

Management's Discussion and Analysis of



# Decisive Dividend

— Corporation —

For the three months ended March 31, 2020

## 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 five manufacturing companies.

The objectives of the Company are:

- (i) To deliver long-term, sustainable and growing dividends to Shareholders by acquiring specialty manufacturing companies (with a sustainable competitive advantage and a focus on non-discretionary products) and providing oversight to ensure sound business operations and appropriate expansion strategies are executed;
- (ii) To maximize share value through on-going active monitoring and active organic growth of 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. 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. ("Slimline"); acquired in May 2018.
- Hawk Machine Works Ltd. ("Hawk"); acquired in June 2018.
- Northside Industries Inc. ("Northside"); acquired in August 2019.

## 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, 2020 and 2019. 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, 2020, the annual audited consolidated financial statements and the related notes for the year ended December 31, 2019, the annual MD&A for the year ended December 31, 2019, the unaudited interim condensed consolidated financial statements for the period ended March 31, 2019, 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, 2020 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](http://www.sedar.com), or on the Company's website at [www.decisivedividend.com](http://www.decisivedividend.com).

This MD&A was prepared effective May 14, 2020.

## 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 profit or loss to calculate "EBITDA" and "Adjusted EBITDA" and the material limitations associated with using these non-IFRS financial measures 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, if any, budgets, forecasts, 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; pandemic; competition; government regulation; environmental regulation; access to capital; market trends and innovation; climate risk; general uninsured losses; risk related to acquisitions; dependence on customers, distributors and strategic relationships; supply and cost of raw materials and purchased parts; operational performance and growth; implementation of the growth strategy; product liability and warranty claims; litigation; reliance on technology and intellectual property risks; availability of future financing; interest rates and debt financing; income tax matters; foreign exchange; dividends; trading volatility of common shares; dilution risk; reliance on management and key personnel; employee and labour relations; conflicts of interest; 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 Group 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:

<b>FINANCIAL PERFORMANCE</b>				
<i>(Stated in thousands of dollars, except per share amounts)</i>				
March 31,	<b>2020</b>		2019	
Sales	\$	<b>12,945</b>	\$	9,866
Gross profit		<b>4,681</b>		3,766
Gross profit %		<b>36%</b>		38%
Adjusted EBITDA <sup>1</sup>		<b>1,653</b>		778
Per share basic		<b>0.14</b>		0.07
Loss before tax		<b>(921)</b>		(303)
Loss		<b>(1,087)</b>		(245)
Per share basic		<b>(0.09)</b>		(0.02)
Per share diluted		<b>n/a</b>		n/a
Dividends declared		<b>1,037</b>		994
Per share basic		<b>0.09</b>		0.09

<sup>1</sup> – see IFRS measurement to non-IFRS measurement reconciliation table below.

<b>FINANCIAL POSITION</b>			
<i>(Stated in thousands of dollars)</i>			
	<b>March 31,</b>	December 31,	
	<b>2020</b>	2019	
Working capital	\$ <b>10,452</b>	\$	10,753
Property and equipment	<b>8,470</b>		8,464
Total assets	<b>58,712</b>		59,390
Long-term debt, excluding debt issuance costs	<b>23,935</b>		24,671
Equity	<b>20,911</b>		21,864
<b>Share Information (000s)</b>			
Common shares issued and outstanding	<b>11,579</b>		11,458

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>			
March 31,	2020		2019
<b>Loss for the period</b>	<b>\$ (1,087)</b>	<b>\$</b>	<b>(244)</b>
Add (deduct):			
Financing costs	<b>576</b>		209
Income tax expense (recovery)	<b>166</b>		(59)
Amortization and depreciation	<b>971</b>		607
<b>EBITDA</b>	<b>626</b>		513
Add (deduct):			
Acquisition costs	<b>-</b>		31
Goodwill impairment losses	<b>1,368</b>		-
Share-based compensation expense	<b>140</b>		44
Foreign exchange expense (income)	<b>(466)</b>		217
Interest income	<b>(8)</b>		(27)
Gain on sale of equipment	<b>(7)</b>		-
<b>Adjusted EBITDA</b>	<b>1,653</b>		778

### ***Discussion of Overall Performance***

#### ***Q1 Consolidated Financial Highlights***

Sales for the first quarter increased to \$12.9 million from \$9.9 million in Q1 2019. An increase in Hawk sales combined with the sales generated by Northside for the quarter, after its acquisition on August 16, 2019, were the primary drivers of the increase relative to Q1 2019. The extent of the year-over-year increase in sales was limited by lower than anticipated March activity due to the onset of the COVID-19 pandemic as well as the significant decline in oil prices.

Overall gross profit increased by \$0.9 million, or 24%, in Q1 2020 relative to Q1 2019. The increase was primarily a result of the increase in sales at Hawk, pricing increases and/or cost containment initiatives, and the gross profit generated by Northside.

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 \$3.9 million in Q1 2019 to \$4.7 million in Q1 2020. Half of the year-over-year quarterly increase was a result of an increase in financing costs driven by the long-term debt incurred in connection with the acquisition of Northside. The remainder of the increase was primarily a result of operating expenses associated with the operation of Northside.

Adjusted EBITDA for the first quarter was \$1.7 million, a \$0.9 million increase compared to Q1 2019. The overall increase in Adjusted EBITDA was primarily driven by the increase in gross profit.

Other items affecting profit (loss) between the first quarters of 2019 and 2020 included a \$1.4 million non-cash impairment loss being recorded against Hawk's goodwill in Q1 2020, as well as foreign exchange gains and losses in the periods. The Q1 2020 goodwill impairment loss was triggered by the worldwide COVID-19 pandemic and significant decline in global oil prices, and the effect of these events on expected oil and gas activity in Western Canada. There were no impairment losses in Q1 2019. Foreign exchange gains and losses also impacted overall profit differences between Q1 2020 and Q1 2019. In Q1 2020, the Group recorded \$0.5 million in foreign exchange gains for the quarter based on a \$0.12 increase in the value of the United States dollar, relative to the Canadian dollar in the quarter. 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, in the first three months of 2019.

The non-cash impairment loss more than offset the foreign exchange gains and increase in gross profit in the quarter and led to a \$1.1 million loss, or \$0.09 per share, in Q1 2020, compared to a loss of \$0.2 million, or \$0.02 per share, in Q1 2019.

## Outlook

A key aspect of Decisive's business model is diversification. The operations of the Company's operating subsidiaries are diversified in terms of the industries, customers, and geographies they serve. Management believes that this diversification is valuable especially amidst the current economic uncertainty stemming from the effects of the worldwide COVID-19 pandemic and the significant decline in global oil prices.

The effects of COVID-19, coupled with the decline in oil prices, have had an unprecedented effect on financial markets and the global economy to date in 2020. Decisive expects that each of its subsidiaries will continue to experience some level of negative effect on their supply chains, customer demand, or both, in the near-term. Decisive has been and continues to consult with the senior executives of its operating subsidiaries on a regular basis with a view to safeguarding its business, its workforce and its customers.

The extent and duration of the effects that COVID-19 and declining oil prices will have on the overall economy remains unknown and as such Decisive intends to manage itself with an abundance of caution in this challenging business environment. As of the reporting date, Decisive has ample availability on its operating line and the Group is actively managing liquidity. To date the Group has implemented measures to reduce costs wherever possible, suspended all non-essential capital expenditures, suspended dividend payments, and pursued all available government subsidy programs. Management believes that these measures will provide greater financial strength through this period of uncertainty. In addition, Decisive's interest only financing is proving beneficial in times like these as it preserves cash flow that can instead be used to pay employees, suppliers and service providers and allow the Company's businesses to continue to serve their customers.

Despite these recent developments, management remains confident in its long-term strategic and operational plans. The Company's seasoned leadership is encouraged about the long-term business prospects of each of its subsidiaries and believes that Group is well positioned for future growth. As one of Decisive's objectives is to pay a regular dividend to its shareholders over the long term, Decisive plans to re-commence the declaration and payment of dividends when appropriate and prudent to do so.

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 several target companies, however 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. In addition, given the significant impact that COVID-19 has had on financial markets and the global economy, capital availability may be constrained in the near-term. Management believes that preserving financial strength and flexibility during

this time of economic uncertainty will better position the Company to take advantage of potential opportunities once the effects of COVID-19 and low oil prices subside.

Decisive is continually assessing the actual and potential impact of these recent developments on the Group. The impact on the Group will depend on a number of factors, including the extent and duration of the impact of these recent developments on the overall economy, as well as their impact on the Group's customers and the industries in which they operate.

## 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 or Northside's businesses. 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 2020	Q4 2019	Q3 2019	Q2 2019
Sales	\$ 12,945	\$ 14,265	\$ 12,122	\$ 11,137
Gross profit	4,681	4,889	4,770	4,163
Gross profit %	36%	34%	39%	37%
Adjusted EBITDA <sup>1</sup>	1,653	2,199	1,909	1,559
Per share basic	0.14	0.19	0.17	0.14
Profit (loss) before tax	(920)	329	447	519
Profit (loss)	(1,087)	456	268	279
Per share basic	(0.09)	0.04	0.02	0.03
Per share diluted	n/a	0.04	0.02	0.02
	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Sales	9,866	13,613	13,616	5,302
Gross profit	3,767	3,794	4,885	2,292
Gross profit %	38%	28%	36%	43%
Adjusted EBITDA <sup>1</sup>	778	1,206	2,561	463
Per share basic	0.07	0.11	0.24	0.08
Profit (loss) before tax	(303)	(392)	1,130	(322)
Profit (loss)	(244)	(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

<sup>1</sup> – 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 2020	Q4 2019	Q3 2019	Q2 2019
<b>Profit (loss) for the period</b>	\$ (1,087)	\$ 456	\$ 268	\$ 279
Add (deduct):				
Financing costs	576	570	461	211
Income tax expense (recovery)	166	(127)	179	239
Amortization and depreciation	971	919	725	664
<b>EBITDA</b>	<b>626</b>	<b>1,818</b>	<b>1,633</b>	<b>1,393</b>
Add (deduct):				
Acquisition costs	-	-	284	13
Goodwill impairment losses	1,368	-	-	-
Inventory fair value adjustments and write downs	-	191	-	-
Share-based compensation expense	140	47	64	53
Foreign exchange expense (income)	(466)	117	(47)	106
Interest income	(8)	26	(2)	(6)
Gain on sale of equipment	(7)	-	(23)	-
<b>Adjusted EBITDA</b>	<b>1,653</b>	<b>2,199</b>	<b>1,909</b>	<b>1,559</b>

	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Profit (loss) for the period</b>	\$ (244)	\$ (133)	\$ 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
<b>EBITDA</b>	<b>513</b>	<b>321</b>	<b>1,851</b>	<b>129</b>
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	49	308	75
Foreign exchange expense (income)	217	(500)	110	(126)
Interest income	(27)	(5)	(3)	-
Gain on sale of equipment	-	(9)	-	-
<b>Adjusted EBITDA</b>	<b>778</b>	<b>1,206</b>	<b>2,561</b>	<b>463</b>

**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 2020 Consolidated Financial Highlights**

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

**Q4 2019 Consolidated Financial Highlights**

Sales for the fourth quarter increased to \$14.3 million from \$13.6 million in Q4 2018. Sales generated by Northside for the quarter, after its acquisition on August 16, 2019, was the primary driver of the increase partially offset by a decrease in Hawk sales relative to Q4 2018. Sales for the other subsidiaries in the quarter were consistent with Q4 2018.

Overall gross profit increased by \$1.1 million, or 29%, in Q4 2019 relative to Q4 2018. The increase was a result of higher gross profit percentages which increased to 34% from 28% over the same period, driven by pricing increases and/or cost containment initiatives, as well as the gross profit generated by Northside. The \$0.3 million of non-cash costs related to expensing the fair value increment of acquired inventory in 2018 in Q4 of last year also impacted gross profit and gross profit percentages in that quarter relative to Q4 2019.

Overall operating expenses increased from \$4.0 million in Q4 2018 to \$4.4 million in Q4 2019. The year-over-year quarterly increase was primarily a result of an increase in financing costs driven by the long-term debt incurred in connection with the acquisition of Northside, the higher interest rate on the new credit facility, and an increase in non-cash charges to amortize deferred financing costs.

Adjusted EBITDA for the fourth quarter was \$2.2 million, a \$1.0 million increase compared to Q4 2018. The overall increase in Adjusted EBITDA was primarily driven by the increase in gross profit.

The increase in gross profit also led to a \$0.6 million increase in overall profit from a \$0.1 million loss, or \$0.01 per share, in Q4 2018 to a profit of \$0.5 million, or \$0.04 per share, in Q4 2019.

Other items affecting profit between the fourth quarters of 2018 and 2019 included a \$0.7 million non-cash impairment loss being recorded against Unicast's goodwill in Q4 2018, as well as foreign exchange gains and losses in the periods. The Q4 2018 goodwill impairment loss was primarily triggered by the imposition of tariffs on Chinese steel products sold into the United States. There were no impairment losses in Q4 2019. Foreign exchange gains and losses also impacted overall profit differences between Q4 2019 and Q4 2018. In Q4 2019, the Group recorded \$0.1 million in foreign exchange losses for the quarter based on a \$0.02 decrease in the value of the United States dollar, relative to the Canadian dollar in the quarter. The Q4 2018 foreign exchange gains of \$0.5 million 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 2018.

#### Q3 2019 Consolidated Financial Highlights

Sales for the three months ended September 30, 2019 for the Group decreased to \$12.1 million, from \$13.6 million in Q3 2018. The primary drivers of the decrease were lower unit sales for Blaze King and a decrease in Hawk sales relative to its record third quarter in 2018. These decreases were partially offset by the contribution of Northside for half of Q3 2019, after being acquired on August 16, 2019. The lower Blaze King sales were attributed to dealer concerns that Blaze King competitors would saturate the market by discounting their stoves that are not compliant under new EPA regulations that come into force in May 2020.

Overall gross profit for the Group decreased by \$0.1 million, or 2%, in Q3 2019 relative to Q3 2018. However, gross profit percentage for the Group over the same period increased to 39% from 36%, driven by pricing increases and/or cost containment initiatives within the Group. The \$0.3 million of non-cash costs related to expensing the fair value increment of acquired inventory in Q3 2018 also impacted gross profit and gross profit percentages in that quarter.

Overall operating expenses increased from \$3.6 million in Q3 2018 to \$4.4 million in Q3 2019. The primary drivers of the year-over-year quarterly increase were: amortization and depreciation which increased by \$0.2 million; financing costs which increased by \$0.3 million; and professional fees which increased by \$0.3 million. The increase in financing costs was driven by the long-term debt incurred in connection with the acquisition of Northside, the higher interest rate on the new credit facility, and an increase in non-cash charges to amortize deferred financing costs. The increase in professional fees primarily related to higher acquisition costs in Q3 2019 relative to Q3 2018, due to timing of acquisitions in 2019 versus 2018.

Adjusted EBITDA for the three months ended September 30, 2019 was \$1.9 million, a \$0.7 million decrease compared to Q3 2018. The \$0.1 million decrease in the Finished Product segment was primarily a result of lower Blaze King sales, as well as higher salaries, wages and benefits and selling, general and administrative costs. The decrease in the Component Manufacturing segment was driven by lower sales for Hawk in the quarter, down from its record quarter in Q3 2018. Although adjusted EBITDA for Hawk in Q3 2019 was below Q3 2018, it was significantly higher relative to the first two quarters of 2019. The decrease in the Head Office segment was due primarily to the expansion of the Decisive management team in late 2018.

#### *Q2 2019 Consolidated Financial Highlights*

Sales for the three months ended June 30, 2019 for the Group increased to \$11.1 million, 110% over Q2 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. Blaze King and Unicast also achieved sales increases relative to Q2 2018, of 27% and 48% respectively.

Overall gross profit for the Group increased by \$1.9 million, or 82%, in Q2 2019 relative to Q2 2018. Gross profit percentage for the Group over the same period declined to 37% from 43%, driven by the change in overall product mix in the period related to the acquisitions of Slimline and Hawk, as well as product mix changes in Blaze King, and the negative impact of tariffs on Chinese steel products on Unicast's gross profit.

Overall operating expenses increased from \$2.7 million in Q2 2018 to \$3.5 million in Q2 2019. The primary drivers of the year-over-year quarterly increase were: amortization and depreciation which increased by \$0.3 million; salaries, wages and benefits which increased by \$0.5 million; and selling, general and administration costs which increased by \$0.3 million. 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. These increases were partially offset by a \$0.3 million decrease in professional fees related to lower acquisition costs in Q2 2019 relative to Q2 2018.

Adjusted EBITDA for the three months ended June 30, 2019 was \$1.6 million, a \$1.1 million increase compared to Q2 2018. Adjusted EBITDA increased in both the Finished Product and Component Manufacturing segments, due primarily to the acquisitions of Slimline and Hawk and despite the negative affect of the steel tariffs noted above.

Foreign exchange gains and losses also impacted overall profit differences between Q2 2019 and Q2 2018 and were a result of fluctuations in the value of the United States dollar, relative to the Canadian dollar, in the comparative periods.

## **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 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 its 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	
	2020	2019
Sales	\$ 5,281	\$ 5,515
Gross profit	2,411	2,300
Gross profit %	46%	42%
Profit	544	375
Add (deduct):		
Financing costs	35	35
Income tax expense (recovery)	128	(29)
Amortization and depreciation	337	326
EBITDA	1,044	707
Add (deduct):		
Foreign exchange expense (income)	(56)	23
Interest income	(2)	(25)
Gain on sale of equipment	(7)	-
Adjusted EBITDA	979	705

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

Three Months Ended March 31, 2020

Overall sales for the segment in Q1 2020, decreased by 4% relative to Q1 2019. The decrease was primarily a result of a decrease in the number of Blaze King units sold related to Q1 2019, which was driven by decreased demand in the second half of March 2020. This decreased demand was due to the onset of the COVID-19 pandemic and the effect thereof on the amount of inventory Blaze King's customers felt comfortable committing to in this early-buy period.

Despite lower Q1 sales, the segment generated higher gross profit percentages in the three-month period ended March 31, 2020 compared to the same period in 2019, resulting in higher overall gross profit for the segment this year versus last. This was primarily a result of pricing increases in Blaze King and the effect of the sales mix in Slimline. In Q1 2020, Slimline sold more evaporator products than it did in Q1 2019, which attract a higher gross profit percentage than its sprayers.

The increase in gross profit combined with a \$0.1 million decrease in operating expenses for the segment, resulted in a \$0.3 million increase in segment adjusted EBITDA, which was \$1.0 million in Q1 2020.

***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 preferences.

New EPA regulations, set to take effect in May 2020, are pushing the wood burning stove industry to meet new stringent emissions levels of under 2 grams of particulate emissions per hour. As of the date of this MD&A, all of Blaze King's products meet the requirements of the EPA 2020 Regulations, and 10 of 12 (83%) product lines offered by Blaze King are more than 50% lower than the new maximum 2-grams of particulate emissions per hour limit. Of note, Blaze King's King and Princess model woodstoves are listed first and second in North America in terms of efficiency by the EPA. This represents a significant achievement for Blaze King after investing over \$2 million in research and development over the last four years, of which \$0.5 million and \$0.8 million was expended in 2019 and 2018 respectively. Blaze King is now well positioned to take advantage of an expected increase in market share. According to information published by the EPA, as of the date hereof, the total number of wood stove manufacturers is expected to decline by 50% and the total number of certified wood stove models is expected to decline by 72%.

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. The New Zealand wood stove market is subject to the Ultra-Low Emission Burners ("ULEB") test which stipulate a maximum of 0.5 grams of emissions per kilogram of wood burned. Blaze King currently has four models that have passed all testing requirements of the New Zealand ULEB emission standards.

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 continues its product development in gas fireplaces and inserts and anticipates new models to be ready for market in 2020. 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.

With further product launches anticipated in 2020, 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. Through mid-March 2020 unit sales and orders in the United States had been tracking ahead of 2019. However, amidst COVID-19 uncertainty over the last two months, retailers began exercising more caution with respect to order levels. The first and second quarters of the year are typically slower seasonal periods for Blaze King, however depending on the extent and duration of the impact that COVID-19 has on the overall economy, sales levels could be negatively affected in the second half of the year as well. Blaze King management will work to maintain appropriate inventory levels and contain costs to be in-line with anticipated sales levels.

### 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 has focused on serving the existing base in the Pacific Northwest while also focusing on aggressive expansion through a number of markets in North America, such as California, Florida, Georgia, South Carolina and New York, and targeting large grower operations. Slimline is also exploring South America and New Zealand as potential international expansion opportunities, which would help mitigate the effects of seasonality on its North American sprayer business. Slimline will continue to develop its current new technology to maximize its opportunities in several of these markets, such as multi row sprayers specific to grape crops.

The industrial evaporator market is still in the relatively early stages of development, 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 developed a new go-to-market strategy, building on previous success in the oil and gas, mining, solid and wastewater, food and beverage, power generation and chemical processing industries. Initial returns on this strategy were realized in Q1 2020, during which evaporator sales were considerably higher than total evaporator sales in all of 2019.

Sprayer sales in Q1 2020 were in-line with expectations, however there is concern that the economic uncertainty stemming from the effects of COVID-19 could impact demand in Q2 and into the second half of the year. Additionally, last year, both apple and cherry crops did not yield the overall quality or market prices that they have been accustomed to, which could impact demand for sprayers in 2020 as well. Early indications are that dealers and farmers are doing their best to continue in a business-as-usual fashion. Slimline management will work to contain costs to mitigate the impact of lower sales should demand levels dictate.

### 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 three separate businesses: Unicast, Hawk and Northside.

#### 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%.

#### Northside

The Company acquired Northside in August 2019. Northside was founded in 1967 and is a full-service provider of welding and fabrication solutions for a diverse number of industries. The primary focus of Northside is in the commercial vehicle and forestry sectors; however, Northside also has exposure to the agriculture, environmental, mining and oil and gas sectors, among others. Northside has produced an expansive range of products for its customers over the years including: truck and automotive components, fuel-hydraulic fluid tanks, j-brackets and straps, bumpers, truck chassis components, cab panels, tanks, architectural components, tool and battery boxes, steel under-decking and much more.

### Component Manufacturing Segment Performance

(Stated in thousands of dollars)

	For the three months ended	
March 31,	2020	2019
Sales	\$ 7,664	\$ 4,351
Gross profit	2,269	1,466
Gross profit %	30%	34%
Loss	(505)	(15)
Add (deduct):		
Financing costs	41	17
Income tax expense (recovery)	13	(55)
Amortization and depreciation	629	276
EBITDA	178	223
Add (deduct):		
Goodwill impairment losses	1,368	-
Foreign exchange expense (income)	(410)	194
Interest income	(6)	-
Adjusted EBITDA	1,130	417

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

Three Months Ended March 31, 2020

For the three-month period ended March 31, 2020, the 76% increase in segment sales over the same period in 2019, was a result of an increase in Hawk sales as well as sales at Northside, which was acquired in Q3 2019. Sales for Unicast were similar to Q1 2019.

Overall segment gross profit increased 55% relative to Q1 2019 based on higher sales in Hawk and the gross profit generated by Northside in the quarter, as gross profit for Unicast was consistent with Q1 2019.

This gross profit increase was the principal reason for the \$0.7 million increase in segment adjusted EBITDA, which was \$1.1 million in Q1 2020.

Based on the continuing effects of COVID-19 and the significant decline in oil prices, impairment indicators for the Company's non-financial assets and goodwill existed as at March 31, 2020. As a result, the Company tested its non-financial assets and goodwill for impairment on a value-in-use basis, using estimated future cash flows that considered past experience, economic trends and industry trends. The 2020 impairment tests performed resulted in a \$1.4 million non-cash impairment loss being recorded against Hawk's goodwill. The impairment loss was primarily a result of the negative effect of the above noted oil price decline and its effect on expected oil and gas activity in Western Canada. The assumptions used in the impairment testing represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty.

**Component Manufacturing Segment Industry Trends and Outlook**Unicast

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 is expected to remain relatively strong. Increased infrastructure spending in recent years has caused continued upward demand on the cement industry. Additionally, certain commodity prices have remained relatively strong keeping mines active across North, Central and South America. Unicast has continued to introduce new products to grow its product line in response to customer demands. Unicast also continues to pursue new opportunities in Latin America and the Middle East.

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



Recent developments with respect to COVID-19 have impacted Unicast over the last ten weeks with much of its supply chain located in China. Unicast's business in January and February of 2020 was largely unaffected; however, manufacturing delays in China as well as delays in shipping due to congestion at the ports negatively affected March 2020 results. Foundry workers in China are now back to work but Unicast management believes it will take time for the foundries to catch up on the back log, which could negatively affect Q2 2020 results. There is also concern over how demand will be impacted for the remainder of 2020 with the risk that cement plants and mines in Canada, the United States and South America could close due to COVID-19 related measures. Unicast management will work to contain costs to mitigate the impact of lower sales should demand levels dictate.

#### 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.

The recent significant oil price decline is expected to result in a decrease in business for Hawk for the remainder of 2020. Hawk's management is taking a proactive approach with a view to ensuring that its production team is sized for the expected activity levels. As previously announced, plant operations had been temporarily suspended in the first three weeks of April, and have since been reinstated on a limited production basis. Management of Hawk has also expanded its sales team in recent months and is taking steps toward further customer and industry diversification.

#### Northside

Currently, Northside's primary focus is in the commercial vehicle and forestry sectors and Northside has two main customers in these areas.

After a robust period of activity in the forestry sector, over the last several months demand for forestry equipment has reduced significantly. This is a result of a combination of decreased activity in the British Columbia forestry industry and high levels of available forestry equipment. This decrease is expected to have a negative effect on Northside in the near-term. Additionally, the extent and duration of the impact that COVID-19 has on the overall economy could result in continued low levels of forestry activity beyond the near term.

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

Northside is also actively working to further diversify its business in terms of both the customers it serves and the products it manufactures. Opportunities to supply products it currently produces, like fuel tanks, to different industries are starting to yield positive results. The distribution of Hydrau-Flo fueling products to augment its fuel tank manufacturing is another business diversification effort that Northside management has undertaken and is continuing to expand. Additionally, Northside is working toward a longer-term goal of manufacturing and supplying its own line of after-market products and has started to gain some results in the commercial truck market with its Iron Feather backpack products.

### **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.

<i>(Stated in thousands of dollars)</i>		
	For the three months ended	
March 31,	2020	2019
Loss	\$ (1,126)	\$ (604)
Add (deduct):		
Financing costs	500	157
Income tax expense (recovery)	25	25
Amortization and depreciation	5	5
EBITDA	(596)	(417)
Add (deduct):		
Acquisition costs	-	31
Share-based compensation expense	140	44
Interest income	-	(2)
Adjusted EBITDA	(456)	(344)

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

### **Three Months Ended March 31, 2020**

During the three-month period ended March 31, 2020, Head Office expended \$1.1 million, before income taxes, on corporate activities (\$0.6 million in 2019), an increase of \$0.5million. The change was driven primarily by a \$0.3 million increase financing costs associated with the increase in long-term debt concurrent with the acquisition of Northside, and a \$0.1 million increase in share-based compensation.

## **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 adjusts 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, purchase shares for cancellation pursuant to normal course issuer bids, adjust the amount of dividends paid to align the dividend policy with shareholder expectations, place new debt, refinance existing debt, or sell assets. Management reviews its capital management approach on a regular basis.

The worldwide COVID-19 pandemic and the significant decline in global oil prices have created a significant level of economic uncertainty, which may challenge the assumptions and estimates used in the Company's forecasts. In light of this uncertainty, Decisive is actively managing its liquidity and has implemented measures to reduce costs wherever possible, suspended all non-essential capital expenditures, suspended dividend payments, and is pursuing all available government subsidy programs. The directors and management of Decisive believe that these capital preservation measures will provide greater financial strength through this period of uncertainty.

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 Information Form and its Annual MD&A can significantly affect the financial condition and liquidity of the Company.

### ***Cash and Working Capital***

As of the date of this MD&A, the Company had cash of \$2.0 million, compared to cash of \$0.5 million at March 31, 2020, and cash of \$0.4 million at December 31, 2019.

As at March 31, 2020, the Company had net working capital of \$10.5 million (December 31, 2019 - \$10.8 million) as follows:

		March 31, 2020	December 31, 2019	Change
<i>(Stated in thousands of dollars)</i>				
Cash, net of bank indebtedness	\$	469	\$ 435	\$ 34
Accounts receivable		8,760	8,343	417
Inventory		8,469	8,327	142
Prepaid expenses		701	799	(98)
Accounts payable		(5,856)	(5,478)	(378)
Dividends payable		(347)	(344)	(3)
Warranty provision		(290)	(287)	(3)
Prepaid deposits		(492)	(92)	(400)
Current portion of lease obligations		(849)	(851)	2
Current portion of long-term debt		(111)	(97)	(14)
Net working capital	\$	10,454	\$ 10,755	\$ (301)

### ***Dividends Declared and Paid***

The Company’s Board of Directors regularly examines the dividends paid to shareholders.

Cumulative dividends for the three months ended March 31, 2020 are as follows:

	March 31, 2020
<i>(Stated in thousands of dollars)</i>	
Cumulative dividends, beginning of period	\$ 11,619
Dividends declared during the period	1,037
Cumulative dividends, end of period	\$ 12,656

The amounts and record dates of the dividends declared for the three months ended March 31, 2020 and 2019 are as follows:

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

Month	2020		2019	
	Per share (\$)	Dividend Amount (\$)	Per share (\$)	Dividend Amount (\$)
January	\$ 0.03	\$ 344	\$ 0.03	\$ 331
February	0.03	345	0.03	331
March	0.03	348	0.03	332
April	-	-	0.03	332
May	-	-	0.03	333
June	-	-	0.03	333
July	-	-	0.03	333
August	-	-	0.03	343
September	-	-	0.03	343
October	-	-	0.03	343
November	-	-	0.03	343
December	-	-	0.03	344
<b>Total</b>	<b>\$ 0.09</b>	<b>\$ 1,037</b>	<b>\$ 0.36</b>	<b>\$ 4,041</b>

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid during the three months ended March 31, 2020, \$0.9 million (2019 - \$0.97 million) were settled in cash and \$0.13 million (2019 - \$0.03 million) were reinvested in additional common shares of the Company, pursuant to the Company's dividend reinvestment and cash purchase plan ("DRIP").

On March 31, 2020, the Board of Directors made the difficult but prudent business decision to suspend monthly dividend payments in response to the considerable economic uncertainty surrounding the worldwide COVID-19 pandemic and the significant decline in global oil prices. The April 15, 2020 payment of the dividend declared on March 31, 2020, marked the 58th consecutive monthly dividend payment with \$12.7 million in aggregate dividends paid out during that time. Decisive remains committed to paying a dividend over the long term and plans to re-commence the declaration and payment of dividends when determined appropriate by its Board of Directors.

### Long-Term Debt

(Stated in thousands of dollars)	Authorized	May 14, 2020	March 31, 2020	December 31, 2019
		Outstanding	Outstanding	Outstanding
Bank of Nova Scotia revolving term loan (i)	10,000	\$ 1,500	\$ 2,960	\$ 3,670
Roynat Capital non-amortizing term loan (ii)	21,200	20,945	20,945	20,945
Trumpf Finance equipment loans	124	124	141	153
	31,324	22,569	24,046	24,768
Less: current portion		(111)	(111)	(97)
Long-term portion		22,458	23,935	24,671

The Company has a credit agreement in place with its senior lenders, the Bank of Nova Scotia ("BNS") and Roynat Capital Inc., a subsidiary of BNS, which provides for the credit facilities described in (i) and (ii) below:

- (i) The revolving term loan with BNS is for a committed three-year term and all drawn amounts are due in August 2022. The Company's ability to access the revolving term loan is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. The revolving term loan bears interest at the lender's prime rate plus 1% or bankers' acceptances plus 2.5%. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term loan.
- (ii) The non-amortizing term loan with Roynat Capital Inc. is for a committed three-year term and all drawn amounts are due in August 2022. The term loan bears interest at a fixed rate of 8% with no required principal payments for the three-year term of the loan.

The credit facilities with the Company's senior lenders are collectively 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 on a trailing twelve-month basis:

- Maximum total funded debt to EBITDA of 3.0:1
- Minimum fixed charge coverage ratio of 1:1:1

As at March 31, 2020, the Group was in compliance with these ratios.

As at March 31, 2020, principal payments required over the next three years were estimated as follows:

*(Stated in thousands of dollars)*

For the twelve month periods ending March 31,

2021	\$	111
2022		30
2023		23,905
		24,046
Less: current portion		(111)
Long-term portion	\$	23,935

The Company's senior lenders have indicated that they remain supportive of the Company as it navigates through the considerable economic uncertainty that has arisen as a result of the COVID-19 pandemic and the significant decline in global oil prices.

### **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 14, 2020, March 31, 2020 and December 31, 2019. Each deferred and restricted share unit entitle the holder thereof to one common share of the Company pending the satisfaction of certain vesting, settlement and/or redemption criteria. Each stock option and each agents' warrant entitle the holder thereof to purchase one common share of the Company.

	May 14, 2020	March 31, 2020	December 31, 2019
Common shares, basic	11,618,482	11,578,591	11,457,613
Deferred and restricted share units outstanding	101,562	99,558	55,881
Stock options outstanding	877,500	887,500	888,500
Agents' warrants outstanding	-	-	37,005
Common shares, fully diluted	12,597,544	12,565,649	12,438,999

For the three months ended March 31, 2020, an aggregate of 120,978 common shares were issued through Decisive's employee share purchase plan, DRIP, and the exercise of stock options. These share issuances generated cash proceeds of \$0.3 million and reduced the amount of cash dividends paid by an additional \$0.1 million.

As at March 31, 2020, there were 957,572 shares in escrow (December 31, 2019 – 957,572) relating to the Company's completed acquisitions, as follows:

- Slimline – 188,771 to be released at one-half per year in June 2020 and 2021 respectively.
- Hawk – 452,261 to be released at one-half per year in July 2020 and 2021 respectively.
- Northside – 316,539 to be released at one-third per year in August 2020, 2021 and 2022 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 three months ended March 31, 2020 included \$0.2 million of salaries, benefits and director fees (2019 - \$0.21 million) and \$0.12 million of share-based compensation (2019 - \$nil). Currently, the Chief Executive Officer position does not receive cash compensation.

During the three months ended March 31, 2020, the Company incurred legal fees of \$0.01 million (2019 - \$0.01 million) with a law firm in which a director of the Company was a partner.

During the three months ended March 31, 2020, the Company made lease obligation payments of \$0.05 million (2019 - \$0.05 million) to a president of one of the Company's wholly owned subsidiaries.

## Accounting Policies

The Company's significant accounting policies are disclosed in Note 4 of Decisive's audited consolidated financial statements for the year ended December 31, 2019. During 2020, there have not been any changes in the accounting policies or methods of computation used.

## 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 2019 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 2020.

## 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, when required, 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, 2020 and December 31, 2019, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature. Management determined that the fair value of the Company's long-term debt was not materially different than their carrying amounts as they are based on current market interest rates.

### *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 is 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)*

			Total			
March 31, 2020	Carrying value		contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	\$ 5,856	\$	5,856	\$ 4,850	\$ 1,006	\$ -
Dividends payable	347		347	347	-	-
Long-term debt	23,805		28,405	1,933	26,472	-
Lease obligations	3,327		3,640	972	2,668	-
	\$ 33,335	\$	38,248	\$ 8,102	\$ 30,146	\$ -

<b>December 31, 2019</b>	<b>Carrying value</b>	<b>Total contractual cash flows</b>	<b>Within one year</b>	<b>Two to five years</b>	<b>More than five years</b>
Accounts payable	\$ 5,478	\$ 6,484	\$ 5,478	\$ 1,006	\$ -
Dividends payable	344	344	344	-	-
Long-term debt	24,505	29,185	1,959	27,226	-
Lease obligations	3,211	3,537	984	2,553	-
	<b>\$ 33,538</b>	<b>\$ 39,550</b>	<b>\$ 8,765</b>	<b>\$ 30,785</b>	<b>\$ -</b>

As discussed in this MD&A, the Group has and expects to continue to experience some negative impacts from the worldwide COVID-19 pandemic and the significant decline in global oil prices. These events have created uncertainty in forecasted results for 2020 which, depending on the extent and duration of these impacts, could impair the Company's ability to meet certain debt covenants. A potential covenant breach could result in the Company's senior lenders having the right to demand repayment on short notice until such time as the covenants have been satisfied or renegotiated.

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

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 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, 2020, the Company expects to recover the full amount of such assets, less any expected credit losses.

The following details the aging of the Group's trade accounts receivable:

*(Stated in thousands of dollars)*

	<b>March 31, 2020</b>		<b>December 31, 2019</b>	
Current	\$	<b>4,416</b>	52%	\$ 4,008 49%
31-60 days		<b>1,718</b>	20%	1,958 24%
61-90 days		<b>184</b>	2%	1,007 12%
>90 days		<b>2,239</b>	26%	1,249 15%
Trade accounts receivable		<b>8,557</b>	100%	8,222 100.0%
Less: expected credit losses		<b>(110)</b>		(88)
Net trade accounts receivable	\$	<b>8,447</b>		\$ 8,134

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. The increase in amounts aged over 90 days since being invoiced, relative to December 31, 2019, is primarily a result of extended terms offered to customers by Slimline to drive sales during its slower fourth quarter wherein certain cases the sales were not payable until Q2 2020. Of the amount aged over 90 days at March 31, 2020, 58% has been collected to the date of this MD&A.



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)*

<b>2020</b>	<b>Entities with a CAD functional currency</b>		<b>Entities with a USD functional currency</b>		<b>Total</b>
	<b>CAD</b>	<b>USD</b>	<b>CAD</b>	<b>USD</b>	
Cash	\$ 37	\$ 429	\$ (129)	\$ 132	<b>469</b>
Accounts receivable	4,139	2,133	467	2,021	<b>8,760</b>
Accounts payable	(5,163)	(452)	(82)	(159)	<b>(5,856)</b>
Dividend payable	(347)	-	-	-	<b>(347)</b>
Inter-company amounts	10,742	(3,102)	(7,640)	-	<b>-</b>
Long-term debt	(23,664)	(141)	-	-	<b>(23,805)</b>
Net exposure	(14,256)	(1,133)	(7,384)	1,994	<b>(20,779)</b>
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	(57)	369	-	<b>312</b>
OCI	\$ -	\$ -	\$ -	\$ (100)	<b>(100)</b>

*(Stated in thousands of dollars)*

<b>2019</b>	<b>Entities with a CAD functional currency</b>		<b>Entities with a USD functional currency</b>		<b>Total</b>
	<b>CAD</b>	<b>USD</b>	<b>CAD</b>	<b>USD</b>	
Cash	\$ 463	\$ 580	\$ (607)	\$ (1)	<b>435</b>
Accounts receivable	3,997	1,785	282	2,279	<b>8,343</b>
Accounts payable	(4,641)	(579)	(211)	(47)	<b>(5,478)</b>
Dividend payable	(344)	-	-	-	<b>(344)</b>
Inter-company amounts	9,554	(2,080)	(7,474)	-	<b>-</b>
Long-term debt	(24,352)	(153)	-	-	<b>(24,505)</b>
Net exposure	(15,323)	(447)	(8,010)	2,231	<b>(21,549)</b>
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	(22)	401	-	<b>379</b>
OCI	\$ -	\$ -	\$ -	\$ (112)	<b>(112)</b>

The calculations above are based on the Group's statement of financial position exposure at March 31, 2020 and December 31, 2019 respectively.

The Group is exposed to interest rate risk on its long-term debt, as described under the heading "Long-term Debt" earlier in this MD&A, due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt at March 31, 2020, 12% was variable rate (December 31, 2019 - 15%). 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)*

<b>Interest rate risk</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Floating instruments	\$ 2,960	\$ 3,670
Average balance	3,315	9,562
Impact on profit (loss) of a change in interest rates:		
-1%	33	96
+1%	\$ (33)	\$ (96)

## Risk Factors

The Company and its subsidiaries are subject to a number of risk factors. These risk factors relate to the organizational structure of the Company and to the operations of its subsidiaries. There were no changes to the principal risk factors from those reported in the Company's Annual MD&A for the year ended December 31, 2019.

## 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.