

Management's Discussion and Analysis of



Decisive Dividend

— Corporation —

For the three months ended March 31, 2019

Corporate Overview

Decisive Dividend Corporation ("Decisive" or the "Company") was established to acquire a growing stable of successful manufacturing companies for the long term that provide steady and growing dividend payments to its shareholders. To date, the Company has completed the acquisition of four manufacturing companies.

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, and investing in, its operating subsidiaries; and
- (iii) To continue to acquire additional companies or businesses, in order to expand and diversify the Company's investments.

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 head office of the Company is located in Kelowna, British Columbia. As at March 31, 2019, the principal wholly-owned operating subsidiaries of the Company are as follows:

- Valley Comfort Systems Inc. and its wholly-owned subsidiary Blaze King Industries Inc.; acquired in February 2015; collectively referred to herein as "Blaze King".
- Unicast Inc. ("Unicast"); acquired in June 2016.
- Slimline Manufacturing Ltd. and its wholly-owned subsidiary Slimline Manufacturing (2016) Ltd.; acquired in May 2018; collectively referred to herein as "Slimline".
- Hawk Machine Works Ltd. ("Hawk"), acquired in June 2018.

Preface

This Management's Discussion and Analysis ("MD&A") focuses on key items from the unaudited interim condensed consolidated financial statements of Decisive for the three months ended March 31, 2019 and 2018. The condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise noted. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Company in the future.

This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the related notes for the period ended March 31, 2019, the annual audited consolidated financial statements and the related notes for the year ended December 31, 2018, the annual MD&A for the year ended December 31, 2018, the unaudited interim condensed consolidated financial statements for the period ended March 31, 2018, as well as the Cautionary Statement Regarding Forward-Looking Information and Statements in this MD&A. This MD&A covers the three months ended March 31, 2019 and the subsequent period up to the date of filing. In this MD&A, the Company and its subsidiaries, collectively, are referred to as the "Group".

Additional information regarding the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com, or on the Company's website at www.decisivedividend.com.

This MD&A was prepared effective May 30, 2019.

Non-IFRS Measures

In this MD&A, reference is made to the measures "EBITDA" and "Adjusted EBITDA", which is believed to be meaningful in the assessment of the Company's performance.

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

Set forth below are descriptions of the financial items that have been excluded from net income or loss to calculate "EBITDA" and "Adjusted EBITDA" and the material limitations associated with using this non-IFRS financial measure as compared to profit or loss:

Exclusions re: EBITDA and Adjusted EBITDA

- The amount of interest expense incurred, or interest income generated, may be useful for investors to consider and may result in current cash inflows or outflows. However, management does 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.
- Additionally, management does not consider foreign exchange gains or losses to be a representative component of the day-to-day operating performance of the Company.
- 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, management does not believe these charges necessarily reflect the current and ongoing cash charges related to our operating costs.

Exclusions re: Adjusted EBITDA

- Management does not consider one-time or non-recurring costs incurred to be a representative component of the day-to-day operating performance of the Company. Acquisition costs are non-operating items that can affect costs, with respect to planned and completed acquisitions. While a necessary expense as part of an acquisition, the magnitude and timing of these items may vary significantly depending upon the acquisition. As such, management does not consider acquisition costs incurred to be a representative component of the day-to-day operating performance of the Company.
- Manufacturing costs include non-cash charges to expense the fair value increment of acquired inventories sold in the period that were originally valued as part of the initial purchase in a business acquisition, inventory write downs, and allowances for inventory obsolescence. Management does not consider these non-cash charges to be a representative component of the day-to-day operating performance of the Company.
- Similarly, goodwill impairment losses are non-cash charges that management does not consider to be a representative component of the day-to-day operating performance of the Company.
- 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 and employees. Management does not consider these non-cash charges to be a representative component of the day-to-day operating performance of the Company as 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.

While EBITDA and Adjusted EBITDA are used by management of the Company to assess the historical financial performance of the Company and its businesses, as applicable, readers are cautioned that:

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

For a reconciliation of a Non-IFRS financial measure to its most relevant IFRS measure, see "Overall Performance – Financial Highlights" in this MD&A.

Forward Looking Statements

Certain statements in this report constitute forward-looking information and forward-looking statements. All statements other than statements of historical fact contained in this report are forward-looking statements, including, without limitation, statements regarding the future financial position, operations, business strategy, future acquisitions, and the potential impact of completed acquisitions on the operations, financial condition, capital resources and business of the Company and its subsidiaries, the Company's policy with respect to the amount and/or frequency of dividends, budgets, litigation, projected costs and plans and objectives of or involving the Company and/or its subsidiaries. Readers can identify many of these forward-looking statements by looking for words such as "believes", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative and grammatical variations thereof.

Forward-looking statements are necessarily based upon a number of expectations or assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are beyond the Company's control and many of which are subject to change. Readers are cautioned to not place undue reliance on forward-looking statements which only speak as to the date they are made. Although management believes that the expectations and assumptions underlying such forward-looking statements are reasonable, there can be no assurance that such expectations or assumptions will prove to be correct. A number of factors could cause actual future results, performance, achievements and developments of the Company to differ materially from anticipated results, performance, achievements and developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to risks relating to: general economic conditions; government regulation; environmental regulation; operational performance and growth; acquisition risk; dependence on distributors and strategic relationships; ability to develop new products; weather and climate; supply and cost of raw materials and purchased parts; foreign exchange exposure; implementation of growth strategy; competition; reliance on management and key personnel; financing risk; litigation; product liability and warranty claims; credit facilities; income tax matters; dividends; reliance on technology; market trends and innovation; employee and labour relations; conflicts of interest; trading volatility of the Company's shares; information technology; potential failure to achieve synergies and customer concentration risk.

Assumptions about the performance of the businesses of the Company are considered in setting the business plan and financial targets for the Company and its businesses. Key assumptions include

assumptions relating to the demand for products and services of the businesses of the Company and relating to the Canadian and other markets in which the businesses are active. **Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Corporation and its Subsidiaries may vary materially from those described in forward-looking statements.**

All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company disclaims any obligation to update any forward-looking information or forward-looking statements to reflect future events or results or otherwise.

Overall Performance

Financial Highlights

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

FINANCIAL PERFORMANCE

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

	2019	2018
For the three months ended March 31		
Sales	\$ 9,866	\$ 5,462
Gross profit	3,766	2,266
Gross profit %	38%	41%
Adjusted EBITDA ¹	780	340
Per share basic	0.07	0.06
Profit (loss) before tax	(301)	258
Profit (loss)	(242)	273
Per share basic	(0.02)	0.05
Per share diluted	n/a	0.04
Dividends declared	994	558
Per share	0.09	0.09

¹ – see IFRS measurement to non-IFRS measurement reconciliation table below.

FINANCIAL POSITION

(Stated in thousands of dollars)

	March 31, 2019	December 31, 2018
Working capital	\$ 9,427	\$ 10,523
Property and equipment	5,023	5,226
Total assets	44,747	44,329
Long-term debt, excluding debt issuance costs	11,224	11,646
Equity	22,309	23,417
Share Information (000s)		
Common shares issued	11,077	11,025
Common shares issued and outstanding	10,930	10,878

The non-IFRS measures referenced in the table above reconcile to the IFRS measures reported in the Company's consolidated financial statements as follows:

<i>(Stated in thousands of dollars)</i>			
For the three months ended March 31,		2019	2018
Profit (loss) for the period	\$	(242)	\$ 273
Add (deduct):			
Financing costs		209	113
Income tax expense (recovery)		(59)	(15)
Amortization and depreciation		607	237
EBITDA		515	608
Add (deduct):			
Acquisition costs		31	127
Share-based compensation expense		44	75
Foreign exchange expense (income)		217	(469)
Interest income		(27)	(1)
Adjusted EBITDA		780	340

Discussion of Overall Performance

Q1 Consolidated Financial Highlights

Sales for the three months ended March 31, 2019 for the Group increased to \$9.9 million, 81% over Q1 2018. The primary drivers of the increase were the contributions of Slimline and Hawk, which were acquired on May 30, 2018 and June 28, 2018 respectively.

Overall gross profit for the Group increased by \$1.5 million, or 66%, in Q1 2019 relative to Q1 2018. Gross profit percentage for the Group over the same period declined to 38% from 41%, driven by the change in overall product mix in the period related to the acquisitions of Slimline and Hawk, the negative impact of tariffs on Chinese steel products on Unicast's gross profit, and the negative effect of the slowdown in oil and gas activity in Western Canada on Hawk's results.

In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. Such costs are included in both manufacturing costs and operating expenses. Overall operating expenses increased from \$2.5 million in Q1 2018 to \$3.9 million in Q1 2019. The primary drivers of the year-over-year increase were: amortization and depreciation which increased by \$0.2 million; financing costs which increased by \$0.1 million; salaries, wages and benefits which increased by \$0.7 million; and selling, general and administration costs which increased by \$0.4 million. Specifically, the increase in financing costs is a result of the additional debt issued in 2018 in connection with the acquisitions completed last year. The increases in salaries, wages and benefits, and selling, general and administration costs were based primarily on increased scale with the acquisitions of Slimline and Hawk, and some increases were also experienced in Blaze King and Head Office.

Adjusted EBITDA for the three months ended March 31, 2019 was \$0.8 million, a \$0.4 million increase compared to Q1 2018. Adjusted EBITDA increased due primarily to the acquisitions of Slimline and Hawk but was negatively affected by the tariffs and slowdown in oil and gas activity noted above.

Foreign exchange gains and losses also impacted overall profit differences between Q1 2019 and Q1 2018. The Q1 2019 foreign exchange losses of \$0.2 million were a result of the \$0.03 decrease in the value of the United States dollar, relative to the Canadian dollar, through the quarter. Conversely, in Q1 2018 the foreign exchange gains of \$0.5 million were a result of the \$0.04 increase in the value of the United States dollar through Q1 of last year.

The overall loss for Q1 2019 was \$0.2 million, or \$0.02 per share, compared to profit of \$0.3 million, or \$0.05 per share in Q1 2018.

Outlook

Decisive was established to acquire a growing stable of successful manufacturing companies for the long term. The acquisitions of Slimline and Hawk in May 2018 and June 2018, respectively, furthered Decisive's objective and are consistent with its long-term vision.

The increased scale and diversity that these two acquisitions brought to the Group was important in Q1 2019, where headwinds centered on tariffs related to Chinese steel products and oil and gas activity slowdowns in Western Canada negatively affected operations. Despite the challenges faced in Q1 2019, management is confident in the long-term business prospects of each of its subsidiaries. Although the second quarter is a seasonal slow period for Hawk and Blaze King, management is encouraged by the outlook for each of its businesses for the remainder of the year and expects higher overall Adjusted EBITDA in each of the remaining quarters of 2019 compared to Q1 2019.

Management remains confident in its long-term strategic and operational plans and its seasoned leadership believes that the Group is well positioned for future growth. Decisive is committed to enhancing customer service and growing the sales teams to accommodate a plan of steady growth of its current operating subsidiaries.

Management is also confident that its disciplined acquisition approach is the best path to generating shareholder value in the long term. Decisive continues to identify and evaluate potential acquisitions which, if completed, will bolster its diversity and add strength and resilience to operations. Decisive's acquisition pipeline includes target companies identified through an expanded network of referral sources that regularly present it with potential acquisitions and by Company management who independently assesses certain markets and regions to identify potential targets. While deal flow is considered strong, there can be no assurance that target companies identified from time to time will meet Decisive's acquisition criteria or that Decisive will successfully acquire identified target companies that meet such criteria.

Summary of Quarterly Results

The Group's interim results are impacted by seasonality factors primarily driven by weather patterns in North America, including the impact on heating and planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. Blaze King's business historically experiences lower demand in the first and second quarters of the calendar year, Slimline's business historically experiences lower demand in the third and fourth quarters and Hawk's business historically experiences lower demand in the second quarter. Seasonality does not have a significant impact on Unicast's business. In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term.

QUARTERLY PERFORMANCE

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

	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Sales	\$ 9,866	\$ 13,613	\$ 13,616	\$ 5,302
Gross margin	3,766	3,794	4,885	2,291
Gross margin %	38%	28%	36%	43%
Adjusted EBITDA ¹	780	1,206	2,561	463
Per share basic	0.07	0.11	0.24	0.08
Profit (loss) before tax	(301)	(392)	1,130	(322)
Profit (loss)	(242)	(133)	672	(262)
Per share basic	(0.02)	(0.01)	0.06	(0.04)
Per share diluted	n/a	n/a	0.06	n/a

	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Sales	5,462	7,544	5,946	4,903
Gross margin	2,266	3,190	2,541	2,229
Gross margin %	41%	42%	43%	45%
Adjusted EBITDA ¹	340	1,824	815	610
Per share basic	0.06	0.31	0.14	0.10
Profit (loss) before tax	258	428	358	(56)
Profit (loss)	273	551	207	(64)
Per share basic	0.05	0.09	0.04	(0.01)
Per share diluted	0.04	0.08	0.03	n/a

¹ – see IFRS measurement to non-IFRS measurement reconciliation table below.

The non-IFRS measures referenced in the table above reconcile to the IFRS measures reported in the Company's consolidated financial statements as follows:

(Stated in thousands of dollars)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Profit (loss) for the period	\$ (242)	\$ (134)	\$ 672	\$ (262)
Add (deduct):				
Financing costs	209	201	206	169
Income tax expense (recovery)	(59)	(259)	459	(60)
Amortization and depreciation	607	512	514	282
EBITDA	515	320	1,851	129
Add (deduct):				
Acquisition costs	31	12	20	324
Goodwill impairment losses	-	717	-	-
Inventory fair value adjustments and write downs	-	621	275	61
Share-based compensation expense	44	50	308	75
Foreign exchange expense (income)	217	(500)	110	(126)
Interest income	(27)	(5)	(3)	-
Gain on sale of equipment	-	(9)	-	-
Adjusted EBITDA	780	1,206	2,561	463

	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Profit (loss) for the period	\$ 273	\$ 551	\$ 207	\$ (64)
Add (deduct):				
Financing costs	113	161	108	117
Income tax expense (recovery)	(15)	(123)	151	9
Amortization and depreciation	237	179	266	265
EBITDA	608	768	732	327
Add (deduct):				
Acquisition costs	127	-	-	-
Inventory fair value adjustments and write downs	-	478	171	38
Share-based compensation expense	75	68	90	127
Foreign exchange expense (income)	(469)	517	(181)	127
Interest income	(1)	(7)	3	(7)
Gain on sale of equipment	-	-	-	(2)
Adjusted EBITDA	340	1,824	815	610

Discussion of Quarterly Performance

In addition to the effects of seasonality as described above, the variation in the Group's results on a quarterly basis are as follows:

Q1 Consolidated Financial Highlights

For the discussion of Q1 results see "Overall Performance" earlier in this MD&A.

Q4 Consolidated Financial Highlights

Sales for Q4 2018 increased by 80% relative to Q4 2017, which was driven by the acquisitions of Slimline and Hawk. Similarly, the \$0.6 million, or 19%, increase in gross profit was also primarily driven by the addition of the Slimline and Hawk results. Gross profit percentage overall decreased by 14 percentage points in Q4 2018 compared to Q4 2017. The decrease was due partially to the change in overall product mix in the relative periods, with the acquisitions of Slimline and Hawk, and also as a result of gross profit decreases in Blaze King and Unicast. Blaze King sold 9% fewer units in Q4 of this year versus Q4 last year and was negatively affected by certain fixed overhead costs and inventory adjustments that did not fluctuate with the decrease in sales. Steel tariffs on Unicast's products sourced in China and sold into the United States negatively affected gross profit in the quarter. Unicast also recorded a total of \$0.3 million in non-cash inventory write downs and allowances in Q4 2018, which further reduced gross profit. Sales and gross profit in Hawk were also lower than expected for the quarter, due to the impact of production limits imposed by the Alberta government, and the general decrease in oil and gas activity in Western Canada in Q4 2018. Also impacting gross profit and gross profit percentages in the quarter were higher levels of depreciation and amortization being included in manufacturing costs for Slimline and Hawk in Q4 2018, than were included earlier in the year.

Overall operating expenses increased from \$2.3 million in Q4 2017 to \$4.0 million in Q4 2018. The primary drivers of the increase relative to Q4 2017 were: amortization and depreciation which increased by \$0.1 million; occupancy costs which increased by \$0.2 million; professional fees which increased by \$0.1 million; salaries, wages and benefits which increased by \$0.7 million; and selling, general and administration costs which increased by \$0.5 million. The above increases were based primarily on increased scale with the acquisitions of Slimline and Hawk, but also on increases in Blaze King, Unicast and Head Office. Included in selling, general and administration costs in Unicast for Q4 2018 are \$0.1 million in non-cash bad debt expenses.

Adjusted EBITDA for Q4 2018 was \$1.2 million compared to \$1.8 million in Q4 2017. The decrease was a result of the gross profit challenges in the quarter and the effect of increased operating costs noted above.

The negative effect of the above noted tariffs on Unicast's profitability also resulted in a \$0.7 million non-cash impairment loss being recorded against Unicast's goodwill in Q4 2018. The Company conducted its annual goodwill impairment testing on a value-in-use basis, using estimated future cash flows that considered past experience, economic trends and industry trends, including tariffs on Chinese steel products sold into the United States. These tests indicated that the carrying amount of Unicast's assets exceeded their recoverable amounts resulting in a goodwill impairment loss. These forecasts represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty, specifically with respect to the ultimate duration of the above noted tariff regime.

Foreign exchange gains and losses also impacted overall profit differences between Q4 2018 and Q4 2017. The Q4 2018 unrealized foreign exchange gains were a result of the \$0.07 increase in the value of the United States dollar, relative to the Canadian dollar, in the last three months of the year. In Q4 2017, the Group recorded unrealized foreign exchange losses for the quarter.

Q3 Consolidated Financial Highlights

Q3 2018 sales increased 129% over Q3 2017. Most of the increase was driven by the Slimline and Hawk acquisitions, although both Blaze King and Unicast also realized revenue increases in the quarter compared to Q3 2017. Similarly, the 92% increase in gross profit was also primarily driven by the addition of the Slimline and Hawk results. Gross profit percentage overall decreased to 36% in Q3 2018, from 43% in Q3 2017, due primarily to the change in overall product mix in the relative periods with the acquisitions of Slimline and Hawk.

Operating expenses increased from \$2.3 million in Q3 2017 to \$3.4 million in Q3 2018. The primary drivers of the increase are increased salaries, wages and benefits and increased occupancy costs, based on increased scale with the acquisitions of Slimline and Hawk.

Adjusted EBITDA for Q3 2018 increased by 225% relative to Q3 2017. The increase in adjusted EBITDA was driven primarily by the acquisitions of Slimline and Hawk in Q2 2018, and the \$2.2 million of additional gross profit that these businesses generated on a combined basis in Q3 2018.

Q2 Consolidated Financial Highlights

Sales in Q2 2018 increased 8% relative to Q2 2017. The sales increase was entirely driven by the Slimline and Hawk acquisitions. Absent the acquisitions, revenue decreased 2% over the same quarter in 2017. Similarly, the increase in gross profit on dollar-basis was driven by the addition of the Slimline and Hawk results. On a same-business basis, gross profit percentages declined based on raw material price and labour cost increases.

Operating expenses increased from \$2.1 million in Q2 2017 to \$2.6 million in Q2 2018. The primary drivers were increased professional fees related to the acquisitions completed in the quarter of \$0.5 million as well as operating expenses incurred by the two newly acquired businesses. The decline in gross profit percentages combined with the increase in operating expenses resulted in a decrease in adjusted EBITDA in Q2 2018 compared to Q2 2017.

Segment Overview and Performance

Decisive's overall business is conducted through three operating segments comprised of finished product; component manufacturing; and head office. An overview of these segments and the businesses within each segment is set forth below.

Finished Product Segment Overview

The finished product segment manufactures and sells products that are purchased and used by end customers as designed. Within the finished product segment there are two separate businesses: Blaze King and Slimline.

Blaze King

The Company acquired Blaze King in February 2015. This transaction served as the Company's "qualifying transaction" for the purposes of the TSX Venture Exchange. The business of Blaze King is producing and selling high-quality, high-efficiency wood burning stoves, wood burning fireplace inserts, gas stoves, and gas fireplace inserts. All of its products are 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 wood burning stoves and inserts are recognized as some of the longest-burning and most efficient in the hearth market. Blaze King management believes that its products 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 a large network of retailers and distributors across Canada, the United States and New Zealand.

Slimline

The Company acquired Slimline in May 2018. Slimline and predecessor companies have been manufacturing and selling air blast sprayers since 1948. The air blast sprayers are used primarily in the agricultural industry to apply treatments to crops such as apples, cherries, grapes, almonds, walnuts, oranges and peaches. Slimline also designs, manufactures and sells EcoMister evaporator systems primarily used in the mining, oil and gas, and waste management industries. In addition to its two main product lines, Slimline manufactures custom products and sells various sprayer, evaporator, and other industrial parts. Slimline's sprayers and evaporators utilize common technology including pumps and turbines. Slimline sells these sprayers under the name "Turbo Mist" which includes a heavy-duty series, a standard series, a cherry blower, a multi-row air blast sprayer and a rotomister sprayer used to combat insect plagues. Slimline's sprayers are primarily sold through its dealer network throughout Canada and the United States. Slimline's EcoMister evaporator division has been in operation since 1996. It produces an environmental and economical, patented, state of the art solution that meets specific customer needs in the elimination of wastewater. Slimline's evaporators are sold into markets throughout the world.

Finished Product Segment Performance*(Stated in thousands of dollars)*

March 31,	For the three months ended	
	2019	2018
Sales	\$ 5,515	\$ 3,262
Gross profit	2,300	1,185
Gross profit %	42%	36%
Profit (loss)	375	(68)
Add (deduct):		
Financing costs	35	23
Income tax expense (recovery)	(29)	(49)
Amortization and depreciation	326	96
EBITDA	707	2
Add (deduct):		
Foreign exchange expense (income)	23	56
Interest income	(25)	(1)
Adjusted EBITDA	705	57

IFRS measurement to non-IFRS measurement reconciliation presented in the table above.

Three Months Ended March 31, 2019

Sales increased by 69% for the three-month period ended March 31, 2019, compared to the same period in 2018, due primarily to the acquisition of Slimline in May 2018. The sales generated by Slimline were somewhat offset by a slight decrease in sales for Blaze King relative to Q1 2018. Blaze King sold fewer units in Q1 2019, compared to Q1 2018, however higher prices this year versus last year limited the decrease in overall sales.

The increase in overall sales for the segment resulted in a 94% increase in gross profit for the three-month period ended March 31, 2019 compared to the same period in 2018. This was primarily a result of the gross profit generated by Slimline in the quarter, as well as pricing increases in Blaze King, which increased gross profit percentages by five percentage points relative to last year.

The gross profit increases for the segment led to significantly higher adjusted EBITDA relative to Q1 2018. Adjusted EBITDA increased by \$0.6 million in Q1 2019 relative to Q1 2018.

Finished Product Segment Industry Trends and Outlook**Blaze King**

Design trends for the hearth industry continue to evolve, and consumer tastes vary from region to region. Rural markets continue to favor traditional designs while urban areas tend to favor more modern designs. Eastern North American markets place more emphasis on cast iron surfaces while western North American markets prefer 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, whereas 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.

Blaze King finalized the certification process for its Princess PI29 wood fireplace insert in Q1 2018. Blaze King now has three wood fireplace insert models tested and approved for sale in accordance with 2020 EPA standards. The PI29 went into production in Q3 2018. Blaze King also finalized the certification process for its Princess PE32 freestanding woodstove at the end of Q4 2018. The Princess PE32 represents a significant breakthrough for Blaze King as it achieved the lowest emission levels, at 0.4 grams per hour, of any product of its size and has the highest efficiency level, at 80%, of any wood stove

that is certified to the new 2020 EPA regulations. The Princess PE32 is slated to go into production in Q2 2019.

In addition, Blaze King certified its first gas fireplace insert in Q4 2018 with an estimated market launch in Q2 2019. This is a welcome addition to the new Clarity brand of gas products. Blaze King will continue to fill out its gas product line up over the coming years.

There are also market opportunities for Blaze King's wood products outside of North America and Blaze King has expanded into the New Zealand market. In late-2017 and mid-2018 respectively, after two years of rigorous in-house testing, the Sirocco 30 and Chinook 30 models passed the Ultra-Low Emission Burners ("ULEB") test in New Zealand. Standards were set at a maximum of 0.5 grams of emissions per kilogram of wood burned, and both units came in considerably lower. The first orders shipped in December 2017 and continued in 2018. This marked a significant step forward for potential sales increases in a previously untapped market. In Q4 2018, Blaze King also passed the New Zealand ULEB emission standards for the Sirocco 20 freestanding wood stove.

Management of Blaze King believes that the Blaze King brand has significant opportunities for growth in both the wood and gas sectors of the hearth industry. Blaze King's distribution network in eastern Canada, the northeastern United States, and New Zealand is now established, and it is anticipated that this will lead to Blaze King increasing its market share in these areas.

While Blaze King is set to take advantage of the new 2020 EPA regulations, there is a potential concern that Blaze King's competitors will be focusing on selling older non-2020 EPA approved products, as it will be illegal to sell these older products in the United States after May 2020. This focus could adversely affect sales volumes for newer approved products until the older inventory is cleared out.

Over the last few years, Blaze King has developed three new wood models, three new gas models and improved the efficiency and emission output of a further eleven wood burning models. With further product launches anticipated in 2019, the business is in a solid position to capitalize on the new 2020 EPA emissions standards in the United States and the new ULEB emission standards in New Zealand, as well as continue to grow its gas offering for the North American market.

Slimline

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

Slimline has two primary product lines: agricultural sprayers and industrial evaporators; as well as a parts department to service both lines. The agriculture equipment market is in its maturity and the dealership groups are consolidating into larger corporate groups across its customer base. This consolidation provides an opportunity to direct sales to a larger dealership group and offer incentives on that basis, rather than standalones. The focus of Slimline previously was selling sprayers in the Pacific Northwest; new management will be looking to serve the existing base in the Pacific Northwest while also focusing on aggressive expansion through a number of markets in North America, such as California, Florida, Georgia, South Carolina and New York, and targeting large grower operations. Initially the expansion will be targeted in California and Florida where there are significant opportunities in tree nut farms, wineries, stone fruits and citrus fruits. Slimline will continue to develop its current new technology to maximize its opportunities in several of these markets, such as multi row sprayers for the specific fruit varieties.

The industrial evaporator market is currently in its infancy, and Slimline is looking to partner with other service providers to deliver comprehensive remediation solutions to the waste management, oil and gas and mining industries. Management is developing a new go-to-market strategy and building on previous success in the oil and gas, mining, solid and wastewater, food and beverage, power generation and chemical processing industries. The initial focus will be North American centric, but Slimline anticipates adding resources to meet the needs of the global application and customer base for the product. In this regard, a full-time evaporator salesperson was added to the team in late Q3 2018.

Component Manufacturing Segment Overview

The component manufacturing segment manufactures and sells products based on specifications determined by its customers for use in its customers' processes. Within the component manufacturing segment there are two separate businesses: Unicast and Hawk.

Unicast

The Company acquired Unicast in June 2016. 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 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 has a growing dealer distribution base that includes distributors across Canada and the United States, with planned growth in Latin America and the Middle East.

Hawk

The Company acquired Hawk in June 2018. Hawk was founded in 1998 and is positioned in the computer numerical control (CNC) machining/fabrication market as a complete turnkey solution for customized machining products. Over the last five years, customers of Hawk have primarily been market participants in the down hole tool sector of the oil and gas industry, power utility generation, appliance, and other original equipment manufacturers. Products and services include: general machining; fracking tools; ground and subsurface tools; rods and couplings; reconditioning services; and resale parts. Hawk's primary focus is on servicing producers of multi-stage fracking sleeves for the oil and gas industry. Hawk is currently the only turnkey supplier for its main customer. Hawk routinely delivers product direct to end-users rather than customers' facilities for inspection as its historical failure rate is less than 0.005%.

Component Manufacturing Segment Performance

(Stated in thousands of dollars)

March 31,	For the three months ended	
	2019	2018
Sales	\$ 4,351	\$ 2,200
Gross profit	1,466	1,081
Gross profit %	34%	49%
Profit (loss)	(15)	801
Add (deduct):		
Financing costs	17	1
Income tax expense (recovery)	(55)	34
Amortization and depreciation	276	141
EBITDA	223	977
Add (deduct):		
Foreign exchange expense (income)	194	(525)
Adjusted EBITDA	417	452

IFRS measurement to non-IFRS measurement reconciliation presented in the table above.

Three Months Ended March 31, 2019

For the three-month period ended March 31, 2019, the increase in sales over the same period in 2018, was primarily a result of the acquisition of Hawk during in June 2018. The sales generated by Hawk were somewhat offset by a slight decrease in sales for Unicast relative to Q1 2018.

Similarly, the acquisition of Hawk also drove increases in overall gross profit relative to Q1 2018. Despite the overall increase in gross profit, gross profit percentage decreased over the comparative period primarily a result of the addition of Hawk's results, which historically generate lower margin percentages than Unicast. In addition, during Q1 2019 the impact of production limits imposed by the Alberta government in late 2018, and the general decrease in oil and gas activity in the quarter, reduced Hawk's gross profit well below historical Q1 levels for the business. Additionally, steel tariffs on Unicast's products sourced in China and sold into the United States negatively affected gross profit in Q1 2019 compared to Q1 2018.

Both Unicast and Hawk have substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. These costs impact gross profit and adjusted EBITDA. For the three-month period ended March 31, 2019, the adjusted EBITDA generated by Hawk was more than offset by the decrease in sales for Unicast as well as the impact of steel tariffs, resulting in a decrease in segment adjusted EBITDA in Q1 2019 relative to Q1 2018.

Component Manufacturing Segment Industry Trends and OutlookUnicast

Industry trends in the mining, aggregate and cement plant wear-parts industry 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 has developed titanium carbide and ceramic imbedded wear parts over the last several years and is in a position to improve its market share in both of these areas by continuing to add more titanium carbide products to its current product line and continue introducing new ceramic embedded products as they are designed and tested.

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, certain commodity prices have strengthened and new mines are opening across North, Central and South America. Unicast has continued to introduce new products to grow its product line in response to customer demands. Unicast is pursuing new opportunities in Latin America and the Middle East, which represent new markets for Unicast and areas for potential growth in 2019.

Suppliers in China have been impacted by the pollution controls and inspections implemented by the Chinese government. Consistent with many companies that utilize factories in China, emissions inspections and shutdowns have resulted in late deliveries to customers. Unicast management continues to manage supplier risk through the use of secondary vendors to meet demand with sufficient time to prevent any major delays. Unicast management also continues to balance the proportion of its supply from any one foundry (or group of foundries) to mitigate the risk of late deliveries and quality issues. Steel tariffs introduced in Q3 2018, on Chinese steel products entering the United States, negatively impacted gross margins for Unicast in the second half of 2018. Unicast is looking at options to source some products from foundries in other countries, however, until it is able to secure suppliers outside of China, the above noted steel tariffs will continue to negatively impact gross margin in 2019.

Unicast is currently developing and testing new metallurgical compositional grades that could be incorporated into various product lines. The products are currently undergoing field testing with select customers, with results expected in the second half of 2019.

Hawk

Hawk's products are primarily sold to one customer in the North American exploration and production ("E&P") industry. Hawk's ability to generate revenues from its products depends upon oil and natural gas drilling and production activity in North America, which in turn is directly related to oil and natural gas prices.

Over the past several years, North American E&P companies have been able to reduce their cost structures in response to lower oil and natural gas prices and have also utilized technologies to increase efficiency and improve well performance. Sustained declines in commodity prices, combined with potential increases in the cost of drilling and completing wells resulting from high utilization in certain oilfield services categories could lead North American E&P companies to reduce drilling and completion activity, which could negatively impact Hawk's business.

In recent years, E&P companies have drilled longer horizontal wells and completed more hydraulic fracturing stages per well to maximize the volume of hydrocarbon recoveries per well. This trend towards more complex wells has resulted in selling more sleeves per well on average, which increases the revenue opportunity per well completion. Additionally, E&P companies have become increasingly focused on well productivity through optimization of completion designs and we believe this trend may further the adoption of pinpoint stimulation, and in turn, increase the opportunity for machining of products if operators observe benefits and long-term production results from the application of pinpoint stimulation.

The imposition of production limits in Alberta and the general decrease in oil and gas activity in Western Canada, negatively impacted results for that quarter and also led to much lower activity levels and muted results in Q1 2019, which is typically Hawk's busiest quarter. Hawk's slowest quarter is typically the second quarter of the year which coincides with the seasonal decrease in oil and gas activity in Western Canada. Hawk management has responded to the decrease by reducing its labour force by approximately one-third and will work diligently to contain costs until activity levels improve. Hawk management is focused on meeting the needs and exceeding the expectations of the current customer base as well as diversifying its overall customer base.

Head Office Segment Overview

The Canadian public company parent, Decisive Dividend Corporation, is considered a third and separate segment, as its function is as an investment holding and management company.

(Stated in thousands of dollars)

March 31,	For the three months ended	
	2019	2018
Loss	\$ (602)	\$ (460)
Add (deduct):		
Financing costs	157	89
Income tax expense (recovery)	25	-
Amortization and depreciation	5	-
EBITDA	(415)	(371)
Add (deduct):		
Acquisition costs	31	127
Share-based compensation expense	44	75
Interest income	(2)	-
Adjusted EBITDA	(342)	(169)

IFRS measurement to non-IFRS measurement reconciliation presented in the table above.

Three Months Ended March 31, 2019

During the three-month period ended March 31, 2019, Head Office expended \$0.6 million, before income taxes, on corporate activities (\$0.5 million in 2018), an increase of \$0.1 million. The increase was driven by primarily by an increase in financing costs, as a result of the additional debt issued in 2018 in connection with the acquisitions completed last year, as well as increases in salaries, wages and benefits. The increase in salaries, wages and benefits was a result of additions to Decisive's management team. Given the increased scale of the overall organization, and the objective of continuing growth through further acquisitions, a full-time chief operating officer and a new chief financial officer were added in the fall of 2018, which also allowed the former chief financial officer to transition into a chief corporate development officer role within the Company.

Liquidity and Capital Resources

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group currently consists of equity and debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, place new debt, refinance existing debt, or sell assets to fund operations. Management reviews its capital management approach on a regular basis.

The industry trends outlined in the "Finished Product Segment Industry Trends and Outlook" and "Component Manufacturing Segment Industry Trends and Outlook", as well as the market risks described under "Risk Factors" in the Company's annual MD&A can significantly affect the financial condition and liquidity of the Company.

Net Cash and Working Capital

As of the date of this MD&A, the Company had a net cash position of \$1.9 million, compared to net cash of \$2.3 million at March 31, 2019, and net cash of \$1.8 million at December 31, 2018.

As at March 31, 2019, the Company had net working capital of \$9.4 million (December 31, 2018 - \$10.5 million) as follows:

<i>(Stated in thousands of dollars)</i>	March 31,	December 31,	Change
	2019	2018	
Cash and cash equivalents	\$ 2,253	\$ 1,815	438
Accounts receivable	6,553	8,274	(1,721)
Inventory	7,491	7,064	427
Prepaid expenses	465	629	(164)
Accounts payable	(3,825)	(4,562)	737
Dividends payable	(332)	(331)	(1)
Warranty provision	(368)	(410)	42
Prepaid deposits	(1,137)	(283)	(854)
Current portion of long-term debt	(1,673)	(1,673)	-
Net working capital	\$ 9,427	\$ 10,523	(1,096)

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 three months ended March 31, 2019 and 2018 are as follows:

<i>(Stated in thousands of dollars)</i>		March 31, 2019		March 31, 2018
Cumulative dividends, beginning of period	\$	7,578	\$	4,348
Dividends declared during the period		994		558
Cumulative dividends, end of period	\$	8,572	\$	4,906

The amounts and record dates of the dividends for the three months ended March 31, 2019 and 2018 are as follows:

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

Month	2019		2018	
	Per share (\$)	Dividend Amount (\$)	Per share (\$)	Dividend Amount (\$)
January	\$ 0.03	331	\$ 0.03	\$ 186
February	0.03	331	0.03	186
March	0.03	332	0.03	186
April	-	-	0.03	187
May	-	-	0.03	195
June	-	-	0.03	312
July	-	-	0.03	329
August	-	-	0.03	329
September	-	-	0.03	329
October	-	-	0.03	330
November	-	-	0.03	330
December	-	-	0.03	331
Total	\$ 0.09	\$ 994	\$ 0.36	\$ 3,230

Subsequent to March 31, 2019 and before the filing of this MD&A, the Company undertook the following dividend actions:

- a dividend of \$0.03 per share was declared on April 15, 2019 for shareholders of record on April 30, 2019 and was paid on May 15, 2019.
- a dividend of \$0.03 per share was declared on May 15, 2019 for shareholders of record on May 31, 2019 and will be paid on June 14, 2019.

Short-Term Debt

The Group has an operating loan facility authorized up to \$5.0 million, bearing interest at the lender's prime rate plus 0.75%. As at March 31, 2019 and December 31, 2018, the facility was undrawn.

Long-Term Debt

<i>(Stated in thousands of dollars)</i>	Authorized	March 31, 2019 Outstanding	December 31, 2018 Outstanding
Bank of Nova Scotia term loan	\$ 12,472	\$ 12,472	\$ 12,847
Bank of Nova Scotia term equipment loan	1,000	194	214
Trumpf Finance term equipment loan	231	231	258
	13,703	12,897	13,319
Less: current portion		(1,673)	(1,673)
Long-term portion		11,224	11,646

The operating loan facility and long-term debt, as described above, 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, on a trailing 12-month basis
- Minimum Fixed Charge Coverage ratio of 1:1:1, on a trailing 12-month basis (amended to 0.6:1 for the period ending March 31, 2019)

As at March 31, 2019, the Group was in compliance with these ratios.

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

<i>(Stated in thousands of dollars)</i>	
For the years ending March 31,	
2020	\$ 1,673
2021	1,679
2022	9,545
	12,897
Less: current portion	(1,673)
Long-term portion	\$ 11,224

Off-Balance Sheet Arrangements

The Group's does not have any off-balance sheet arrangements.

Disclosure of Outstanding Share Data

The following table sets forth the Company's share capital data as at May 30, 2019, March 31, 2019 and December 31, 2018. Each stock option and each agents' warrant entitle the holder thereof to purchase one common share of the Company.

	May 16, 2019	March 31, 2019	December 31, 2018
Common shares, basic	10,936,324	10,930,049	10,878,391
Contingent common shares	146,666	146,666	146,666
Common shares issued	11,082,990	11,076,715	11,025,057
Stock options outstanding	793,500	793,500	813,500
Agents' warrants outstanding	241,951	241,951	241,951
Common shares, fully diluted	12,118,441	12,112,166	12,080,508

For the three months ended March 31, 2019, an aggregate of 51,658 common shares were issued through Decisive's employee share purchase plan and dividend reinvestment and cash purchase plan, for proceeds of \$0.2 million.

As at March 31, 2019, there were 1,207,023 shares in escrow (December 31, 2018 – 1,161,632) relating to the Company's employee share purchase plan and acquisitions, as follows:

- Employee share purchase plan – 16,751 to be released in September 2019 and 45,391 to be released in September 2020.
- Unicast – 183,332 to be released in June 2019.
- Slimline – 283,157 to be released at one-third per year in June 2019, 2020 and 2021 respectively.
- Hawk – 678,392 to be released at one-third per year in July 2019, 2020 and 2021 respectively.

Related Party Transactions

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

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

Key management compensation for the quarter ended March 31, 2019 included \$0.2 million of salaries and benefits and director fees (March 31, 2018 - \$0.06 million of salaries and benefits). Currently, the Chief Executive Officer position is unpaid. The Chief Operating Officer position became a paid position in September 2018.

During the quarter, the Company incurred legal fees of \$0.01 million (2018 - \$nil) with a law firm in which a director of the Company was a partner.

During the quarter, the Company made lease obligation payments of \$0.05 million (2018 - \$nil) to a president of one of the Company's wholly owned subsidiaries.

Accounting Policies

The Company's significant accounting policies are disclosed in Note 3 of Decisive's audited consolidated financial statements for the year ended December 31, 2018. Accounting policy changes during 2019 are as follows:

Changes in Accounting Policies

Effective January 1, 2019, the Company adopted IFRS 16: Leases. IFRS 16 eliminated the previous dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, operating leases become an on-balance sheet liability that attracts interest, together with a corresponding right-of-use asset, which is depreciated. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information is not restated and is reported under the accounting standards in effect for those periods.

The Company recognized lease obligations of \$2.1 million related to its operating lease commitments which were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use assets were measured at the lease obligation amounts, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard: (i) leases of low dollar value will continue to be expensed as incurred; and (ii) the Company did not apply any grandfathering practical expedients

Critical Accounting Estimates

This MD&A is based on the Company's consolidated financial statements. The preparation of the consolidated financial statements requires that certain estimates and judgements be made with respect to the reported amounts of revenues and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgement. Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. The estimates and judgements considered to be the most significant in the preparation of the consolidated financial statements were described in the Company's 2018 Annual MD&A under the heading "Critical Accounting Estimates". There were no significant changes to the methodologies employed in applying these estimates and judgements in the first three months of 2019.

Financial Instruments

Fair Value Measurement and Disclosure of Financial Assets and Liabilities

The following fair value hierarchy reflects the significance of inputs of valuation techniques used in making fair value measurements and/or disclosures.

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 March 31, 2019 and December 31, 2018, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

The Company's term loan with the Bank of Nova Scotia was measured and recognized in the consolidated statement of financial position at fair value as a level 2 financial instrument. Management determined that the carrying amount of this term loan approximates its fair value due to the variable interest rates applied to this facility, which approximate market interest rates.

The fair values of the Company's remaining long-term debt are estimated based on level-two inputs, which are based on current market interest rates, and are not materially different than their carrying amounts.

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 acquire 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 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:

(Stated in thousands of dollars)

March 31, 2019	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 3,825	\$ 3,825	\$ 3,825	\$ -	\$ -
Dividends payable	332	332	332	-	-
Long-term debt	12,782	14,080	2,249	11,831	-
Operating leases	1,976	2,149	666	1,483	-
	\$ 18,915	\$ 20,386	\$ 7,072	\$ 13,314	\$ -

December 31, 2018	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 4,562	\$ 4,562	\$ 4,562	\$ -	\$ -
Dividends payable	331	331	331	-	-
Long-term debt	13,275	14,659	2,269	12,390	-
Operating leases	-	2,321	663	1,658	-
	\$ 18,168	\$ 21,873	\$ 7,825	\$ 14,048	\$ -

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 of 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 March 31, 2019, the Company expects to recover the full amount of such assets, less any allowance for doubtful accounts in accounts receivable. The following details the aging of the Group's trade accounts receivable:

(Stated in thousands of dollars)

	March 31, 2019		December 31, 2018			
Current	\$	3,207	50.0%	\$	3,618	45.7%
31-60 days		1,484	23.2%		1,922	24.3%
61-90 days		601	9.4%		803	10.1%
>90 days		1,118	17.4%		1,577	19.9%
	\$	6,410	100.0%	\$	7,920	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 creditworthiness 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.

The Group's functional currency for Blaze King Industries Inc. 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 the USD in relation to the CAD.

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

(Stated in thousands of dollars)

2019	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ 1,067	\$ 1,631	\$ (1,012)	\$ 567	\$ 2,253
Accounts receivable	2,658	1,274	207	2,414	6,553
Accounts payable	(2,754)	(424)	(31)	(616)	(3,825)
Dividend payable	(332)	-	-	-	(332)
Inter-company amounts	7,897	(454)	(7,443)	-	-
Long-term debt	(12,533)	(249)	-	-	(12,782)
Net exposure	(3,997)	1,778	(8,279)	2,365	(8,133)
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	89	414	-	503
OCI	\$ -	\$ -	\$ -	\$ (118)	\$ (118)

(Stated in thousands of dollars)

2018	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ 1,451	\$ 761	\$ (840)	\$ 443	1,815
Accounts receivable	2,369	2,515	549	2,841	8,274
Accounts payable	(2,547)	(815)	(272)	(928)	(4,562)
Dividend payable	(331)	-	-	-	(331)
Inter-company amounts	7,367	255	(7,622)	-	-
Long-term debt	(12,996)	(279)	-	-	(13,275)
Net exposure	(4,687)	2,437	(8,185)	2,356	(8,079)
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	122	409	-	531
OCI	\$ -	\$ -	\$ -	\$ (118)	(118)

The calculations above are based on the Group's statement of financial position exposure at March 31, 2019 and December 31, 2018 respectively.

The Group is exposed to interest rate risk on its operating loan and demand loan credit facilities, as described under the headings "Short-term Debt" and "Long-term Debt" earlier in this MD&A, due to the interest rate on these facilities being variable. Of the Group's interest-bearing debt at March 31, 2019, 97% was variable rate (December 31, 2018 - 96%). 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:

(Stated in thousands of dollars)

Interest rate risk	March 31, 2019	December 31, 2018
Floating instruments	\$ 12,472	\$ 12,847
Average balance	12,659	10,624
Impact on profit (loss) of a change in interest rates:		
-1%	127	106
+1%	\$ (127)	\$ (106)

Risk Factors

The Company and its subsidiaries are subject to a number of risks. These risks relate to the organizational structure of the Company and to the operations of its subsidiaries. There were no changes to the principal risks and uncertainties from those reported in the Company's Annual MD&A for the year ended December 31, 2018.

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the most recent interim financial report and this MD&A (the "Interim Filings") of the Company and that, based on their knowledge having exercised reasonable diligence: (a) the Interim 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 Interim Filings; and (b) the interim financial report together with the other financial information included in the Interim Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented in the Interim 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.