

**MATERIAL CHANGE REPORT  
PURSUANT TO SECTION 7.1 OF NATIONAL INSTRUMENT 51-102**

1. **Name and Address of Corporation:**

Decisive Dividend Corporation (the “Corporation”)  
#260 – 1855 Kirschner Road  
Kelowna, BC V1Y 4N7

2. **Date of Material Change:**

July 19, 2023

3. **News Release:**

The Corporation issued a news release regarding the material change on July 19, 2023, a copy of which is available under the Corporation’s profile on the System of Electronic Document Analysis and Retrieval (SEDAR).

4. **Summary of Material Change:**

The Corporation announced the acquisition of Innovative Heating Technologies Inc. and an increase to its credit facilities.

The Corporation entered into an agreement with its senior lenders to increase its overall debt availability from \$53 million to \$68 million, and used its credit facilities to fund a portion of the acquisition of Innovative Heating Technologies Inc.

Innovative Heating Technologies Inc., is a well-established manufacturer and developer of high efficiency heating mats and lighting solutions for hog production.

5. **Full Description of Material Change:**

See press release attached as Schedule “A”.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:**

Not Applicable

7. **Omitted Information:**

Not Applicable

8. **Executive Officer:**

Rick Torriero, Chief Financial Officer, Telephone: (250) 870-9146

DATED at Kelowna, British Columbia this 19<sup>th</sup> day of July, 2023.

**DECISIVE DIVIDEND CORPORATION**

Per:                   “Rick Torriero” (Signed)                    
Rick Torriero, Chief Financial Officer

## SCHEDULE "A"

### Decisive Dividend Corporation Announces Acquisition of Innovative Heating Technologies Inc. and Concurrent Increase to its Credit Facilities

**July 19, 2023 – Kelowna, British Columbia:** Decisive Dividend Corporation (TSX-V: DE) (the "Corporation" or "Decisive") is pleased to announce the acquisition of Innovative Heating Technologies Inc. (the "Acquisition") for \$15.5 million, from arm's length parties. Innovative Heating Technologies Inc. ("IHT"), located outside of Winnipeg, Manitoba, is a well-established manufacturer and developer of high efficiency heating mats and lighting solutions for hog production.

Decisive is also pleased to announce that it has entered into an agreement with its senior lenders, Canadian Western Bank and CWB Maxium Financial Inc., a wholly owned division of Canadian Western Bank (collectively "CWB"), to increase the Corporation's overall debt availability from \$53 million to \$68 million, extend the term of the agreement, and lower its borrowing costs on its increased revolving term acquisition facility by 0.5%. Further details on the increase in Decisive's credit facilities are provided below.

Jeff Schellenberg, Chief Executive Officer of Decisive, noted:

*"With this announcement, in the last 15 months Decisive has acquired six businesses, added over \$17 million of Adjusted EBITDA to our portfolio, representing an increase in Adjusted EBITDA per Common Share of 84% on a pro forma basis, all while also increasing our monthly dividend three times during that same period, demonstrating how accretive our acquisition-focused growth and yield strategy is for our shareholders. As we look into the future, we continue to see significant opportunities to continue this trajectory, supporting value creation for all of our stakeholders."*

#### Highlights of the Acquisition

- **Fully Funded:** Fully funded through a drawdown on the Corporation's expanded \$25.0 million revolving term acquisition facility.
- **Strong Business Fundamentals:** Highly profitable and growing; focused on less-cyclical agricultural sector; proprietary branded products with superior quality, value, and reputation; international customers & distributors with opportunities for additional market penetration; culture of innovation with identified opportunities for product expansion.
- **Aligned with Precision Agriculture and Animal Welfare Movements:** Energy efficiency of IHT's products results in significant energy savings for farmers (with some customers reporting reduction in energy consumption of 66%) while optimizing heating conditions, enhancing animal welfare.
- **Earnings growth and accretion:** Expected to be immediately accretive to Decisive and represents on a pro forma basis an aggregate increase to the Corporation's Q1 2023 Pro Forma<sup>(4)</sup> sales of 12%, Adjusted EBITDA<sup>(1)</sup> of 21% and Adjusted EBITDA<sup>(1)</sup> per share of 19%.
- **Attractive multiple:** Base purchase price represents a multiple of 5.1 times the average Adjusted EBITDA over the last three years.

IHT was founded in 1995 and offers a diverse range of reliable and energy-efficient equipment, with a strong emphasis on research and development of new innovative technologies. The current focus of the business is centered on its Hog Hearth and IL-TEK brands which provide a range of heat mats, lighting products and related equipment for hog producers. Management believes that the key competitive advantages for these products are durability, anti-microbial characteristics, energy efficiency, optimal heat distribution, and safety and hazard prevention, all of which promote animal welfare and cost savings for their customers. IHT continues to innovate and expects to launch a line of cooling mats in the near future and expand the use of fiberglass reinforced plastics into additional product lines as well.

The vendors of IHT, Chris Grant and Matt Robins, have committed to lead IHT for at least the next three years and support succession planning for the leadership of the business thereafter. Both have extensive knowledge of the industry and business with Chris having been with IHT since he and Matt acquired it in 2013 (and serving as a supplier to the business prior to that) while Matt has been with IHT since 1997.

The Acquisition is anticipated to be immediately financially accretive to Decisive and is expected to result in an increase in sales, gross profit, profit, Adjusted EBITDA<sup>(1)</sup>, and Adjusted EBITDA<sup>(1)</sup> per common share of Decisive. The Acquisition is subject to the terms and conditions of a share purchase agreement which was executed today and provides for a base purchase price of \$15.5 million, subject to customary adjustments, plus up to an additional \$10.0 million contingent on IHT achieving certain earnings targets over the next three years. The base purchase price reflects the historical earnings of IHT and represents a multiple of 5.1 times the average Adjusted EBITDA<sup>(1)</sup> over the last three years.

On closing, the aggregate \$15.5 million base purchase price, was paid \$13.2 million in cash (the “**Cash Consideration**”), and \$2.3 million in Common Shares (the “**Share Consideration**”). The Cash Consideration was funded using the Corporation’s \$25.0 million revolving term acquisition facility. The Share Consideration was funded through the issuance of 314,614 common shares (representing \$2.3 million divided by \$7.39, being the volume weighted average trading price of the common shares for the 10-day trading period ended July 18, 2023). A finder’s fee of \$0.1 million is payable on the close of the Acquisition.

### Increase to Credit Facilities

The agreement with CWB increases the Corporation’s overall debt availability from \$53 million to \$68 million as follows:

<i>(Stated in thousands of dollars)</i>	Interest Rate	Current Authorized Debt	Increases	Revised Authorized Debt	Current Drawn
Revolving term acquisition facility	P+2.5%	\$ 15,000	\$ 10,000	\$ 25,000	\$ 16,175
Revolving term operating facility	P+1.0%	10,000	5,000	15,000	7,299
Non-amortizing term facility	6.9%	28,000	-	28,000	28,000
Total senior debt		53,000	15,000	68,000	51,474
Equipment loans	2.3%	520	-	520	520
Total debt		\$ 53,520	\$ 15,000	\$ 68,520	\$ 51,994
Less cash					6,845
Total debt net of cash					\$ 45,149

*"P" in the table above denotes prime rate*

In addition, the interest rate on the revolving term acquisition facility was decreased from CWB’s prime rate plus 3.0% to CWB’s prime rate plus 2.5%. All other terms and conditions of the credit agreement with CWB remain substantially unchanged. The extension of the credit agreement maintains the committed term of the agreement at three years and all drawn amounts now mature in June 2026.

The increase in the revolving term acquisition and operating facilities not only allowed Decisive to fully fund the Acquisition, but also leaves considerable additional liquidity to fund its growing operations and future acquisitions.

Jeff Schellenberg, Chief Executive Officer of Decisive, added:

*“We are thrilled to add IHT, its leadership team, employees and portfolio of high-margin proprietary products to our growing portfolio of businesses. Finding another set of legacy minded business owners who care deeply about seeing the business they have built carry forward is extremely rewarding for us and we welcome Chris and Matt to our group. Since their acquisition of the business in 2013, Chris and Matt have worked tremendously hard to build the business into a leader in its space and expand its market presence and, as a result, have seen the business move into an accelerated growth pattern. Chris and Matt’s agreement to stay for a minimum of three years to run the business and maintain the trajectory the business has been on, is a critical piece of this deal to Decisive. We look forward to working to support their efforts to further build the business and take advantage of the market opportunities they have positioned the business for. Further, this acquisition adds another business that has elements that overlap businesses already in our portfolio: we are adding an additional business that produces plastic manufacturing products*

to our group of businesses that produce plastic and rubber products (Marketing Impact and Micon Industries), in a sector (agriculture) we have already invested in (Slimline) and are focused on adding to. These factors are consistent with our acquisition strategy and we look forward to pursuing opportunities to find ways for these businesses to work together with our other subsidiaries to surface efficiencies and market opportunities.

We are also very pleased to have increased our credit facilities with CWB, who continue to be a great financial partner. This increase demonstrates CWB's commitment to working with Decisive to help us achieve our objectives to enhance our financing capacity and improve our cost of capital. The increase to our credit facility provided us with the ability to fund the acquisition of IHT while retaining sufficient capacity to fund growth in our portfolio businesses and future deals as we continue to execute on our growth strategy. Upon completion of this deal, our funding mix for the 11 acquisitions we have completed is 48% equity and 52% debt, which is in line with our 50/50 long-term debt and equity funding target, while also remaining conservatively leveraged with a pro forma senior debt to Adjusted EBITDA<sup>(1)</sup> ratio of 1.75 to 1."

Chris Grant, President of IHT noted:

"Matt and I are very excited for this transaction as DDC's vision and standards align perfectly with the way we have managed and grown our business for the last 10 years. We are looking forward to the synergies from the other companies in their portfolio as we continue to bring forward new energy efficient heating and cooling products for the agricultural industry."

The table below sets forth the pro forma combined financial information of Decisive, the applicable pre-acquisition periods for the acquisitions previously completed in 2022 and 2023, and the acquisition of IHT, for the trailing twelve-month period ended March 31, 2023:

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

	Decisive <sup>(2)</sup>	Add pre-acquisition periods for Previously Acquired Businesses <sup>(3)</sup>	Q1 2023 Pro Forma <sup>(4)</sup>	Add IHT <sup>(5)</sup>	Total Pro forma
For the trailing twelve-month period ended March 31, 2023	12-Months (unaudited)	(unaudited)	(unaudited)	12-Months (unaudited)	(unaudited)
Sales	110,752	27,860	138,612	15,952	154,564
Gross profit	37,777	12,614	50,391	7,982	58,373
Gross profit %	34%	45%	36%	50%	38%
Profit	5,537	6,242	11,779	3,775	15,555
Per share basic	0.40		0.72		0.93
Adjusted EBITDA <sup>(1)</sup>	16,253	8,055	24,308	5,130	29,438
Per share basic	1.18		1.49		1.77

- (1) Adjusted EBITDA is not a recognized financial measure under International Financial Reporting Standards (IFRS) and therefore may not be comparable to similar measures presented by other issuers, but it is used by management to assess the performance of the Corporation. See "Non-GAAP Financial Measures" later in this press release for the full description of Adjusted EBITDA and a reconciliation of applicable IFRS measures to non-IFRS measures.
- (2) Based on Decisive's unaudited financial information reported for the 12-months ended March 31, 2023.
- (3) Based on ACR Heat Products Limited's unaudited financial information for the pre-acquisition period from April 1, 2022 to October 2, 2022 combined with the unaudited financial information for the pre-acquisition period from April 1, 2022 to March 31, 2023 for each of Capital I Industries Inc., Micon Industries Ltd., and Procore International Radiators Ltd. See "Information Relating to the Acquisitions" later in this press release.
- (4) The Q1 2023 Pro Forma amounts are based on Decisive's unaudited financial information reported for the 12-months ended March 31, 2023, combined with the financial information for the pre-acquisition periods of ACR Heat Products Limited, Capital I Industries Inc., Micon Industries Ltd., and Procore International Radiators Ltd. (the "Previously Acquired Businesses") described in (3) above.
- (5) Based on IHT's unaudited financial information for the period from April 1, 2022 to March 31, 2023. See "Information Relating to the Acquisitions" later in this press release.

## **About Decisive Dividend Corporation**

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

For more information on Decisive, or to sign up for email notifications of Corporation press releases, please visit [www.decisivedividend.com](http://www.decisivedividend.com).

FOR FURTHER INFORMATION PLEASE CONTACT:

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### **Cautionary Statements**

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### **Information Relating to the Acquisitions**

*This press release contains certain information (including historical financial information) relating to the Acquisition as well as pre-acquisition historical financial information relating to the Previously Acquired Businesses. The information (including financial information) contained herein with respect to the Acquisition, as well as pre-acquisition historical financial information relating to the Previously Acquired Businesses, is based upon information provided to Decisive by IHT and the Previously Acquired Businesses, and their respective management and previous shareholders and includes certain non-recurring and related-party private company transactions that have been excluded from the calculation of Adjusted EBITDA below. The financial information relating to the Acquisition and IHT, as well as pre-acquisition historical financial information relating the Previously Acquired Businesses, has not been audited.*

### **Non-GAAP Financial Measures**

*In this press release, reference is made to "Adjusted EBITDA", which is not a recognized financial measure under IFRS, but is believed to be meaningful in the assessment of the Corporation's performance.*

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

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

*The most directly comparable financial measure is profit or loss. Adjusted EBITDA per Common Share is also presented, which is calculated by dividing Adjusted EBITDA, as defined above, by the weighted average number of Common Shares outstanding during the period.*

While Adjusted EBITDA is used by management to assess the historical financial performance of the Corporation, readers are cautioned that:

- Non-IFRS financial measures, such as Adjusted EBITDA, are not recognized financial measures under IFRS;
- The Corporation's method of calculating Non-IFRS financial measures, such as Adjusted EBITDA, may differ from that of other corporations or entities and therefore may not be directly comparable to measures utilized by other corporations or entities;
- Non-IFRS financial measures, such as Adjusted EBITDA, should not be viewed as an alternative to measures that are recognized under IFRS such as profit or loss or cash from operating activities; and
- A reader should not place undue reliance on any Non-IFRS financial measures.

Set forth below are reconciliations of Non-IFRS financial measures to their most relevant IFRS measures.

(Stated in thousands of dollars)

For the trailing twelve-month period ended March 31, 2023	Decisive <sup>(2)</sup> 12-Months (unaudited)	Add pre-acquisition periods for Previously Acquired Businesses <sup>(3)</sup> (unaudited)	Q1 2023 Pro Forma <sup>(4)</sup> (unaudited)	Add IHT <sup>(5)</sup> 12-Months (unaudited)	Total Pro forma (unaudited)
Profit	5,537	6,242	11,779	3,775	15,555
Add (deduct):					
Financing costs	2,824	45	2,869	39	2,908
Income tax expense	2,016	2,029	4,045	1,396	5,441
Amortization and depreciation	5,327	411	5,738	33	5,771
Acquisition costs & restructuring costs	1,103	-	1,103	-	1,103
Inventory fair value adjustments	22	-	22	-	22
Share-based compensation expense	311	-	311	-	311
Foreign exchange income	(754)	(487)	(1,241)	(103)	(1,343)
Interest and other income	(33)	(94)	(127)	(12)	(140)
Gain on sale of equipment	(100)	(1)	(101)	-	(101)
Non-recurring transactions	-	(89)	(89)	-	(89)
Adjusted EBITDA	16,253	8,055	24,308	5,130	29,438

### Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on management's current beliefs, assumptions and expectations as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this press release contains forward-looking information relating to the future financial position, operations, business strategy, plans and objectives of the Corporation, and the potential impact, including growth expectations, of the Acquisition on the operations, financial condition, capital resources, business and dividend policy of the Corporation. Risk factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things: risks relating to acquisitions (as more particularly described under the heading "Risk Factors – Risk Related to Acquisitions" in the Corporation's most recent annual information form), as well as general economic conditions; pandemics; competition; government regulation; environmental regulation; access to capital; market trends and innovation; climate risk; general uninsured losses; risk related to acquisitions generally; dependence on customers, distributors and strategic relationships; supply and cost of raw materials and purchased parts; operational performance and growth; implementation of the growth strategy; product liability and warranty claims; litigation; reliance on technology, intellectual property, and information systems; availability of future financing; interest rates and debt financing; income tax matters; foreign exchange; dividends; trading volatility of Common Shares; dilution risk; reliance on management and key personnel; employee and labour relations; and conflicts of

*interest, all as more particularly described in the most recent annual MD&A and annual information form of the Corporation available on the Corporation's profile at [www.sedar.com](http://www.sedar.com). There can be no assurance as to the future financial performance of the Corporation or that the board of directors of the Corporation will declare or pay any dividends in the future or, if dividends are declared and paid, there can be no assurance as to the frequency or amount of such dividends. The Corporation cautions the reader that the risk factors referenced above are not exhaustive. The forward-looking information contained in this release is made as of the date hereof and the Corporation is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.*