Management's Discussion and Analysis of

Decisive Dividend Corporation

For the six months ended June 30, 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 five 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. 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.
- 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 and six months ended June 30, 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 June 30, 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 June 30, 2018, as well as the Cautionary Statement Regarding Forward-Looking Information and Statements in this MD&A. This MD&A covers the six months ended June 30, 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 August 22, 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)

	For the three months ended		For the six months ended	
June 30,	**2019**	2018	**2019**	2018
Sales	**$ 11,137**	$ 5,302	**$ 21,002**	$ 10,763
Gross margin	**4,163**	2,292	**7,929**	4,557
Gross margin %	**37%**	43%	**38%**	42%
Adjusted EBITDA [1]	**1,559**	463	**2,339**	803
Per share basic	**0.14**	0.08	**0.21**	0.13
Profit (loss) before tax	**519**	(322)	**216**	(64)
Profit (loss)	**280**	(262)	**36**	11
Per share basic	**0.03**	(0.04)	**-**	-
Per share diluted	**0.02**	n/a	**n/a**	n/a
Dividends declared	**998**	694	**1,992**	1,253
Per share basic	**0.09**	0.09	**0.18**	0.18

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

FINANCIAL POSITION

(Stated in thousands of dollars)

	June 30, 2019	December 31, 2018
Working capital	**$ 8,296**	$ 10,523
Property and equipment	**4,871**	5,226
Total assets	**43,115**	44,329
Long-term debt, excluding debt issuance costs	**10,802**	11,646
Equity	**21,743**	23,417
Share Information (000s)		
Common shares issued	**11,099**	11,025
Common shares issued and outstanding	**11,099**	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:

(Stated in thousands of dollars)	For the three months ended		For the six months ended	
June 30,	**2019**	2018	**2019**	2018
Profit (loss) for the period	**$ 280**	$ (262)	**$ 36**	$ 11
Add (deduct):				
Financing costs	**211**	169	**420**	282
Income tax expense (recovery)	**239**	(60)	**180**	(75)
Amortization and depreciation	**664**	282	**1,271**	519
EBITDA	**1,394**	129	**1,907**	737
Add (deduct):				
Acquisition costs	**12**	324	**44**	452
Inventory fair value adjustments and write downs	**-**	61	**-**	61
Share-based compensation expense	**53**	75	**97**	150
Foreign exchange expense (income)	**106**	(126)	**323**	(595)
Interest income	**(6)**	-	**(32)**	(2)
Adjusted EBITDA	**1,559**	463	**2,339**	803

Discussion of Overall Performance

Q2 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.

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 $2.7 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. The Q2 2019 foreign exchange losses of $0.1 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 Q2 2018 the foreign exchange gains of $0.1 million were a result of the $0.03 increase in the value of the United States dollar through Q2 of last year.

The overall profit for Q2 2019 was $0.3 million, or $0.03 per share, compared to a loss of $0.3 million, or $0.04 per share in Q2 2018.

Year-to-Date Consolidated Financial Highlights
Sales for the six months ended June 30, 2019 for the Group increased to $21.0 million, 95% over the same period in 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, although both Blaze King and Unicast realized higher sales as well.

Overall gross profit for the Group increased by $3.4 million, or 74%, in the first half of 2019 relative to the first half of 2018. Gross profit percentage for the Group over the same period declined to 38% from 42%, 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, particularly in Q1 2019.

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 $5.2 million in the first half of 2018 to $7.4 million in the first half of 2019. The primary drivers of the year-over-year increase were: amortization and depreciation which increased by $0.5 million; salaries, wages and benefits which increased by $1.2 million; and selling, general and administration costs which increased by $0.6 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 the respective periods.

Adjusted EBITDA for the six months ended June 30, 2019 was $2.3 million, a $1.5 million increase compared to the first half of 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 the first half of 2019 and the first half of 2018. The first half 2019 foreign exchange losses of $0.3 million were a result of the $0.06 decrease in the value of the United States dollar, relative to the Canadian dollar, through the first half of the year. Conversely, in the first half of 2018 the foreign exchange gains of $0.6 million were a result of the $0.06 increase in the value of the United States dollar through the first half of last year.

Subsequent Transactions

On August 16, 2019, the Company acquired all of the issued and outstanding shares of Northside Industries ("Northside"). Northside, a privately held specialty manufacturing company, is a full-service provider of welding and fabrication solutions for a diverse number of industries. The current focus of Northside is in the commercial vehicle and forestry sectors, and Northside also has exposure to the agriculture, environmental, and oil and gas sectors, among others.

The aggregate purchase price for the acquisition of Northside was $12.2 million plus up to an additional $4.0 million contingent on Northside meeting certain earnings targets over the next three years. The purchase consideration was comprised of $11.0 million in cash and 316,539 common shares of Decisive (representing $1.2 million divided by $3.791, being the volume weighted average trading price of the common shares of Decisive for the ten trading day period ended August 15, 2019). The Company funded the cash portion of the consideration through a debt financing, as described below.

In conjunction with the acquisition of Northside, the Company entered into a credit agreement with the Bank of Nova Scotia ("BNS") and Roynat Inc., a subsidiary of BNS, to refinance the Company's pre-existing BNS debt and fund the cash portion of the Northside acquisition. The existing BNS operating loan facility, equipment financing term revolving loan facility, and term loan outlined in this MD&A under "Liquidity and Capital Resources", have been replaced with:

- A $10.0 million revolving term loan bearing interest at the lender's prime rate plus 1% or bankers' acceptances plus 2.5%, and standby fees of 0.25% on the unused portion of the revolving term loan. The revolving term loan is for a committed three-year term.
- A $21.2 million term loan, bearing interest at a fixed rate of 8% with no required principal payments for the three-year term of the loan.
- The financial covenants under the new financing arrangement will consist of a maximum total funded debt to adjusted EBITDA of 3.0:1 and a minimum fixed charge coverage ratio of 1.1:1.

The acquisition date fair value of the assets acquired and liabilities assumed in the acquisition of Northside are currently being determined.

The acquisition of Northside is anticipated to have a positive financial impact on Decisive as it is expected to result in an increase in profit before taxes, EBITDA, and Adjusted EBITDA. Further particulars regarding certain (unaudited) historical financial information concerning Northside and the combined pro forma historical financial results of Decisive and Northside are set forth in Decisive's material change report dated August 8, 2019, a copy of which is available on SEDAR at www.sedar.com.

Outlook

The Company has continued to advance its growth strategy in 2019. As described under "Subsequent Transactions" in this MD&A, in August 2019, the Company acquired Northside. This is the third acquisition completed in the last fifteen months, further diversifying the Group and its customer base, and strategically strengthening its mix of product offerings and industry exposure. Moreover, the expanded scale of the Group will better position Decisive to withstand near-term fluctuations in demand driven by weather, seasonality or other macro-economic factors and therefore sustain a base level of cash flow for servicing the Company's debt obligations and its monthly dividend.

In conjunction with the acquisition of Northside, the Company also entered into a credit agreement to refinance its existing debt structure. The new debt arrangement doubled the size of the Company's available operating line to $10 million and replaced the current amortizing term loan with an interest only term loan. Moving to interest only financing better aligns with Decisive's objectives as it provides flexibility to manage through short-term fluctuations in demand driven by weather, seasonality or other macro-economic factors.

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. 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)

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Sales	$ **11,137**	$ 9,866	$ 13,613	$ 13,616
Gross margin	**4,163**	3,766	3,794	4,885
Gross margin %	**37%**	38%	28%	36%
Adjusted EBITDA [1]	**1,559**	780	1,206	2,561
Per share basic	**0.14**	0.07	0.11	0.24
Profit (loss) before tax	**519**	(301)	(392)	1,130
Profit (loss)	**280**	(242)	(133)	672
Per share basic	**0.03**	(0.02)	(0.01)	0.06
Per share diluted	**0.02**	n/a	n/a	0.06

	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Sales	5,302	5,462	7,544	5,946
Gross margin	2,292	2,266	3,190	2,541
Gross margin %	43%	41%	42%	43%
Adjusted EBITDA [1]	463	340	1,824	815
Per share basic	0.08	0.06	0.31	0.14
Profit (loss) before tax	(322)	258	428	358
Profit (loss)	(262)	273	551	207
Per share basic	(0.04)	0.05	0.09	0.04
Per share diluted	n/a	0.04	0.08	0.03

[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)

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Profit (loss) for the period	$ **280**	$ (242)	$ (133)	$ 672
Add (deduct):				
Financing costs	**211**	209	201	206
Income tax expense (recovery)	**239**	(59)	(259)	459
Amortization and depreciation	**664**	607	512	514
EBITDA	**1,394**	515	321	1,851
Add (deduct):				
Acquisition costs	**12**	31	12	20
Goodwill impairment losses	**-**	-	717	-
Inventory fair value adjustments and write downs	**-**	-	621	275
Share-based compensation expense	**53**	44	49	308
Foreign exchange expense (income)	**106**	217	(500)	110
Interest income	**(6)**	(27)	(5)	(3)
Gain on sale of equipment	**-**	-	(9)	-
Adjusted EBITDA	**1,559**	780	1,206	2,561

	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Profit (loss) for the period	$ (262)	$ 273	$ 551	$ 207
Add (deduct):				
Financing costs	169	113	161	108
Income tax expense (recovery)	(60)	(15)	(123)	151
Amortization and depreciation	282	237	179	266
EBITDA	129	608	768	732
Add (deduct):				
Acquisition costs	324	127	-	-
Inventory fair value adjustments and write downs	61	-	478	171
Share-based compensation expense	75	75	68	90
Foreign exchange expense (income)	(126)	(469)	517	(181)
Interest income	-	(1)	(7)	3
Gain on sale of equipment	-	-	-	-
Adjusted EBITDA	463	340	1,824	815

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:

Q2 2019 Consolidated Financial Highlights
For the discussion of Q2 results see "Overall Performance" earlier in this MD&A.

Q1 2019 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 and were a result of fluctuations in the value of the United States dollar, relative to the Canadian dollar, in the comparative periods.

Q4 2018 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 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 2018 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.

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)

	For the three months ended		For the six months ended	
June 30,	**2019**	2018	**2019**	2018
Sales	$ **6,399**	$ 3,429	$ **11,913**	$ 6,690
Gross profit	**2,514**	1,300	**4,815**	2,484
Gross profit %	**39%**	38%	**40%**	37%
Profit	**540**	150	**916**	81
Add (deduct):				
Financing costs	**37**	11	**71**	34
Income tax expense (recovery)	**197**	31	**169**	(18)
Amortization and depreciation	**332**	137	**659**	233
EBITDA	**1,106**	329	**1,815**	330
Add (deduct):				
Inventory fair value adjustments and write downs	**-**	61	**-**	61
Foreign exchange expense (income)	**(2)**	20	**21**	76
Interest income	**(3)**	-	**(27)**	(2)
Adjusted EBITDA	**1,101**	410	**1,809**	465

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

Three Months Ended June 30, 2019

Sales for the segment increased by 87% for the three-month period ended June 30, 2019, compared to the same period in 2018, due primarily to the acquisition of Slimline in May 2018. Slimline had seasonally strong agricultural sales in both sprayers and parts, and also completed its first evaporator sales since being acquired last year. In addition to the sales generated by Slimline, sales for Blaze King also increased by 27% relative to Q2 2018. The increase for Blaze King was a result of an increase in units sold, based on the continuing success of its early-buy program, and higher prices compared to Q2 2018.

The increase in overall sales for the segment resulted in a 94% increase in gross profit for the three-month period ended June 30, 2019 compared to the same period in 2018. This was primarily a result of the gross profit generated by Slimline in the quarter. Gross profit increased in Blaze King as well, based on higher sales.

The gross profit increases for the segment led to significantly higher adjusted EBITDA of $1.1 million in Q2 2019, an increase of $0.7 million relative to Q2 2018.

Six Months Ended June 30, 2019

Overall sales increased by 78% in the first half of 2019, compared to the first half of 2018, due to the acquisition of Slimline in May 2018 and pricing increases in Blaze King. Year-to-date units sold for Blaze King were similar to the first half of 2018, while Slimline's sales were generated by strong demand of its agricultural sprayers and parts. Slimline also completed its first evaporator sales since being acquired last year.

Similar to sales, the 94% increase in overall gross profit in the first half of 2019 compared to the first half of 2018 was driven by strong sales in Slimline. On a stand-alone basis, Blaze King gross profit percentages were comparable to the first half of 2018, as general pricing increases were offset by increases in sales of lower margin products.

The gross profit increases for the segment led to significantly higher adjusted EBITDA of $1.8 million in the first half of 2019, an increase of $1.3 million relative to the first half of 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 has three wood fireplace insert models tested and approved for sale in accordance with 2020 EPA standards. Blaze King also finalized the certification process for its Princess PE32 freestanding woodstove at the end of 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 one of the highest efficiency levels, at 80%, of any wood stove that is certified to the new 2020 EPA regulations. The Princess PE32 went into production at the end of Q1 2019 and has been very well received by retailers.

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 late 2018, Blaze King also passed all testing requirements of the New Zealand ULEB emission standards for the Sirocco 20 and the Chinook 20 models, increasing its offering to four models for that market. The Sirocco 20 and Chinook 20 firebox sizes are more suited to New Zealand home design and this marked a big step in the development of the New Zealand market for Blaze King. Blaze King started shipping these new models to New Zealand in Q1 2019.

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 Q1 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.

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, two new gas models and improved the efficiency and emission output of a further eleven wood burning models. The launch of the Princess PE32 in late Q1 2019 was a significant milestone for Blaze King, as the Princess PE32 is listed by the EPA as the most efficient and cleanest burning wood stove of its size that is 2020 approved, with a 0.4 grams per hour emission level. This is well below the new EPA 2020 maximum allowable emissions level of 2.0 grams per hour.

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.

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 for the period ended June 30, 2019, there were two separate businesses: Unicast and Hawk. Beginning in Q3 2019, Northside's business will also form part of this segment.

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)

	For the three months ended		For the six months ended	
June 30,	**2019**	2018	**2019**	2018
Sales	$ **4,738**	$ 1,873	$ **9,089**	$ 4,073
Gross profit	**1,649**	992	**3,114**	2,073
Gross profit %	**35%**	53%	**34%**	51%
Profit	**317**	363	**301**	1,165
Add (deduct):				
Financing costs	**15**	1	**32**	1
Income tax expense (recovery)	**1**	(81)	**(55)**	(46)
Amortization and depreciation	**326**	146	**602**	287
EBITDA	**659**	429	**880**	1,407
Add (deduct):				
Foreign exchange expense (income)	**108**	(145)	**303**	(671)
Interest income	**(1)**	-	**(2)**	-
Adjusted EBITDA	**766**	284	**1,181**	736

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

Three Months Ended June 30, 2019
For the three-month period ended June 30, 2019, the 153% increase in sales over the same period in 2018, was a result of the acquisition of Hawk in June 2018 and a 48% increase in sales for Unicast.

Similarly, the acquisition of Hawk was also the primary driver for the increases in overall gross profit relative to Q2 2018, despite the second quarter being Hawk's seasonally slowest quarter of the year as a result of the seasonal decrease in oil and gas activity in Western Canada. For Unicast, the increase in gross profit in the quarter, compared to Q2 2018, was limited to 14% due to the negative impact of steel tariffs on its products sourced in China and sold into the United States. Despite the overall increase in gross profit, gross profit percentage for the segment decreased over the comparative period as a result of both the above noted steel tariffs and the addition of Hawk's results, which historically generate lower margin percentages than Unicast. Absent the effect of the steel tariffs, Unicast's gross profit percentage in Q2 2019 would have been in line with Q2 2018.

The gross profit increases for the segment led to significantly higher adjusted EBITDA of $0.8 million in Q2 2019, an increase of $0.5 million relative to Q2 2018.

Six Months Ended June 30, 2019
Overall sales increased by 123% in the first half of 2019, compared to the first half of 2018, due to the acquisition of Hawk at the end of Q2 2018 and a 15% increase in sales at Unicast.

Similar to sales, the increase in overall gross profit in the first half of 2019, compared to the first half of 2018 was driven by the acquisition of Hawk. On a stand-alone basis, for Unicast overall gross profit decreased by 9%, relative to the first half of 2018, as a result of the negative impact of tariffs on Chinese steel products sold into the United States. Absent the effect of the steel tariffs, Unicast's gross profit percentage in the first half of 2019 would have been in line with the first half of 2018.

In addition, during the first half of 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 period, reduced Hawk's gross profit well below historical levels for the business, particularly in the first quarter. In response, Hawk management reduced its labour force by approximately one-third and worked diligently to contain costs in the first half of the year. The labour reductions resulted in $0.1 million in severance costs in the first half of 2019.

Despite the negative effects of the above noted steel tariffs on Unicast, as well as muted oil and gas activity levels and severance costs on Hawk, adjusted EBITDA for the segment increased by $0.4 million in first half of 2019, compared to the first half of 2018.

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 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 and the first half of 2019. 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 for the remainder of 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, have negatively impacted Hawk's results for the last three quarters. 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. Based on guidance from its main customer, Hawk management expects activity in the second half of the year to increase relative to the first half of 2019.

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)

	For the three months ended		For the six months ended	
June 30,	**2019**	2018	**2019**	2018
Loss	$ **(576)**	$ (775)	$ **(1,181)**	$ (1,235)
Add (deduct):				
Financing costs	**159**	156	**316**	247
Income tax expense (recovery)	**41**	(10)	**66**	(11)
Amortization and depreciation	**5**	-	**11**	-
EBITDA	**(371)**	(629)	**(788)**	(999)
Add (deduct):				
Acquisition costs	**12**	325	**44**	451
Share-based compensation expense	**53**	75	**97**	150
Interest income	**(2)**	-	**(4)**	-
Adjusted EBITDA	**(308)**	(229)	**(651)**	(398)

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

Three Months Ended June 30, 2019

During the three-month period ended June 30, 2019, Head Office expended $0.5 million, before income taxes, on corporate activities ($0.8 million in 2018), a decrease of $0.3 million. The change was driven primarily by a decrease in professional fees which primarily related to lower acquisition costs in Q2 2019 relative to Q2 2018. The decrease in acquisition costs was partially offset by a $0.1 million increase in salaries, wages and benefits, as a result of additions to Decisive's management team and the introduction of Director's fees in 2019. 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.

Six Months Ended June 30, 2019

For the six months ended June 30, 2019, Head Office expended $1.1 million, before income taxes, on corporate activities ($1.2 million in 2018), a decrease of $0.1 million. The change was driven by a $0.4 million decrease in professional fees related primarily to lower acquisition costs in the first half of 2019 versus the first half of 2018. This decrease was partially offset by a $0.1 million increase in financing costs and a $0.2 million increase in salaries, wages and benefits. The increase in financing costs was a result of the additional debt issued in 2018 in connection with the acquisitions completed last year. The increase in salaries, wages and benefits was a result of additions to Decisive's management team and the introduction of Director's fees as described above.

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 negative net cash of ($0.8) million at June 30, 2019, and net cash of $1.8 million at December 31, 2018.

As at June 30, 2019, the Company had net working capital of $8.3 million (December 31, 2018 - $10.5 million) as follows:

(Stated in thousands of dollars)		**June 30, 2019**		December 31, 2018		Change
Cash, net of bank indebtedness	$	**(787)**	$	1,815	$	(2,602)
Accounts receivable		**7,633**		8,274		(641)
Inventory		**7,628**		7,064		564
Prepaid expenses		**490**		629		(139)
Accounts payable		**(3,344)**		(4,562)		1,218
Dividends payable		**(333)**		(331)		(2)
Warranty provision		**(366)**		(410)		44
Prepaid deposits		**(359)**		(283)		(76)
Current portion of lease obligations		**(593)**		-		(593)
Current portion of long-term debt		**(1,673)**		(1,673)		-
Net working capital	$	**8,296**	$	10,523	$	(2,227)

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 six months ended June 30, 2019 and 2018 are as follows:

(Stated in thousands of dollars)		**June 30, 2019**		June 30, 2018
Cumulative dividends, beginning of period	**$**	**7,578**	$	4,348
Dividends declared during the period		**1,992**		1,253
Cumulative dividends, end of period	**$**	**9,570**	$	5,601

The amounts and record dates of the dividends for the six months ended June 30, 2019 and 2018 are as follows:

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

	2019		2018	
Month	**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	332	0.03	187
May	0.03	333	0.03	195
June	0.03	333	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	**$ 0.18**	**$ 1,992**	**$ 0.36**	**$ 3,230**

Subsequent to June 30, 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 July 15, 2019 for shareholders of record on June 28, 2019 and was paid on August 15, 2019.
- a dividend of $0.03 per share was declared on August 15, 2019 for shareholders of record on August 30, 2019 and will be paid on September 13, 2019.

Short-Term Debt

As at June 30, 2019, the Group had an operating loan facility authorized up to $5.0 million, bearing interest at the lender's prime rate plus 0.75%. As at June 30, 2019, there was $0.4 million drawn on the facility. The remaining $0.4 million of bank indebtedness at June 30, 2019 related to payments made by the Company that had not yet been cashed by the payee. As at December 31, 2018, the facility was undrawn.

Long-Term Debt

(Stated in thousands of dollars)	Authorized	**June 30, 2019 Outstanding**	December 31, 2018 Outstanding
Bank of Nova Scotia term loan	$ 12,097	$ **12,097**	$ 12,847
Bank of Nova Scotia term equipment loan	1,000	**175**	214
Trumpf Finance term equipment loan	203	**203**	258
	13,300	**12,475**	13,319
Less: current portion		**(1,673)**	(1,673)
Long-term portion		**10,802**	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 and 0.5:1, on a trailing 12-month basis, for the periods ended December 31, 2018 and June 30, 2019 respectively

As at June 30, 2019, the Group was in compliance with these ratios.

As at June 30, 2019, principal payments required over the next three years were estimated as follows:

(Stated in thousands of dollars) For the years ending June 30,		
2020	$	1,673
2021		10,775
2022		27
		12,475
Less: current portion		(1,673)
Long-term portion	$	10,802

As described under "Subsequent Transactions" earlier in this MD&A, on August 16, 2019 the Company entered into a credit agreement with the BNS and Roynat Inc., a subsidiary of BNS, to refinance the Company's short-term and long-term debt described above. The pre-existing debt facilities described above, have been replaced with:

- A $10.0 million revolving term loan bearing interest at the lender's prime rate plus 1% or bankers' acceptances plus 2.5%, and standby fees of 0.25% on the unused portion of the revolving term loan. The revolving term loan is for a committed three-year term.
- A $21.2 million term loan, bearing interest at a fixed rate of 8% with no required principal payments for the three-year term of the loan.

As of the date of this MD&A, the Company had $5.4 million drawn on its new revolving term loan and $20.9 million drawn on its new non-amortizing term loan.

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 August 22, 2019, June 30, 2019 and December 31, 2018. Each stock option and each agents' warrant entitle the holder thereof to purchase one common share of the Company.

	August 22, 2019	**June 30, 2019**	**December 31, 2018**
Common shares, basic	11,424,448	11,099,212	10,878,391
Contingent common shares	-	-	146,666
Common shares issued	11,424,448	11,099,212	11,025,057
Stock options outstanding	893,500	793,500	813,500
Agents' warrants outstanding	228,951	228,951	241,951
Common shares, fully diluted	12,546,899	12,121,663	12,080,508

For the six months ended June 30, 2019, an aggregate of 74,155 common shares were issued through Decisive's employee share purchase plan, dividend reinvestment and cash purchase plan, and the exercise of agent warrants, for proceeds of $0.3 million.

Additionally, the Company released from escrow 183,332 common shares related to the Unicast acquisition. Of the escrowed shares released, 146,666 had been treated as share-based compensation, and so prior to release, these common shares were considered issued but not outstanding for accounting purposes.

Subsequent to June 30, 2019, to the date of this MD&A, an additional 8,697 common shares were issued through Decisive's dividend reinvestment and cash purchase plan, and 316,539 common shares were issued as consideration for the acquisition of Northside as described under "Subsequent Transactions" earlier in this MD&A.

As at June 30, 2019, there were 867,163 shares in escrow (December 31, 2018 – 1,144,881) 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 – 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 six months ended June 30, 2019 included $0.4 million of salaries and benefits and director fees (June 30, 2018 - $0.1 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 and the Chief Corporate Development Officer position was added in October 2018.

During the quarter, the Company incurred legal fees of $0.02 million (2018 - $0.02 million) with a law firm in which a director of the Company was a partner.

During the quarter, the Company made lease obligation payments of $0.1 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, comparative 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 six 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, 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 June 30, 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.

Management determined that the carrying amount of the Company's term loan with the Bank of Nova Scotia 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 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 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)

June 30, 2019	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Bank indebtedness	$ 787	$ 787	$ 787	$ -	$ -
Accounts payable	3,344	3,344	3,344	-	-
Dividends payable	333	333	333	-	-
Long-term debt	12,334	13,507	2,229	11,278	-
Lease obligations	1,828	1,979	667	1,313	-
	$ 18,626	$ 19,950	$ 7,360	$ 12,591	$ -

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		-
Lease obligations		-		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 June 30, 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)

		June 30, 2019			December 31, 2018	
Current	**$**	**4,270**	***57.0%***	$	3,618	*45.7%*
31-60 days		**799**	***10.7%***		1,922	*24.3%*
61-90 days		**703**	***9.4%***		803	*10.1%*
>90 days		**1,718**	***22.9%***		1,577	*19.9%*
	$	**7,490**	***100.0%***	$	7,920	*100.0%*

The increase in amounts over 60 days past due, relative to December 31, 2018, is a result of Blaze King's early buy program wherein certain sales under the program are not payable until the fourth quarter.

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)

	Entities with a CAD functional currency		Entities with a USD functional currency		
2019	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash (bank indebtedness)	$ (901)	$ 513	$ (761)	$ 362	**$ (787)**
Accounts receivable	3,169	1,300	419	2,745	**7,633**
Accounts payable	(2,311)	(254)	(20)	(759)	**(3,344)**
Dividend payable	(333)	-	-	-	**(333)**
Inter-company amounts	8,951	(1,396)	(7,555)	-	**-**
Long-term debt	(12,116)	(218)	-	-	**(12,334)**
Net exposure	(3,541)	(55)	(7,917)	2,348	**(9,165)**
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	(3)	396	-	**393**
OCI	$ -	$ -	$ -	$ (117)	**$ (117)**

(Stated in thousands of dollars)

	Entities with a CAD functional currency		Entities with a USD functional currency		
2018	**CAD**	**USD**	**CAD**	**USD**	**Total**
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 June 30, 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 June 30, 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	**June 30, 2019**	December 31, 2018
Floating instruments	**$ 12,097**	$ 12,847
Average balance	**12,472**	10,624
Impact on profit (loss) of a change in interest rates:		
-1%	**125**	106
+1%	**$ (125)**	$ (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.