Management Discussion and Analysis of

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

Management Discussion and Analysis of the Financial Condition and Results of Operations for the year ended December 31, 2017

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements for the year ended December 31, 2017 and the audited financial statements for the year ended December 31, 2016 and the notes contained therein, of Decisive Dividend Corporation ("the Company"). This MD&A covers the year ended December 31, 2017 and the subsequent period up to the date of filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made. See notes to the financial statements regarding going concern, commitments, contingencies, legal matters, and other matters, which could materially affect the Company's future business, results of operations, financial position and liquidity.

The audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise noted. Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company balances and transactions have been eliminated on consolidation.

This MD&A was prepared effective March 29, 2018.

Corporate Overview

Decisive Dividend Corporation (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on October 2, 2012 and is listed on the TSX Venture Exchange (the "Exchange"), trading under the symbol "DE". The Company is an acquisition-oriented corporation focused on opportunities in manufacturing. The business plan of the Company is to acquire or invest in profitable, well-established manufacturing companies with strong cash flows. To date, the Company has completed the acquisition of two manufacturing companies, as described below.

The objectives of the Company are:

(i) to provide shareholders with stable and growing dividends;
(ii) to maximize share value through on-going active monitoring of its operating subsidiaries; and
(iii) to continue to acquire additional companies or businesses or interests therein, in order to expand and diversify the Company's investments.

The address of the Company's Head Office is #201, 1674 Bertram Street, Kelowna, B.C. V1Y 9G4.

Business Overview

The Company currently has two separate operating divisions, Blaze King (as defined below) and Unicast (as defined below). It is the intention of the Company to acquire additional businesses in the manufacturing sector as opportunities present themselves. An overview of the businesses of the two operating divisions of the Company is set forth below.

Blaze King

On February 27, 2015, the Company acquired PGR Ventures Inc. which carries on business through its wholly-owned subsidiary, Valley Comfort Systems Inc. and its wholly-owned subsidiary, Blaze King Industries Inc. This transaction served as the Company's "qualifying transaction" for the purposes of the Exchange. PGR Ventures Inc., Valley Comfort Systems Inc. and Blaze King Industries Inc. are herein collectively referred to as "Blaze King".

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

Unicast

On June 23, 2016, the Company completed its second business acquisition when it acquired Unicast Inc. ("Unicast").

The business of Unicast is producing and distributing wear parts and valves for the mining, aggregate and cement industries. Wear parts are consumable parts for machinery that wear out when crushing rock, which is done extensively in the mining, aggregate and cement industries. Unicast has been in operation since 1994.

Unicast is focused on providing wear parts that are more durable and last much longer than the products of its competitors. Unicast's products are also designed to have fewer issues regarding installation and maintenance. Unicast management believes that these are Unicast's primary competitive advantages over its competitors.

Unicast offers its customers volume discount options, as well as a corporate discount program. Unicast has developed a "Make and Hold Program", which guarantees on-site part supply as well as bulk shipping, which result in cost savings for the customer. Unicast has a growing dealer distribution base that includes distributors across Canada and the United States, with planned growth in Latin America and Asia.

When discussing the Company and its subsidiaries in this MD&A, they are collectively referred to as the "Group".

Non-IFRS Measures

In this MD&A, reference is made to the measure "Adjusted EBITDA", which is believed to be meaningful in the assessment of the Company's performance. This metric is a non-standard measure under IFRS, and may not be identical to similarly titled measures reported by other companies. Also, in the future, we may disclose different non-IFRS financial measures in order to help our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial

results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Group's operating performance and who wish to separate costs associated with business acquisitions that do not relate to the ongoing performance of the Company's existing business.

In calculating Adjusted EBITDA, certain items are excluded from profit or loss including: interest, taxes, depreciation and amortization and share-based compensation. Set forth below are descriptions of the financial items that have been excluded from net income or loss to calculate Adjusted EBITDA and the material limitations associated with using this non-IFRS financial measure as compared to profit or loss:

- Depreciation and amortization expense may be useful for investors to consider because it generally represents the wear and tear on our property and equipment used in our operations. However, we do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating costs.
- The amount of interest expense we incur or interest income we generate may be useful for investors to consider and may result in current cash inflows or outflows. However, we do not consider the amount of interest expense or interest income to be a representative component of the day-to-day operating performance of the Company.
- Income tax expense may be useful for investors to consider because it generally represents the taxes which may be payable for the period and the change in deferred income taxes may reduce the amount of funds otherwise available for use in the future. However, we do not consider the amount of income tax expense to be a representative component of the day-to-day operating performance of the Company.
- Implementation costs including one-time user fees and overtime costs are a non-recurring item that affected costs in the first quarter of 2016 relating to the installation of a new Enterprise Resource Planning ("ERP") system that was installed in Blaze King on January 1, 2016. While a necessary expense, these costs will not be recurring in every quarter, and as such, are not considered to be a representative component of the day-to-day operating performance of the Company.
- Acquisition costs are non-operating items that have affected costs in each quarter of fiscal 2016 with respect of the Unicast acquisition. While a necessary expense as part of closing acquisitions, the magnitude and timing of these items may vary significantly depending upon the acquisition. As such, we do not consider acquisition costs incurred to be a representative component of the day-to-day operating performance of the Company.
- Cost of manufacturing includes non-cash charges to expense the fair value increment of Unicast inventories sold in the period that were acquired as part of the original purchase on June 23, 2016. The acquisition adjustment will be incurred until the entire amount of inventory purchased on June 23, 2016 has been sold or written-off by Unicast. As at December 31, 2017, the entire amount of the fair value increment has been expensed.
- Share-based compensation may be useful for investors to consider because it is an estimate of the non-cash component of compensation received by the Company's directors, officers, employees and consultants. Share-based compensation has been excluded from the Company's operating expenses because the decisions that gave rise to these expenses were not made to increase revenue in a particular period, but were made for the Company's long-term benefit over multiple periods. Strategic decisions, such as the issuance of share-based awards to further the Company's long-term strategic objectives, impact the Company's earnings under IFRS, and may likely affect multiple periods' results.

Overall Performance

Financial Highlights

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

FINANCIAL PERFORMANCE

		per share			per share			per share
	2017	**basic**	**diluted**	2016	basic	diluted	2015	basic/diluted
For the three months ended December 31:								
Total revenue[(1)]	**$ 7,621,137**			$ 7,797,915			$ 4,353,006	
Gross margin	**3,230,057**			3,578,863			1,755,188	
Operating expenditures[(2)]	**(1,405,668)**			(1,477,939)			(924,083)	
Adjusted EBITDA[(3)]	**1,824,389**			2,100,924			831,105	
Amortization and depreciation[(4)]	**(179,486)**			(266,501)			29,811	
Finance costs	**(678,096)**			(163,173)			(71,610)	
Acquisition costs	**-**			(44,752)			-	
Cost of goods sold fair value adjustment	**(478,344)**			(324,698)			-	
Share-based compensation expense	**(68,444)**			(127,111)			-	
Interest revenue	**7,846**			2,457			-	
Profit (loss) before tax	**427,865**	**0.07**	**0.06**	1,177,146	0.20	0.22	811,154	0.21
Profit (loss)	**550,950**	**0.09**	**0.08**	1,007,249	0.18	0.19	362,167	0.10
Dividends declared	**554,159**						281,176	
For the 12 months ended December 31:								
Total revenue[(1)]	**$ 23,450,824**			$ 17,764,065			$ 13,301,335	
Gross margin	**10,164,269**			7,908,654			5,571,375	
Operating expenditures[(2)]	**(6,339,603)**			(4,942,784)			(3,730,072)	
Adjusted EBITDA[(3)]	**3,824,666**			2,965,870			1,841,303	
Amortization and depreciation[(4)]	**(975,700)**			(790,595)			(245,723)	
Finance costs	**(1,042,956)**			(657,705)			(197,592)	
Acquisition costs	**-**			(347,396)			(176,527)	
ERP implementation costs	**-**			(33,900)			-	
Cost of goods sold fair value adjustment	**(835,486)**			(460,082)			-	
Share-based compensation expense	**(412,334)**			(1,146,967)			(265,964)	
Interest revenue	**13,506**			4,563			-	
Gain on sale of equipment	**2,141**			-			21,848	
Profit (loss) before tax	**573,837**	**0.10**	**0.09**	(466,212)	(0.10)	(0.09)	977,345	0.28
Profit (loss)	**508,837**	**0.09**	**0.08**	(463,214)	(0.10)	(0.09)	388,615	0.11
Dividends declared	**2,147,176**			1,527,068			673,454	

FINANCIAL POSITION		**December 31, 2017**		December 31, 2016
Working capital	**$**	**5,014,033**	$	5,900,934
Capital assets		**1,626,785**		1,699,000
Total assets		**21,319,538**		22,214,218
Loans and borrowings		**8,400,853**		8,628,560
Equity		**7,361,455**		8,819,581
Share Information		**December 31, 2017**		December 31, 2016
Common shares issued (5)		**6,174,376**		6,056,495
Common shares issued and outstanding (5)		**5,954,377**		5,763,163

(1) Operating results for the twelve months ended December 31, 2017 include Unicast operations for twelve months in 2017, and six months and seven days from its acquisition on June 23, 2016.
(2) Operating expenditures include all expenses other than amortization, interest, acquisition, ERP implementation costs, stock compensation expense and cost of goods sold fair value adjustment.
(3) “Adjusted EBITDA” is used as a profitability measure in this document. Please refer to the “Non-IFRS Measures” section of this MD&A for further discussion on these measures.
(4) Amortization and depreciation includes depreciation in expenses on the income statement and depreciation included in cost of goods sold.
(5) Due to the Unicast acquisition, there are 219,999 shares that are issued, but not outstanding. Please refer to discussion on page 6 regarding the Unicast acquisition for a further explanation.
(6) Certain items in the comparative period have been reclassified to conform to the current year presentation. See note 2(a) in the notes to the Consolidated Financial Statements for details of the items reclassified.

Discussion of Overall Performance

The revenue for the year ended December 31, 2017 for the Company was $23,450,824, up 32.0% year over year from the year ended December 31, 2016. This increase was due to the inclusion of months of operations of Unicast, as compared to six months and seven days in 2016; and improved revenue by Blaze King in the comparable twelve-month period. Year over year, the gross margin percentage for the 12-month period decreased from 44.5% to 43.3%.

The revenue for the three-month period ended December 31, 2017 for the Company was $7,621,137, down 2.3% year over year from the three-month period ended December 31, 2016. This decrease was due to a poorer year-over-year quarter for Unicast, compensated by a much improved fourth quarter in 2017 for Blaze King versus 2016. Year-over-year gross margins for the three-month period decreased to 42.8% from 49.1% in 2016. The gross margin decrease was primarily due to a higher Canadian dollar year-over-year, and the expensing of the remainder of the fair value charge on Unicast inventory acquired in 2016.

As noted above, the financial statements for the twelve-month period ended December 31, 2017 include twelve months of operations of Unicast, but only six months and seven days of operations of Unicast as that purchase closed on June 23, 2016. This resulted in both revenue and expenses being higher for the comparable 12-month period in 2017 versus 2016.

Share-based compensation expense was $412,334 for the year ended December 31, 2017 and was primarily the result of contingent share remuneration in relation to the purchase of Unicast and the Employee Share Purchase Plan. This compares to share-based compensation expense of $1,146,967 in the comparative period, which was higher due to the issuance of stock options to officers and directors in the second quarter of 2016 totaling $892,746.

Detailed reporting of the Company’s segmented results are disclosed in Note 24 of the December 31, 2017 Audited Financial Statements.

Industry Trends

North American Hearth Industry

Design trends for the hearth industry continue to evolve, and variances can be seen in North America from region to region. Rural markets continue to favor traditional designs while urban areas tend to favor modern designs. Eastern markets place more emphasis on cast iron surfaces while Western markets like steel finishes. Regional variances can also be seen in fuel choices. Gas remains the most desirable fuel in urban areas as a plentiful supply is available. Wood remains the fuel choice in rural areas. Blaze King offers a wide variety of designs. Whether it is cast iron or steel including painted or enamel color finishes, modern or a traditional design, gas or wood, freestanding or insert, Blaze King has a model that will meet most regional variances.

Mining, Aggregate, and Cement Wear Parts Industry

Current industry trends in the mining, aggregate and cement plant wear parts industry (in which Unicast operates) include a shift towards different alloys and metals and away from traditional manganese and steel fabrication. Demand for titanium carbide wear parts and ceramic imbedded wear parts is continuing to grow due to the increases in wear life attributed to these new innovations. Unicast is continuing to improve its market position in both of these areas by adding more titanium carbide products to its current product line and introducing new ceramic embedded products as they are designed and tested.

Regulatory Trends

On May 15, 2015, new United States Environmental Protection Agency (“EPA”) standards for wood stoves came into effect. The new standards have two phases of implementation: the first phase lowered the maximum emissions permitted by wood stoves to the current Washington State standard of 4.5 grams per hour and will cover the 5-year period to the year 2020. The majority of wood stoves on the market today already meet that standard. The new rule has one standard for the entire market and includes products such as pellet stoves that were previously exempt. The second phase, which will start in 2020, will further lower emissions to 2.0 grams per hour.

All of Blaze King’s products already meet phase 1 requirements, and almost all meet or exceed the 2.0 gram emission limit requirements for 2020. The King, Chinook 20, Sirocco 20, Ashford 20, Chinook 30, Sirocco 30, Ashford 30, Princess Insert, Sirocco 25 and Ashford 25 all meet the 2.0 gram emission limit requirements for 2020. As the Princess free-stand model meets phase 1 but not phase 2 standards, replacements for this model have been designed and are currently being beta tested to ensure it will exceed phase 2 requirements for 2020. All new wood stove models being developed by Blaze King will also meet the EPA’s phase 2 requirements.

Risks and Uncertainties

For a discussion of the risks and uncertainties that management of the Company believe may impact the future results of the Company, see “Risk Factors” below.

Unicast Acquisition

On April 29, 2016, the Company and the former shareholders of Unicast entered into a share and loan purchase agreement pursuant to which the Company and its wholly-owned subsidiary agreed to purchase all of the issued and outstanding shares of Unicast (and certain shareholder loans of its shareholders) for a purchase price of $10,061,338.

The Company completed the acquisition of Unicast on June 23, 2016. The Purchase Price was satisfied through the issuance of the purchase-related shares of 223,664 common shares of the Company with a fair value of $3.20 per share, with the balance of $8,945,624 paid in cash. The cash portion of the purchase price was paid from the net proceeds of a $5,500,000 loan from the Company's senior lender and from the proceeds of a private placement of 1,659,114 common shares at a price of $3.00 per share for aggregate gross proceeds of $4,977,342.

In addition to the purchase-related common shares mentioned above, an additional 293,332 shares (the "Contingent Shares") with a total fair value of $938,662 were issued to certain shareholders. The Contingent Shares are issued but will only become outstanding when released from escrow. The release of the Contingent Shares from escrow is contingent upon the continued employment of two shareholders for a period of three years through June 2019 (the "Employment Period"). 73,333 shares were released in June 2017, with 73,333 shares to be contingently released in June 2018, and 146,666 shares to be contingently released in June 2019. For accounting purposes, the Contingent Shares are considered to be post-acquisition remuneration and are not included as part of the related acquisition consideration, resulting in the recognition of stock compensation expense over the Employment Period. During the period ended December 31, 2017, the Company recognized share-based compensation expense of $391,108 related to the Contingent Shares (2016 - $254,221).

Summary of Quarterly Results

	For the three months ended December 31, 2017 ($)	For the three months ended September 30, 2017 ($)	For the three months ended June 30, 2017 ($)	For the three months ended March 31, 2017 ($)
Revenue	**7,621,137**	5,946,883	4,902,307	4,980,497
Profit (loss) before taxes	**427,865**	366,046	(63,554)	(156,520)
Income tax expense	**253,085**	(158,909)	(746)	(28,430)
Profit (loss)	**550,950**	207,137	(64,300)	(184,950)
Total comprehensive income (loss)	**121,390**	55,535	(149,678)	(58,252)
Total assets	**21,319,538**	21,585,102	21,854,861	22,351,227
Common shares issued and outstanding	**5,954,377**	5,922,166	5,916,060	5,842,727
Weighted average shares outstanding	**5,874,169**	5,853,832	5,821,260	5,793,850
Profit (loss) per share - basic	**0.09**	0.04	(0.01)	(0.03)

	For the three months ended December 31, 2016	For the three months ended September 30, 2016(1)	For the three months ended June 30, 2016(1)	For the three months ended March 31, 2016
	($)	($)	($)	($)
Revenue	**7,797,915**	5,124,150	2,254,369	2,587,631
Profit (loss) before taxes	**1,177,144**	13,360	(1,518,380)	(138,338)
Income tax expense	**(175,895)**	105,610	62,285	5,000
Profit (loss)	**1,007,249**	118,970	(1,456,095)	(133,338)
Total comprehensive income (loss)	**1,140,961**	138,916	(1,672,440)	(258,162)
Total assets	**22,214,218**	21,468,364	21,131,119	9,122,024
Common shares issued and outstanding	**5,763,163**	5,755,131	6,005,510	3,773,400
Weighted average shares outstanding	**5,755,396**	5,734,593	3,957,013	3,757,305
Profit (loss) per share - basic	**0.18**	0.02	(0.37)	(0.04)

Notes:

(1) Results for the three-month period ended June 30, 2016 include Unicast operations for the seven-day period from its acquisition on June 23, 2016.

For a discussion of the factors that have caused variations in results over the eight most recently completed financial quarters of the Company, see “Discussion of Operations” below.

Discussion of Operations

Blaze King

Three Months Ended December 31, 2017

During the three-month period ended December 31, 2017, Blaze King recorded revenues of $5,283,922 ($4,721,246 in 2016). The sales strength seen in the first three quarters of 2017 extended into the fourth quarter of 2017 as Blaze King built on the momentum generated by the early buy program for dealers and distributors. In anticipation of the expected improved sales strength, Blaze King management increased production and inventory year over year to meet this demand. Demand in 2017 proved to be much more robust than 2016 and this strength has continued into 2018 as dealers have continued to replace inventories for the 2017/18 heating season.

During the three-month period ended December 31, 2017, Blaze King realized gross margins of $2,323,658 or 44.0% ($2,059,040 or 43.6% in 2016). Overhead costs are allocated to cost of goods sold based on normalized, annual production levels, and as year over year production was similar in Q4 2017 versus Q4 2016, the effects of this allocation on margin were also similar. Margins were slightly higher in Q4 2017, despite the Company experiencing a higher Canadian dollar and an increase in the price of inputs, including steel prices, which have risen by almost 15% through 2017. These negative factors were offset by a 3% price increase that was brought in effect in Q3 2017.

Blaze King’s business is seasonal, with the first and second quarters being the weakest of the year. Traditionally, Blaze King has experienced between 35% – 40% of its sales in the first two quarters of the year, and 60% – 65% of its sales in the last two quarters of the year. This pattern continued in 2017.

Unicast

Three Months Ended December 31, 2017

In the three-month period ended December 31, 2017, Unicast recorded $2,260,049 ($3,076,669 in 2016) of sales revenue and had cost of manufacturing of $1,353,650 ($1,305,490 in 2016), which resulted in a gross margin of $906,399, or 40.1% ($1,771,179 or 57.6% in 2016). Included in cost of manufacturing was $478,344 of non-cash expenses related to the initial acquisition fair value charge on Unicast inventory sold in Q4, 2017. Gross margins for Unicast were down year-over-year in Q4 for several reasons: in Q4 2016 Unicast recognized revenue for a high-margin ball mill that resulted in overall margins being higher than average; the initial acquisition fair value charge on Unicast inventory recognized in Q4 2017 was $153,646 higher than in Q4 2016; the lower US dollar in Q4 2017 had a negative effect on margins year over year; and finally, Unicast experienced warranty claims in Q4 2017 that were higher than in Q4 2016.

Decisive Dividend Corporation ("Head Office")

Three Months Ended December 31, 2017

During the three-month period ended December 31, 2017, Head Office expended $404,966 on corporate activities ($464,067 in 2016). The most significant expenses during this period were: accounting and audit fees of $93,750 ($153,687 in 2016); share-based compensation expense of $68,444 relating to Contingent Shares issued to Unicast vendors ($127,111 in 2016); salaries and benefits of $69,304 ($58,944 in 2016); interest on long-term debt of $80,735 ($41,143 in 2016); and transfer agent fees of $14,891 ($11,434 in 2016).

Blaze King

For the year ended December 31, 2017

During the year ended December 31, 2017, Blaze King recorded sales revenues of $14,945,189 (December 31, 2016 - $12,885,922). The sales strength seen in the latter part of 2016 continued into 2017 as the winter heating season was extended in the first and second quarters of 2017, and was followed by a strong Q3 and Q4 as demand continued to be strong through the entire Q4 heating season. Blaze King also experienced a stronger early buy from dealers and distributors in the first and second quarters of 2017 compared to 2016 as customers took advantage of sales incentives introduced as part of the new Blaze King sales commitment program.

During the year ended December 31, 2017, Blaze King realized gross margins of $6,160,416, or 41.2% (December 31, 2016 - $5,213,808 or 40.5%). Gross margins were slightly higher for Blaze King for the year ended December 31, 2017 versus the year ended December 31, 2016 despite several factors, including higher input costs for such items as steel, higher shipping costs year over year, and more dealers taking advantage of Blaze King's early buy program and freight incentives on a year over year basis. These factors were offset by a price increase enacted in July 2017 of 3%.

Sales of the Sirocco 25, a new wood-burning fireplace insert model which launched in 2016, continue to exceed management's expectations. The second wood-burning fireplace insert model, a cast-iron version called the Ashford 25, was introduced in the first quarter of 2017 and experienced continued growing sales throughout 2017. Sales of the Sirocco 25 and the new Ashford 25 insert have performed well in the fourth quarter of 2017 and Blaze King management is confident this trend will continue in 2018.

In September 2017, Blaze King launched the Clarity 26 gas stove, marking its re-entry into the gas stove market.

Unicast

For the year ended December 31, 2017

Since Unicast was acquired on June 23, 2016, the prior year contains only six months and seven days of Unicast results, while the year ended December 31, 2017 includes a full year of Unicast operations. In this period, Unicast recorded $8,505,635 ($4,878,143 in December 31, 2016) of sales revenue and had cost of manufacturing of $4,501,782 ($2,694,846 in December 31, 2016), which resulted in a gross margin of $4,003,853, or 47.1% ($2,694,846 or 55.2% in December 31, 2016). Included in cost of manufacturing was $835,486 of non-cash expenses ($460,082 in December 31, 2016) related to the initial acquisition fair value charge on Unicast inventory sold in 2017. Gross margins for Unicast were down year-over-year for several reasons: in Q4 2016 Unicast recognized revenue for a high-margin ball mill that resulted in overall margins being higher than average; the amount of the initial acquisition fair value charge on Unicast inventory recognized in 2017was $375,404 higher than in 2016; the lower US dollar in 2017 had a negative effect on margins year-over-year; and finally, Unicast experienced warranty claims 2017 that were higher than in 2016.

Decisive Dividend Corporation ("Head Office")

For the year ended December 31, 2017

During the year ended December 31, 2017, Head Office expended $1,389,815 on corporate activities (December 31, 2016 - $2,210,206). The most significant expenses during this period were: share-based compensation expense of $412,334 relating primarily to Contingent Shares issued to the Unicast vendors (December 31, 2016 - $1,146,967, resulting from a stock option issuance to officers and directors of the Company and $254,221 relating to Contingent Shares issued to the Unicast vendors); legal fees of $51,541 (December 31, 2016 $169,331, relating mostly to the acquisition of Unicast); salaries and benefits of $263,648 (December 31, 2016 - $189,044); accounting and audit fees of $128,590 (December 31, 2016 - $238,653); transaction and advisory fees of $17,405 (December 31, 2016 - $103,880, relating mostly to the Unicast acquisition); interest on long-term debt of $252,100 (December 31, 2016 - $139,888); and transfer agent fees of $62,249 (December 31, 2016 - $69,283).

Liquidity and Capital Resources

As at December 31, 2017, the Company had a net cash position of $1,183,610 (December 31, 2016 - $1,447,451) and net working capital of $5,014,033 (December 31, 2016 - $5,900,934).

		December 31, 2017		December 31, 2016		Change
Cash and cash equivalents	$	**1,183,610**	$	1,447,451	$	(263,841)
Accounts receivable		**4,134,775**		3,448,317		686,458
Inventory		**4,514,302**		4,452,969		61,333
Prepaid expenses		**307,576**		352,687		(45,111)
Accounts payable		**(3,610,375)**		(2,352,555)		(1,257,820)
Dividends payable		**(185,230)**		(151,412)		(33,818)
Warranty provision		**(339,466)**		(201,203)		(138,263)
Prepaid deposits		**(63,159)**		(93,120)		29,961
Current portion of long-term debt		**(928,000)**		(1,002,200)		74,200
Net working capital	$	**5,014,033**	**$**	5,900,934	$	(886,901)

Dividends Declared and Paid

The Company's dividend policy is to pay cash dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Company's Board of Directors regularly examines the dividends paid to shareholders.

Cumulative dividends for the year ended December 31, 2017 and 2016 are as follows:

		December 31, 2017		December 31, 2016
Cumulative dividends, beginning of period	**$**	**2,200,522**	$	673,454
Dividends during the period		**2,147,176**		1,527,068
Cumulative dividends, end of period	**$**	**4,347,698**	$	2,200,522

The amounts and record dates of the dividends for the year ended December 31, 2017 and 2016 are as follows:

	2017				**2016**			
Month		**Per share ($)**		**Dividend Amount ($)**		**Per share ($)**		**Dividend Amount ($)**
January	$	0.025		151,668	$	0.025	$	93,764
February		0.025		152,531		0.025		93,765
March		0.03		184,082		0.025		94,335
April		0.03		184,082		0.025		94,335
May		0.03		184,082		0.025		94,335
June		0.03		184,082		0.025		150,138
July		0.03		184,113		0.025		150,138
August		0.03		184,113		0.025		151,212
September		0.03		184,265		0.025		151,211
October		0.03		184,265		0.025		151,211
November		0.03		184,663		0.025		151,212
December		0.03		185,230		0.025		151,412
Total	**$**	**0.350**	**$**	**2,147,176**	**$**	**0.300**	**$**	**1,527,068**

Subsequent to December 31, 2017 and before the filing of this MD&A, the Company undertook the following dividend actions:

- a dividend to shareholders of record on December 31, 2017 was paid on January 15, 2018.
- a dividend of $0.03 per share was declared on January 15, 2018, for shareholders of record on January 31, 2018, and was paid on February 15, 2018.
- a dividend of $0.03 per share was declared on February 15, 2018 for shareholders of record on February 28, 2018, and was paid on March 15, 2018.
- a dividend of $0.03 per share was declared on March 15, 2018 for shareholders of record on March 31, 2018, and will be paid on April 13, 2018.

Short-Term Debt Facilities

On June 21, 2017, the Company refinanced the short-term debt facilities with a Canadian financial institution, as follows:

The Group has an operating loan facility authorized up to $4,000,000 (December 31, 2016 - $3,100,000, expandable to $3,600,000 for the months of June, July and August), bearing interest at the lender's prime rate plus 0.75%, of which $4,000,000 was unused as at December 31, 2017 (December 31, 2016 - $3,100,000).

The operating loan facility and the debt are secured by a general security agreement, assignment of insurance, and guarantees. In addition, the Company and its subsidiaries have agreed to maintain the following ratios as a group:

- Maximum total funded debt to EBITDA of 3.5:1
- Minimum Fixed Charge Coverage ratio of 1:1:1 (amended to 1.0:1 for the period ending December 31, 2017)

As at December 31, 2017, the Group was in compliance with these ratios.

Prior to December 31, 2017, management obtained an agreement from the lender to amend this ratio to 1.0:1 for the fourth quarter, reverting back to 1.1:1 at March 31, 2018.

Long-Term Debt

		December 31, 2017		December 31, 2016
Loan 1 (1)	**$**	**8,145,833**	$	-
Loan 2 (2)		**-**		5,270,833
Loan 3 (3)		**-**		2,887,500
Loan 4 (4)		**-**		77,217
Loan 5 (5)		**292,454**		393,010
		8,438,287		8,628,560
Less: current portion		**(928,000)**		(1,002,200)
Long-term portion	**$**	**7,510,287**	$	7,626,360
Less: debt issuance costs		**(37,434)**		**-**
Total long-term debt	**$**	**7,472,853**	$	7,626,360

On June 21, 2017, the Company completed a refinancing of current outstanding long-term debt with a Canadian financial institution. Three term loans with one Canadian financial institution amounting to $7,774,250 (Loans 2, 3 and 4) were replaced with one term loan of $8,500,000 (Loan 1) from another Canadian financial institution, as follows:

(1) Loan 1: Entered into in June 2017 to refinance loans 2, 3 and 4. The principal amount of $8,500,000 is repayable in monthly instalments of $70,833 plus interest at the lender's prime rate plus 1.25%. The loan matures in June 2020, at which point the residual amount of $5,950,000 is repayable in full.

[2] Loan 2: Term loan entered into in February 2016 to finance the acquisition of Blaze King, repayable in monthly instalments of $29,167 plus interest at the lender's prime rate plus 1.5%.

[3] Loan 3: Term loan entered into in April 2016 repayable in monthly instalments of $1,883 plus interest at the lender's prime rate plus 1.5%.

[4] Loan 4: Term loan entered into in June 2016 to finance the acquisition of Unicast, repayable in monthly instalments of $45,833 plus interest at the lender's prime rate plus 1.5%.

[5] Loan 5: Term loan entered into in July 2016 to finance the acquisition of property and equipment repayable in monthly instalments of $5,865 USD including interest at the rate of 4.15%, loan maturing in July 2021.

Principal payments required over the next four years are estimated as follows:

2018	$	928,000
2019		931,000
2020		6,530,000
2021		49,287
		8,438,287
Less: current portion		(928,000)
Long-term portion	$	7,510,287

Income Tax

For the year ended December 31, 2017, the Company recognized $609,000 of deferred tax recoveries (2016 - $232,000). The deferred tax recovery in fiscal 2017 relates primarily to the temporary differences arising from differences in the accounting and tax basis of Blaze King and Unicast's assets and liabilities.

For the year ended December 31, 2017, the Company incurred $674,000 of current tax expense (2016 - $229,000). The increase in current tax expense in fiscal 2017 primarily relates to the increase in taxable income from the operations of VCSI and Blaze King USA.

a) Rate reconciliation

Income tax expense differs from the amount that would result by applying the combined Canadian federal and provincial income tax rate of 26% to profit before income taxes. The Group's taxable income for the year ended December 31, 2017 is generated in the United States, which is subject to approximately a 34% tax rate, and Canada which is subject to a 26% tax rate.

The impact of being subject to certain higher tax rates, as well as other differences, is included in the following reconciliation:

		December 31, 2017		December 31, 2016
Profit (loss) before income taxes	**$**	**573,837**	$	(466,214)
Combined Canadian federal and provincial income tax rates		**26%**		26%
Expected income tax expense (recovery)		**149,200**		(121,200)
Items that cause an increase (decrease):				
Permanent differences		**456,600**		327,000
Differing tax rates in foreign jurisdiction		**(55,800)**		3,000
Change in unrecognized temporary differences		**(113,600)**		(275,000)
Adjustment to prior year's provision and other		**(371,400)**		63,200
Income tax expense (recovery)	**$**	**65,000**	$	(3,000)

		December 31, 2017		December 31, 2016
Current income tax expense	**$**	**674,000**	$	229,000
Deferred income tax recovery		**(609,000)**		(232,000)
Income tax expense (recovery)	**$**	**65,000**	$	(3,000)

b) Deferred tax assets and liabilities

The composition of the Group's net deferred income tax liabilities at December 31, 2017 and 2016 are as follows:

		December 31, 2017		December 31, 2016
Deferred income tax assets (liabilities):				
Property and equipment	**$**	**(165,000)**	$	(147,000)
Tax reserves deductible in the future		**91,000**		35,000
Intangible assets and other		**(1,285,000)**		(1,855,787)
Deferred income tax liability	**$**	**(1,359,000)**	**$**	(1,967,787)

The significant components of the Group's unrecognized deductible temporary differences at December 31, 2017 and 2016 are as follows:

		December 31, 2017		December 31, 2016
Deductible temporary differences:				
Share issuance costs	**$**	**115,000**	$	146,000
Non-capital losses		**-**		7,000
Deductible temporary differences	**$**	**115,000**	$	153,000

c) Non-capital losses and unused tax credits

At December 31, 2017, the Group has losses for income tax purposes in Canada of $nil (2016 - $28,000) which can be used to reduce annual taxable income. At December 31, 2017, the Group has deductible share issuance costs carried forward of $389,000 (2016 - $561,000) which may be used to reduce future taxable income. The deductions have no expiry period.

Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

Related Party Transactions

The Group's related parties consist of directors, officers and key management or companies associated with them.

During the period ended December 31, 2017, the Group incurred legal fees of $6,045 (December 31, 2016 - $32,072) with a law firm in which two directors of the Group were either a partner or employee. The amount outstanding at year-end was $nil (2016 - $700).

On June 22, 2016, the Company granted stock options to directors and officers of the Company to purchase 463,500 common shares at $3.00 per share. Compensation expense of $892,746 was recorded in the income statement regarding this transaction.

Pursuant to the Unicast acquisition, the Group received $62,577 during the year ended December 31, 2016 which, as per required working capital adjustments, was paid to the vendors.

Key management, including directors and officers of the Group, are those personnel having the authority and responsibility for planning, directing, and controlling the Group.

Salaries and benefits, bonuses and share-based payments are included in compensation expenses. Key management compensation for the twelve-month period ended December 31, 2017 included $167,515 of salary and benefits (December 31, 2016 - $150,672). Currently, the Chief Executive Officer and Chief Operating Officer positions are unpaid.

Since the inception of the Company, no cash compensation has been distributed to directors in their capacity as directors.

Changes in Accounting Policies

The Group has adopted the disclosure requirements in Disclosure Initiative (Amendments to IAS 7), which came into effect on January 1, 2017. Consequently, the Company has provided additional disclosure in relation to the changes in borrowings arising from financing activities for the year ended December 31, 2017.

Internal Controls Over Financial Reporting

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

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

Risk Factors

The Company and its subsidiaries ("Subsidiary" or "Subsidiaries") are subject to a number of risks. These risks relate to the organizational structure of the Company and to the operations of the Subsidiary entities. The risks and uncertainties described below are all of the significant risks that management of the Company is aware of and believe to be material to the business and results of operations of the Company. When reviewing forward-looking statements and other information contained in this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect future results of the Company. The Company 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 Company to predict all risk factors or the impact of such factors on the business of the Company. The Company assumes no obligation to update or revise these risk factors or other information contained in this report to reflect new events or circumstances, except as may be required by law.

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

External	Operational	Financial	Human Capital
• General Economic Conditions	• Dependence on Distributors and Strategic Relationships	• Additional Financing	• Reliance on Management and Key Personnel
• Competition	• Supply and Cost of Raw Materials and Purchased Parts	• Income Tax Matters	• Employees and Labour Relations
• Government Regulation	• Operational Performance and Growth	• Foreign Exchange Exposure	
• Environmental Regulation	• Implementation of the Growth Strategy	• Dividends	
• Access to Capital	• Product Liability and Warranty Claims	• Trading Volatility of Common Shares	
• Market Trends and Innovation	• Ongoing Litigation		
• Climate	• Reliance on Technology and Intellectual Property Risks		
• General Uninsured Losses			

External Risks:

General Economic Conditions

Although the North American economy is showing signs of continuing strength, there are many factors that could cause the North American economy to weaken. Should the economic environment deteriorate, demand for the Group's products could be reduced and have a negative impact on revenues and earnings. This would result in the Group having to implement cost control measures in order to manage through an economic downturn. Management continues to review areas for possible cost savings and implements long-term strategies to further enhance productivity and efficiencies.

Competition

The wood burning stove industry and the mining and cement wear parts industry are competitive and the Group competes with a substantial number of companies 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 Group or that new or existing competitors will not enter the various markets in which the Group is active or that the Group wishes to enter. In certain aspects of its business, the Group also competes with a number of small and medium-sized companies, which, like the Group, 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 Group may have difficulty competing. As well, without remaining cost competitive, there is also a risk that the Group may lose business to its competitors.

Government Regulation

The wood burning stove market in which Blaze King operates is significantly affected by government regulations and standards in North America and these regulations are constantly changing. There can be no assurance that Blaze King's prospects would not be adversely affected in the event of additional regulation in the wood burning stove market. Unicast's products are also subject to government regulations and standards, but to a much lesser degree.

Our subsidiaries regularly engage in business transactions with US-based suppliers and customers. The North American Free Trade Agreement is currently being renegotiated. The outcome of these renegotiations is highly uncertain and could negatively impact the operations of our subsidiaries. Among the possible risks are the possibility of new tariffs, increased difficulty associated with the movement of goods and people across the border and changes to access to work permits by employees.

Environmental Regulation

The past and present operation by the Group of manufacturing facilities and 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. Compliance with environmental regulations has not had a material effect on the capital expenditures, earnings or competitive position of Blaze King or Unicast to date; however, compliance with current laws or more stringent laws or regulations which may be imposed on the Group in the future, stricter interpretation of existing laws or discoveries of contamination at the leased business locations of the Group which occurred prior to Blaze King or Unicast's lease of such sites or the advent of environmental regulation may require the Group to incur additional expenditures in the future, some of which may be material.

Access to Capital

One of the objectives of the Company is to continue to acquire additional companies or interests therein in order to expand and diversify the Company's investments. The ability to execute this objective is dependent on the Company ability to raise funds in the capital markets. If the capital markets' desire for income producing investments, such as our common shares, were to significantly decrease, the Company would have difficulty in executing its acquisition objectives. The Company's current level of leverage is considered reasonable, which gives the Company the ability to undertake acquisitions, up to a given size, in the short-term without being dependent on the capital markets.

Market Trends and Innovation

The Group's market position is dependent on its ability to effectively anticipate consumer habits and expectations and develop new or modified products in a timely fashion to satisfy these expectations. If the Group is not able to develop new products that are attractive to customers, the Group risks losing those customers to competitors.

Climate

The Group's 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 Group's 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. 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.

General Uninsured Losses

Each of the Subsidiaries carries 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 or 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:

Dependence on Distributors and Strategic Relationships

The future revenue growth of the Group 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. The Group may not be able to successfully manage such relationships. If the Group is unable to attract such distributors and strategic partners, it may not be able to generate sufficient revenues to maintain profitability.

Supply and Cost of Raw Materials and Purchased Parts

The Group relies on a stable and consistent supply of materials and finished goods in carrying out its operations. Blaze King and Unicast secure supplies of raw materials and finished goods from various suppliers on an ongoing basis at negotiated prices, with Unicast sourcing the majority of its products from Chinese suppliers. An interruption in the availability of these raw materials or finished goods, 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 Group or otherwise, or significant increases in the prices paid by the Group for them, could have a material effect on the Group's business.

The pricing of certain commodities used to produce Blaze King and Unicast's products, such as steel, titanium carbine and manganese, are still largely driven by overall market conditions and increases in the cost of these components could increase the Group's manufacturing costs.

Operational Performance and Growth

The Group's principal source of funds is cash generated from its Subsidiaries: it is expected that funds from these sources will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations at existing business levels, including meeting certain financial ratios with our lender. In the event that additional capital and operating expenditures dependent on increased cash flow or additional financing arise in the future, lack of those funds could limit or delay the future growth of the Subsidiaries and their cash flow. Furthermore, underperformance of a Subsidiary could have an adverse effect by also limiting or delaying future growth cash flow, while also potentially impacting the amount of cash available for dividends to the shareholders.

Implementation of the Growth Strategy

Historically high valuation multiples have dominated the acquisition market. Company management expects that this will likely continue in the near term given the availability of inexpensive capital and the willingness of financial institutions to extend significant leverage. Given the current environment it continues to be imperative for the Company to maintain its acquisition discipline and not enter into transactions at multiples that exceed our model. DDC management continues to focus on strategic acquisitions and organic growth. The Company may not effectively select acquisition candidates 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 Group's operations. Additionally, the Group may experience increased production costs or problems, difficulty in obtaining financing and increased cost of borrowing as a result of such acquisitions. With the Group'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.

The Company remains well positioned and well capitalized to move quickly when investment opportunities are identified. The Company intends to continue acquiring operating companies and investing organically provided the investments meet its strict criteria and can enhance shareholder value.

Product Liability and Warranty Claims

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

A malfunction or the inadequate design of the Group's products could result in product liability or other tort claims. Accidents involving the Group's products could lead to personal injury or physical damage. Any liability for damages resulting from malfunctions could be substantial and could materially adversely affect the Group's business and results of operations. In addition, a well-publicized actual or perceived problem could adversely affect the market's perception of the Group's products. This could result in a decline in demand for the Group's products, which would materially adversely affect the Group's financial condition and results of operations.

Although the Group will maintain 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.

Ongoing Litigation

The insurance company for Valley Comfort Systems Inc. and Blaze King Industries Inc. (collectively, the "insured companies") has confirmed receipt of the claim by Constance Well et al. in the amount of $11,000,000, plus aggregate punitive, aggravated or exemplary damages of $10,000,000, against the insured companies and other third parties in relation to bodily injury and property damages filed against the insured companies in the Ontario Superior Court of Justice. 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 million.

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 million policy limit. Based upon discussions with legal counsel and the circumstances underlying the plaintiff's claim, the Company 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 million, is low.

The plaintiffs have named a number of defendants (in addition to Valley Comfort Systems Inc. and Blaze King Industries Canada Ltd.) against whom damages are sought, including propane providers, a propane service company, a propane technician and the manufacturer of a valve within one of Valley Comfort's fireplaces.

Reliance on Technology and Intellectual Property Risks

The Group 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 Group will be successful in its efforts in this regard or that it will have the resources available to meet this demand. The commercial advantage of the Group will depend to an extent on the intellectual property and proprietary technology of the Group.

The Group currently relies 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. The Group 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 or not the Group is successful. The Group may seek patents or other similar protections in respect of particular technology; however, there can be no assurance that any future patent applications will actually 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 Group. Moreover, the process of seeking patent protection can itself be long and expensive. In the meantime, competitors may develop technologies that are similar or superior to the technology of the Group or design around the patents owned by the Group, thereby adversely affecting the Group's competitive advantage in one or more of its businesses.

Financial Risks:

Availability of Future Financing

In order to execute its business plan, the Group 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 Group when needed or on terms acceptable to the Group. The Group's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Group's growth and may have a material adverse effect upon the Group.

The Group has significant debt service obligations pursuant to the financing agreements relating to the credit facility and our long-term debt. The degree to which the Group is leveraged could have important consequences to shareholders, including:

- the ability of the Group to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited;
- a substantial portion of cash flow from operations of the subsidiaries of the Company will be dedicated to servicing its indebtedness, thereby reducing funds available for future operations;
- certain borrowings of the Group will be at variable rates of interest, which will expose the Group to future fluctuations of interest rates; and
- the Group may be more vulnerable to economic downturns and may be limited in its ability to withstand competitive pressure.

The ability of the Group 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.

The financing agreements relating to the credit facility and 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 Group 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 Group 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 Group would be sufficient to repay that indebtedness in full.

Income Tax Matters

The business and operations of the Group are complex and the computation of income taxes payable involves many complex factors including the Group's 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 Group's interpretation of the applicable tax legislation and regulations. If any challenge to the Group's tax filing positions were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Group's tax position. 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 Group's tax position.

Foreign Exchange Exposure

Most of the Group's 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 Group in its business are denominated in foreign currency since they are mainly sourced from outside of Canada. As a result, the Group 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 Group does not manage this exposure through the use of derivative contracts.

Dividends

Although the Company intends to continue to declare and pay monthly dividends on common shares, there can be no assurance that dividends will continue in the future at the same frequency and in the same amounts, or at all. The actual amount of dividends declared and paid by the Company 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 Group.

Trading Volatility of Common Shares

Management of the Company 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.

Human Capital Risk:

Reliance on Management and Key Personnel

The success of the Company is dependent on a number of key senior employees both at the Company's head-office level and at the Subsidiary level. The loss of any one of these key employees would impair the Company's ability to operate at its optimum level of performance and could have an adverse effect on the Company's business, results from operations and financial condition. There can be no assurance that the Company 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 Company's businesses, results from operations and financial condition.

Proposed Transactions

The Company does not have any asset or business acquisitions or dispositions that management believes have proceeded to a stage whereby disclosure is required.

Financial Instruments and Other Instruments

Fair Value Measurement of Financial Assets and Liabilities and Disclosure

The Group has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Group's financial assets and financial liabilities including long-term debt are measured at fair value by level within the fair value hierarchy described above. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Group's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the current period.

Fair Value Disclosures

At December 31, 2017 and December 31, 2016, long-term debt is measured and recognized in the consolidated statement of financial position at fair value as a level 2 financial instrument. Management determined that the fair value of the debt due to its interest rate at approximately market lending rates, approximates the fair value.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate their fair value due to their short-term nature.

Financial Risk Management

The Group's primary business activities consist of the acquisition of corporations in the manufacturing sector. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows to create a portfolio of diversified and strong returns. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include liquidity risk, credit risk, currency risk, and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial and commodity markets and its objective is to minimize the potential adverse effects of such risks on the Group's financial performance, where financially feasible to do so. When deemed material, these risks may be monitored by the Group's corporate finance group and they are regularly discussed with the Company's board of directors or one of its committees.

Liquidity risk

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

The contractual maturities of financial instruments are as follows:

2017	Carrying value	Total contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Accounts payable	$ 3,610,375	$ 3,610,375	$ 3,610,375	$ -	$ -
Dividends payable	185,230	185,230	185,230	-	-
Long-term debt	8,400,853	9,280,743	1,286,344	7,994,399	-
Leases	849,743	849,743	320,870	513,033	15,840
	$ 13,046,201	$ 13,926,091	$ 5,402,819	$ 8,507,432	$ 15,840

2016	Carrying value	Total contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Accounts payable	$ 2,352,555	$ 2,352,555	$ 2,352,555	$ -	$ -
Dividends payable	151,412	151,412	151,412	-	-
Long-term debt	8,628,560	9,453,477	1,346,489	5,249,950	2,857,038
Leases	977,840	977,840	273,842	703,998	-
	$ 12,110,367	$ 12,935,284	$ 4,124,298	$ 5,953,948	$ 2,857,038

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Group by those counterparties, less any amounts owed to the counterparty by the Group where a legal right of set-off exists and also includes the fair values contracts with individual counterparties which are recorded in the consolidated financial statements.

The Group's credit risk is predominantly limited to cash and cash equivalent balances held in financial institutions, and the recovery of the Group's accounts receivable. The maximum exposure to the credit risk is equal to the carrying value of such financial assets. At December 31, 2017, the Company expects to recover the full amount of such assets, less any allowance for doubtful accounts in accounts receivable.

As at December 31 2017, the Group had the following accounts receivable ageing:

	December 31, 2017		December 31, 2016	
Current	**$ 1,859,951**	***48.0%***	$ 2,022,261	*59.3%*
31-60 days	**1,315,851**	***34.0%***	813,701	*23.9%*
61-90 days	**133,720**	***3.5%***	192,595	*5.6%*
>90 days	**563,069**	***14.5%***	380,810	*11.2%*
	$ 3,872,591	***100.0%***	$ 3,409,367	*100.0%*

The objective of managing counterparty credit risk is to minimize potential losses in financial assets. The Group assesses the quality of its counterparties, taking into account their credit worthiness and reputation, past performance and other factors.

Cash and cash equivalents are only deposited with or held by major financial institutions where the Group conducts its business. In order to manage credit and liquidity risk, the Group invests only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

Sales are made to customers the Group believes to be of sound credit worthiness.

The entire amount of the "90 days plus" receivables outstanding relate to Unicast's receivables with long-term customers, some of whom have been given favorable payment terms. Management is working with Unicast's accounting group to improve collection timelines.

Currency risk

The Group's functional currency for Blaze King USA and Unicast is the US dollar ("USD"), while all other entities in the group have a Canadian dollar functional currency ("CAD"), and the reporting currency is the Canadian dollar, therefore the Group's earnings and total comprehensive income are in part impacted by fluctuations in the value of USD in relation to CAD.

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

	Entities with a CAD functional currency		Entities with a USD functional currency		
2017	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 86,245	$ 933,783	$ (262,923)	$ 426,505	**$ 1,183,610**
Accounts receivable	758,746	-	717,803	2,658,226	**4,134,775**
Accounts payable	(1,378,994)	-	(390,321)	(1,841,060)	**(3,610,375)**
Dividend payable	(185,230)	-	-	-	**(185,230)**
Long-term debt	(456,243)	(292,454)	(7,652,156)	-	**(8,400,853)**
Net exposure	(1,175,476)	641,329	(7,587,597)	1,243,671	**(6,878,073)**
5% strengthening USD vs. CAD:					
Impact on profit (loss)		$ 32,066	$ 379,380		**$ 411,446**

	Entities with a CAD functional currency		Entities with a USD functional currency		
2016	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 816,303	$ 162,110	$ 126,612	$ 342,426	**$ 1,447,451**
Accounts receivable	651,395	-	396,418	2,400,504	**3,448,317**
Accounts payable	(858,459)	-	(454,547)	(1,039,549)	**(2,352,555)**
Dividend payable	(151,412)	-	-	-	**(151,412)**
Long-term debt	(245,836)	(393,010)	(7,989,714)	-	**(8,628,560)**
Net exposure	211,991	(230,900)	(7,921,231)	1,703,381	**(6,236,759)**
5% strengthening USD vs. CAD:					
Impact on profit (loss)		$ (11,545)	$ 396,062		**$ 384,517**

The calculations above are based on the Group's statement of financial position exposure at December 31, 2017.

Interest rate risk

The Group is exposed to interest rate risk on its credit facility and long-term debt due to the interest rate on these facilities being variable. The Group does not enter into derivative contracts to manage this risk.

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

Interest rate risk	**December 31, 2017**	December 31, 2016
Floating instruments	**$ 8,400,853**	$ 8,628,560
Average balance	**8,646,707**	5,933,030
+1%	**86,500**	59,300
-1%	**$ (86,500)**	$ (59,300)

Disclosure of Outstanding Share Data

The following table sets forth the Company's share capital data as at March 29, 2017, December 31, 2017 and December 31, 2016. Each stock option and each agents' warrant entitle the holder thereof to purchase one common share of the Company.

	March 29, 2018	**December 31, 2017**	**December 31, 2016**
Common shares, basic	5,996,872	5,954,377	5,763,163
Contingent common shares[1]	219,999	219,999	293,332
Common shares issued	6,216,871	6,174,376	6,056,495
Stock options outstanding	482,000	506,000	530,500
Agents' warrants outstanding	52,119	53,863	122,576
Common shares, fully diluted	6,750,990	6,734,239	6,709,571

Notes:

[1] Further detailed in the Unicast Acquisition section above

Please refer to the financial statements of the Group for a detailed listing of all share issuances for the period ended December 31, 2017.

Escrowed Shares

As at December 31, 2017, there were 142,125 (December 31, 2016 – 426,375) shares in escrow relating to shares held by directors and insiders issued before the completion of the Company's Qualifying Transaction. The remaining 142,125 shares of escrowed stock were released on March 19, 2018.

As at December 31, 2017, there were 49,500 shares in escrow (December 31, 2016 – 148,500) relating to the Company's acquisition of Blaze King. The remaining 49,500 shares of escrowed stock were released on February 27, 2018.

As at December 31, 2017, there were 274,998 shares in escrow (December 31, 2016 – 366,664) relating to the Company's acquisition of Unicast, of which 219,999 shares are Contingent Shares. The release dates for the remaining escrowed stock are, as follows:

- 91,666 to be released on June 23, 2018
- 183,332 to be released on June 23, 2019

In total, as at December 31, 2017, there were 466,623 shares in escrow (December 31, 2016 – 941,539).

Subsequent Event

There were no subsequent events.

Outlook

Market Conditions – Blaze King

Blaze King saw continued demand in the twelve months of 2017 and recorded approximately $2,060,000 more in sales year-over-year. In addition to a much colder winter season in 2016-2017, Blaze King sales were positively affected by the first new model of its fireplace insert line, the Sirocco 25, which was introduced in the second quarter of 2016 and has exceeded Blaze King management's sales expectations. The Ashford 25 was introduced to dealers and distributors in the first quarter of 2017, and now Blaze King has three models in the wood-burning fireplace insert market in 2017.

The first in a line of gas-burning products, the Clarity 26 free-standing stove, was introduced to the market in the third quarter of 2017 and management is very pleased with the reception so far from dealers and distributors and consumers.

The second offering in the Blaze King gas line up, the Clarity 2118 Gas fireplace, has been tested and approved and is expected to be ready for sale in Q2 2018.

At the Hearth Products Association show in March of 2018, Blaze King displayed prototypes of the new Clarity 31 gas insert and the new Clarity 4416 linear gas fireplace. These new products will further deepen the gas offering from Blaze King towards the end of 2018.

Blaze King will use its existing dealer and distribution network to achieve sales growth in this segment. These new sales are part of an overall growth strategy to go beyond the core wood business.

After two years of rigorous in-house testing, the Sirocco 30 unit passed the ULEB (Ultra-Low Emission Burners) test in Christchurch, New Zealand during Q2. Standards were set at a maximum of 0.5 grams of emissions per kilogram of wood burned, and the Sirocco came in at 0.36 grams of emissions per kilogram of wood burned. Final approvals were received and the first orders shipped in December 2017. This marks a significant step forward for potential sales increases in a previously untapped market.

Blaze King finalized the certification process for its BX24 Boxer freestanding woodstove in Q3 of 2017. This modern looking stove, featuring a large 'wide screen' glass door and wood storage, is now in production and began shipping to customers in February of 2018.

Market Conditions – Unicast

The market for Unicast's wear parts continues to be buoyant as the economy continues to grow in the United States, Canada, and other markets that Unicast serves. Increased infrastructure spending has caused continued upward demand on the cement industry. Additionally, commodity prices have strengthened and new mines are opening across North America and Central and South America. Unicast has continued to introduce new products and to grow its product line in response to customer demands.

Unicast is also seeing increasing demand from non-traditional markets such as Latin America, Australia and the Philippines, and in response, Unicast is looking to strengthen its Latin American sales team in Q1 2018 to service these new markets. Unicast completed its first order for a new Australian customer in the first quarter of 2018, and has several pending orders from its new Australian sales leads. This represents a new market for Unicast and an area for potential growth.

Effective January 1st, 2018, Devin Mintz took over as President of Unicast. Also in January, Unicast added Ron Birnie-Browne to the team as Vice President of Sales and Engineering. With this addition, Unicast will look to expand into new non-traditional oil and gas markets, as well as accessing new markets and opportunities for Unicast products in the Middle East.

Conclusion

DDC management continues to maintain a positive outlook for the Company and its two Subsidiaries, Blaze King and Unicast. Management believes that the Group is positioned for future growth, and is continually looking for further acquisitions to bolster diversity, which adds strength and resilience to operations. Management believes that continuing to follow a balanced and disciplined acquisition approach is the best path to generating shareholder value.

Management remains confident in its strategic and operational plans and in its seasoned leadership. DDC is committed to enhancing customer service in both subsidiaries and growing the sales teams to accommodate a plan of steady growth. The Company continues to develop and expand its network of referral sources that regularly present it with potential acquisitions. DDC management also independently assesses certain markets and regions to identify potential targets. While the pipeline of potential acquisitions brought to the Company is considered strong, Decisive is disciplined in the investment choices it makes as acquisitions must adhere to Decisive's investment parameters. Therefore, there can be no assurance target companies meeting management's standards will be identified.

Further Information

Additional information about the Company is available at the Canadian disclosure website www.sedar.com, or on the Company's website at www.decisivedividend.com.