial statements and management discussion and analysis for the financial year ended December 31, 2019.