



**Preceptos Partners
Q2 2023 Update**

We are pleased to present the Preceptos Partners update for the quarter ended June 30, 2023. The following data reflects key performance indicators (“KPIs”), broken down by functional area, and are meant to provide a shorter-term, simple to reference snap-shot of critical metrics.

Preceptos is focused on acquiring industrial businesses in environmental services and light manufacturing. The thesis is that a portfolio of low cost, light industrial enterprises can be a proxy for diversified Canadian GDP.

Partnership Snapshot:
\$175M

TTM Sales

7

of Companies

~600

of Employees

35

of Operating Locations

Key Investment Elements:
Fragmentation

Yes

Buy Multiples

 <6x
(earnings <\$5M)

Growth Drivers

 GDP and
Organic

Macro Overlay

On-shoring

Integration Impact

 Growth
+ Sale

Acquisition(s)/Disposition(s):

The Partnership did not complete any acquisitions or dispositions in Q2 but continues to actively review deal flow.

Key Performance Indicators:

	Q2 2023	Q2 2022	Change
TTM Sales (\$M)	175	155	13%
TTM EBITDA ¹ (\$M)	17	16	6%
Gross Profit Margin (%)	31	30	3%
Working Capital (\$M)	37	31	19%
Operating Expense Ratio (%)	18	20	10%
Operating Cash Flow (\$M)	8	7	14%
Capital Expenditures (\$M)	0.9	0.7	29%
Employees	604	579	4%
Total Kaizen Projects Completed	76	117	-35%
Estimated Kaizen Cost Savings/Avoidance (\$M)	0.3	0.2	50%

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This document includes forward-looking information and forward-looking statements (collectively, "forward-looking information") with respect to Preceptos Partners. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases including, but not limited to, "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking information". This information represents predictions and actual events or results may differ materially. Forward-looking information contained in this document includes, but is not limited to, statements with respect to: Preceptos Partner's investment objectives and strategies (including the diversification/concentration of its portfolio); the businesses to be acquired by Preceptos Partners; debt repayment by Preceptos Partners; long term and short term objectives; the continuous improvement of portfolio companies; timing and payment of distributions; forecasts and outlook for Preceptos Partner's portfolio companies (including valuations); availability of financing and borrowing capacity of Preceptos Partners; the liquidity event to be sought by Preceptos Partners; the results of investments, the timing thereof and the methods of funding; the sectors in which Preceptos Partners invests and investment opportunities.

Forward-looking information is based on a number of assumptions which have been used to develop such information but which may prove to be incorrect. In addition to other assumptions which may be identified in this document, assumptions have been made regarding, among other things: availability of and opportunity to engage in future deal flow, benefits of the acquisitions of the portfolio companies; the general stability of the economic and political environment in which Preceptos Partners operates; treatment under governmental regulatory regimes, securities laws and tax laws; the ability of Preceptos Partners to integrate the portfolio companies, increase efficiencies and successfully automate key performance indicators (KPIs); the ability of Preceptos Partners to obtain qualified staff, equipment and services in a timely and cost efficient manner; that the global economy, general economic conditions and financial markets will not, in the long-term, be adversely impacted by COVID-19; valuation of Preceptos Partner's investments; and currency, exchange and interest rates. Forward-looking information is based on the current expectations, estimates and projections of Preceptos Partners and involve a number of known and unknown risks and uncertainties which may cause actual results of events to differ materially from those presently anticipated. These include, but are not limited to, general economic, political, market and business factors and conditions; interest rate fluctuations; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; return on investment and distributions are not guaranteed and distributions may be reduced or suspended; government funding and or subsidies being different than expected; longer term commitment being required for Preceptos Partner's investments and the illiquidity associated with such investments; the Trust's status as not being a "mutual fund" under securities laws and the level of foreign ownership; the ability of Preceptos Partners to achieve or continue to achieve its investment objectives; the ability of Preceptos Partners to obtain financing and meet interest or principal payments; risks associated with COVID-19 including the risk that the business, reputation, financial condition, trade flow, results of operations or cash flows of Preceptos Partners will be adversely affected; availability of workforce generally and as COVID-19 persists; operational risks associated with Preceptos Partner's business including competition, managing growth, losses, litigation, debt-related risks and cyber-security; operational risks associated with the portfolio companies' businesses including: competition, hazards, compliance with environmental laws, losses, litigation (including product liability), meeting customer demands to continuously improve operating equipment and enhance product and solutions portfolios, cyber-security, functioning computer and data processing systems; attracting and maintaining contracts with customers (including government agencies), intellectual property risks, unionization, reliance on supply chains and increases to energy and commodity prices; fluctuations in foreign currency exchange rates; attracting and retaining skilled employees; the impact of severe weather conditions on portfolio company operations and government policies enacted to address climate change; operation of franchises in accordance with portfolio company standards; availability and success of future acquisitions, the timing of such investments and the potential for undisclosed liabilities; and disposition risks including representations, indemnification and contingent liabilities. Readers are cautioned that the list above is not exhaustive.

This document contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Preceptos Partner's and its portfolio companies' prospective results of operations and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The FOFI contained in this document is provided for the purpose of providing further information about Preceptos Partner's and its portfolio companies' anticipated future business operations. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein and reliance on such information may not be appropriate for other purposes.

Although Preceptos Partners believes that the expectations reflected in the forward-looking information are reasonable, it cannot guarantee future results, levels of activity, performance or achievement. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking information. Preceptos Partner's actual results, performance or achievement could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits Preceptos Partners will derive therefrom.

Preceptos Partners has included the above summary related to forward-looking information and FOFI in order to provide readers with a more complete perspective on Preceptos Partner's current and future operations and such information may not be appropriate for other purposes. The forward-looking information and FOFI in this document is given as at August 16, 2023 and Preceptos Partners disclaims any intent or obligation to update publicly any forward-looking information or FOFI, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. The forward-looking statements contained in this document are expressly qualified by the foregoing cautionary statements.

Notes:

1. EBITDA – Income from continuing operations before (i) finance expense, (ii) income taxes, (iii) depreciation and amortization, (iv) other non-cash expenses, and (v) nonrecurring expenses and one-time extraordinary gains and losses for all portfolio companies. References to EBITDA excludes funding provided by government subsidies in the amounts of \$nil and \$1.2M for the TTM periods ended June 30, 2023 and 2022.