Management's Discussion and Analysis of

Decisive Dividend Corporation

For the year ended December 31, 2018

Corporate Overview

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

The objectives of the Company are:

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

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 2, 2012 and is listed on the TSX Venture Exchange (the "Exchange"), trading under the symbol "DE". The head office of the Company is located in Kelowna, British Columbia. As at December 31, 2018, the principal wholly-owned operating subsidiaries of the Company are as follows:

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

Preface

This Management's Discussion and Analysis ("MD&A") focuses on key items from the audited consolidated financial statements of Decisive for the years ended December 31, 2018 and 2017. The audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise noted. 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 audited consolidated financial statements and the related notes for the years ended December 31, 2018 and 2017, as well as the Cautionary Statement Regarding Forward-Looking Information and Statements in this MD&A. This MD&A covers the year ended December 31, 2018 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 April 25, 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 year ended December 31	**2018**	2017	2016
Sales	**$ 37,993**	$ 23,451	$ 17,764
Gross profit	**13,236**	10,003	7,909
Gross profit %	**35%**	43%	45%
Adjusted EBITDA [1]	**4,570**	3,825	2,966
Per share basic	**0.54**	0.65	0.62
Profit (loss) before tax	**674**	574	(466)
Profit (loss)	**550**	509	(463)
Per share basic	**0.07**	0.09	(0.10)
Per share diluted	**0.06**	0.08	na
Dividends declared	**3,230**	2,147	1,527
Per share	**0.36**	0.35	0.30

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

FINANCIAL POSITION

(Stated in thousands of dollars)

As at December 31	**2018**	2017
Working capital	**$ 10,523**	$ 5,014
Property and equipment	**5,226**	1,627
Total assets	**44,329**	21,320
Long-term debt, excluding debt issuance costs	**11,646**	7,510
Equity	**23,417**	7,361
Share Information (000s)		
Common shares issued	**11,025**	6,174
Common shares issued and outstanding	**10,878**	5,954

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 year ended December 31,		2018		2017		2016
Profit (loss) for the period	**$**	**550**	$	509	$	(463)
Add (deduct):						
Financing costs		**689**		502		406
Income tax expense (recovery)		**124**		65		(3)
Amortization and depreciation		**1,545**		976		791
EBITDA		**2,908**		2,052		731
Add (deduct):						
Acquisition costs		**483**		-		381
Goodwill impairment losses		**717**		-		-
Inventory fair value adjustments and write downs		**957**		835		460
Share-based compensation expense		**508**		412		1,147
Foreign exchange expense (income)		**(985)**		541		251
Interest income		**(9)**		(13)		(4)
Gain on sale of equipment		**(9)**		(2)		-
Adjusted EBITDA		**4,570**		3,825		2,966

Discussion of Overall Performance

Annual Consolidated Financial Highlights

Sales for the year ended December 31, 2018 for the Group increased to $38.0 million, 62% over the prior year. The primary drivers of the increase were the contributions of Slimline and Hawk from their acquisition dates of, May 30, 2018 and June 28, 2018 respectively.

Gross profit percentage for the Group over the same period declined from 43% to 35%, primarily driven by the change in overall product mix in the period related to the acquisitions of Slimline and Hawk. However, it should be noted that the 2018 annual results only include the two historically slowest quarters of the year for Slimline, and Hawk's gross profit in Q4 2018 was negatively affected by the slowdown in oil and gas activity in Western Canada. Additionally, Blaze King's gross profit percent decreased by two percentage points relative to 2017, primarily as a result of raw material price and labour cost increases during the year that preceded the pricing increases implemented in Q3 2018. Also, Unicast gross profit was negatively affected by tariffs on Chinese steel products sold into the United States, raw material price increases in the year, and aggregate non-cash inventory write downs and allowances of $0.3 million.

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 $8.9 million in 2017 to $12.8 million in 2018. The primary drivers of the year-over-year increase were: financing costs which increased by $0.2 million; occupancy costs which increased by $0.4 million; professional fees which increased by $0.7 million; salaries, wages and benefits which increased by $1.6 million; and selling, general and administration costs which increased by $0.9 million. Specifically, the increase in financing costs is a result of the additional debt issued in 2018 in connection with the acquisitions completed during the year. The increase in professional fees is due primarily to $0.5 million in acquisition costs incurred in 2018. The increases in occupancy costs, 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, Unicast and Head Office. Included in salaries, wages and benefits and selling, general and administration costs in Blaze King for 2018 are $0.8 million (2017 - $0.7 million) of research and development costs. Included in selling, general and administration costs in Unicast for 2018 are $0.1 million in non-cash bad debt expenses (2017 - $nil).

Adjusted EBITDA for the year ended December 31, 2018 was $4.6 million, a $0.8 million increase compared to 2017. Adjusted EBITDA increased due primarily to the acquisitions of Slimline and Hawk in Q2 2018 but was also affected by the gross profit challenges and 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. 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 2018 unrealized foreign exchange gains were a result of the $0.11 increase in the value of the United States dollar, relative to the Canadian dollar, through the year. Conversely, in 2017 the unrealized foreign exchange losses were a result of the $0.09 decrease in the value of the United States dollar through the year.

Overall profit for 2018 was $0.6 million, or $0.07 per share, compared to $0.5 million, or $0.09 per share in 2017.

Acquisitions

In 2018, the Company completed the acquisitions of Slimline and Hawk, both of which are strategically complimentary to the Group's overall portfolio.

Slimline

Slimline, an agricultural and industrial machinery manufacturing company based in Penticton, British Columbia, was acquired on May 30, 2018 for $7.0 million. The consideration paid consisted of $5.9 million in cash and $1.1 million in Decisive shares. The following is summary of the assets acquired and liabilities assumed:

(stated in thousands of dollars)		
Working capital	$	1,810
Property and equipment		1,619
Intangible assets		3,080
Goodwill		1,326
Deferred income taxes		(844)
	$	6,991

Hawk

Hawk, a machining and tooling company based in Linden, Alberta, was acquired on June 28, 2018 for $12.3 million. The consideration paid consisted of $9.6 million in cash and $2.7 million in Decisive shares. The following is summary of the assets acquired and liabilities assumed:

(stated in thousands of dollars)		
Working capital	$	2,381
Property and equipment		2,182
Goodwill		8,118
Deferred income taxes		(425)
	$	12,256

Outlook

The Company continued to execute on its growth strategy in 2018. During the year, the Company completed two acquisitions: Slimline and Hawk. These transactions further diversify the Group, significantly expand its manufacturing customer base, and strategically strengthen its product offerings.

In completing the acquisitions of Slimline and Hawk in late Q2 2018, the number of subsidiaries under the Group's leadership doubled in a very short time. The benefit of these acquisitions was demonstrated in the second half of 2018, with increases in sales, gross profits and adjusted EBITDA. Moreover, the expanded scale of the Group better positions 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. This was demonstrated in Q4 2018 where several different challenges were faced by more than one member of the Group, yet collectively the Group still generated $1.2 million of Adjusted EBITDA. In the second half of 2018, the period where all four subsidiaries contributed, the Group generated $3.8 million of Adjusted EBITDA, made debt principal and interest payments of $1.2 million, and paid dividends of $2.0 million. Decisive was established to acquire a growing stable of successful manufacturing companies for the long term, and the acquisitions completed in 2018 certainly fit with the Company's long-term vision.

Since its first acquisition in February 2015, to the end of 2018 Decisive has:

- Generated $13.2 million in Adjusted EBITDA;
- Made debt principal and interest payments of $4.9 million; and
- Paid dividends of $7.2 million.

To date in 2019, the Company has:

- Made additional debt principal and interest payments of $0.6 million, bringing the aggregate amount of debt principal and interest payments since February 2015 to $5.5 million; and
- Paid dividends of $1.3 million, bringing the aggregate amount of dividends paid since February 2015 to $8.5 million.

As of the date of this MD&A, the Company had a net cash position of $2.9 million.

The increased scale and diversity of the Group will continue to be important into 2019, where headwinds centered on tariffs related to Chinese steel products and oil and gas activity slowdowns in Western Canada will continue to negatively affect operations.

Given the increased scale of the overall organization, and the objective of continuing growth through further acquisitions, the Company bolstered its management team in the later part of 2018. A full-time chief operating officer and a new chief financial officer were added, which also allowed the former chief financial officer to transition into a chief corporate development officer role within the Company. Management believes that the Group is well positioned for future growth and is actively seeking further acquisitions to bolster its diversity, which adds strength and resilience to operations. Management also believes that continuing to follow a balanced and disciplined acquisition approach is the best path to generating shareholder value.

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

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. Based on the offsetting periods of low demand, compared to the businesses in place to start the fiscal year, the two acquisitions completed in 2018 have, and will continue to, partially mitigate the effect of seasonality on the Group's interim results.

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

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Sales	$ 13,613	$ 13,616	$ 5,302	$ 5,462
Gross margin	3,794	4,885	2,291	2,266
Gross margin %	28%	36%	43%	41%
Adjusted EBITDA [1]	1,206	2,561	463	340
Per share basic	0.11	0.24	0.08	0.06
Profit (loss) before tax	(392)	1,130	(322)	258
Profit (loss)	(133)	672	(262)	273
Per share basic	(0.01)	0.06	(0.04)	0.05
Per share diluted	(0.01)	0.06	(0.04)	0.04

	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sales	7,544	5,946	4,903	5,058
Gross margin	3,190	2,541	2,229	2,043
Gross margin %	42%	43%	45%	40%
Adjusted EBITDA [1]	1,824	815	610	576
Per share basic	0.31	0.14	0.10	0.10
Profit (loss) before tax	428	358	(56)	(156)
Profit (loss)	551	207	(64)	(185)
Per share basic	0.09	0.04	(0.01)	(0.03)
Per share diluted	0.08	0.03	(0.01)	(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)

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Profit (loss) for the period	$ (134)	$ 672	$ (262)	$ 273
Add (deduct):				
Financing costs	201	206	169	113
Income tax expense (recovery)	(259)	459	(60)	(15)
Amortization and depreciation	512	514	282	237
EBITDA	320	1,851	129	608
Add (deduct):				
Acquisition costs	12	20	324	127
Goodwill impairment losses	717	-	-	-
Inventory fair value adjustments and write downs	621	275	61	-
Share-based compensation expense	50	308	75	75
Foreign exchange expense (income)	(500)	110	(126)	(469)
Interest income	(5)	(3)	-	(1)
Gain on sale of equipment	(9)	-	-	-
Adjusted EBITDA	1,206	2,561	463	340

	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Profit (loss) for the period	$ 551	$ 207	$ (64)	$ (185)
Add (deduct):				
Financing costs	161	108	117	117
Income tax expense (recovery)	(123)	151	9	28
Amortization and depreciation	179	266	265	265
EBITDA	768	732	327	225
Add (deduct):				
Acquisition costs	-	-	-	-
Inventory fair value adjustments and write downs	478	171	38	149
Share-based compensation expense	68	90	127	127
Foreign exchange expense (income)	517	(181)	127	78
Interest income	(7)	3	(7)	(3)
Gain on sale of equipment	-	-	(2)	-
Adjusted EBITDA	1,824	815	610	576

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:

Q4 Consolidated Financial Highlights

Sales for Q4 2018 increased by 80% relative to Q4 2017, which was driven by the acquisitions of Slimline and Hawk. Similarly, the $0.6 million, or 19%, increase in gross profit was also primarily driven by the addition of the Slimline and Hawk results. Gross profit percentage overall decreased by 14 percentage points in Q4 2018 compared to Q4 2017. The decrease was due partially to the change in overall product mix in the relative periods, with the acquisitions of Slimline and Hawk, and also as a result of gross profit decreases in Blaze King and Unicast. Blaze King sold 9% fewer units in Q4 of this year versus Q4 last year and was negatively affected by certain fixed overhead costs and inventory adjustments that did not fluctuate with the decrease in sales. Steel tariffs on Unicast's products sourced in China and sold into the United States negatively affected gross profit in the quarter. Unicast also recorded a total of $0.3 million in

non-cash inventory write downs and allowances in Q4 2018, which further reduced gross profit. Sales and gross profit in Hawk were also lower than expected for the quarter due to the impact of production limits imposed by the Alberta government, and the general decrease in oil and gas activity in Western Canada in Q4 2018. Also impacting gross profit and gross profit percentages in the quarter were higher levels of depreciation and amortization being included in manufacturing costs for Slimline and Hawk in Q4 2018, than were included earlier in the year.

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

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

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

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

Q3 Consolidated Financial Highlights

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

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

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

Q2 Consolidated Financial Highlights

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

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

Q1 Consolidated Financial Highlights
Sales in Q1 2018 increased 8% over Q1 2017. Over the same period, absent changes in non-cash charges included in manufacturing costs, gross profit percentages declined to 41% from 43%. The decline in gross profit has been driven by increases in raw material prices and labour costs.

Operating expenses have increased from $1.7 million in Q1 2017 to $1.9 million in Q1 2018. The primary drivers of the increase were increased salaries, wages and benefits of $0.1 million and increased selling, general and administrative costs of $0.1 million. The decline in gross profit percentages combined with the increase in operating expenses resulted in a decrease in adjusted EBITDA in Q1 2018 compared to Q1 2017.

Segment Overview and Performance

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

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

Blaze King
The Company acquired Blaze King in February 2015. This transaction served as the Company's "qualifying transaction" for the purposes of the TSX Venture Exchange. The business of Blaze King is producing and selling high-quality, high-efficiency wood burning stoves, wood burning fireplace inserts, gas stoves, and gas fireplace inserts. All of its products are manufactured in its premises in Penticton, British Columbia and Walla Walla, Washington. Blaze King has been operating since 1977, and its hearth products are sold worldwide. Blaze King's wood burning stoves and inserts are recognized as some of the longest-burning and most efficient in the hearth market. Blaze King management believes that its products have developed a strong reputation for quality. These factors have helped build the Blaze King brand and reputation, which drives sales through dealer and customer loyalty. Blaze King has a growing distribution base that includes a large network of retailers and distributors across Canada, the United States and New Zealand.

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

Finished Product Segment Performance

(Stated in thousands of dollars)

	For the three months ended		For the year ended	
December 31,	**2018**	2017	**2018**	2017
Sales	$ **6,894**	$ 5,284	$ **18,966**	$ 14,945
Gross profit	**2,344**	2,294	**6,758**	6,042
Gross profit %	**34%**	43%	**36%**	40%
Profit	**357**	911	**582**	1,422
Add (deduct):				
Financing costs	**36**	65	**124**	115
Income tax expense (recovery)	**41**	60	**100**	146
Amortization and depreciation	**265**	86	**802**	493
EBITDA	**699**	1,122	**1,608**	2,176
Add (deduct):				
Inventory fair value adjustments and write downs	**165**	-	**373**	-
Foreign exchange expense (income)	**(65)**	(24)	**5**	(104)
Interest income	**(1)**	(3)	**(5)**	(7)
Gain on sale of equipment	**(9)**	-	**(9)**	(2)
Adjusted EBITDA	**789**	1,095	**1,972**	2,063

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

Three Months Ended December 31, 2018

For the three-month period ended December 31, 2018, the increase in sales over the same period in 2017, was due to the acquisition of Slimline during the year. However, the sales generated by Slimline were somewhat offset by a decrease in sales for Blaze King relative to Q4 2017. Blaze King sold 9% fewer units in Q4 2018, compared to Q4 2017, as a result of warmer weather throughout most of Canada and the United States in the fall of 2018. For Slimline, the fourth quarter is historically the second slowest quarter of the year and 2018 was no exception.

Despite the increase in overall sales for the segment, gross profit was relatively flat for the three-month period ended December 31, 2018 compared to the same period in 2017. This was primarily a result of certain fixed overhead costs and inventory adjustments in Blaze King that did not fluctuate with the decrease in sales, and the effect of $0.2 million in 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 of Slimline.

Both Blaze King and Slimline have substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. These costs impact gross profit and adjusted EBITDA. For the three-month period ended December 31, 2018, the adjusted EBITDA generated by Slimline was more than offset by the impact of decreased sales and inventory adjustments in Blaze King, resulting in an overall decrease in adjusted EBITDA in Q4 2018 relative to Q4 2017.

Year Ended December 31, 2018

Overall sales increased in 2018, compared to 2017, due to the acquisition of Slimline during the year and an increase in the number of units sold by Blaze King. The year-over-year increase in units sold for Blaze King occurred in the first nine months of the year and were driven by the success of Blaze King's early buy program, as dealers and distributors took advantage of sales and shipping incentives in the first half of 2018, sales into new markets, and pricing increases that took effect in Q3 2018.

Slimline's business is also highly seasonal, with the first and second quarters being the strongest of the year, and the third and fourth quarters being the slowest. Based on the timing of the acquisition of Slimline, the 2018 annual results for the segment include the two historically slowest quarters of the year for that business. For 2019 and beyond, the traditionally slower first and second quarters for Blaze King

will be mitigated by higher Slimline activity while, the busier third and fourth quarter for Blaze King will mitigate lower activity levels for Slimline in the second half of the year.

Similar to sales, the increase in overall gross profit in 2018 compared to 2017 was driven by the acquisition of Slimline. On a stand-alone basis, for Blaze King gross profit percent decreased by two percentage points relative to 2017, primarily as a result of raw material price and labour cost increases during the year, that trailed the pricing increases implemented in Q3 2018. Additionally, gross profit for Slimline was negatively affected by $0.4 million in 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 of the business. The expense related to the fair value of inventory acquired in Slimline will not continue in 2019 and absent this cost in 2018, gross profit percent for the segment would have been 38% for the year ended December 31, 2018, versus the 36% reported above.

As described above, both Blaze King and Slimline have substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. These costs impact gross profit and adjusted EBITDA. The adjusted EBITDA generated by Slimline since being acquired was more than offset by the impact of decreased gross profit and increased salaries, wages and benefits and selling, general and administration costs in Blaze King, resulting in a decrease in segment adjusted EBITDA in 2018 relative to 2017. Included in salaries, wages and benefits and selling, general and administration costs in Blaze King for 2018 are $0.8 million (2017 - $0.7 million) in research and development costs. Blaze King has expended considerable resources over the last three years toward developing new products as well as improving the efficiency and emission output of its existing lineup ahead of the 2020 imposition of new, and far stricter, emission standards by the United States Environmental Protection Agency ("EPA").

Finished Product Segment Industry Trends and Outlook

Blaze King

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

Blaze King finalized the certification process for its Princess PI29 wood fireplace insert in Q1 2018. Blaze King now has three wood fireplace insert models tested and approved for sale in accordance with 2020 EPA standards. The PI29 went into production in Q3 2018. Blaze King also finalized the certification process for its Princess PE32 freestanding woodstove at the end of Q4 2018. The Princess PE32 represents a significant breakthrough for Blaze King as it achieved the lowest emission levels, at 0.4 grams per hour, of any product of its size and has the highest efficiency level, at 80%, of any wood stove that is certified to the new 2020 EPA regulations. The Princess PE32 is slated to go into production in Q2 2019.

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

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

increases in a previously untapped market. In Q4 2018, Blaze King also passed the New Zealand ULEB emission standards for the Sirocco 20 freestanding wood stove.

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

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

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

Slimline

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

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

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

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

Unicast
The Company acquired Unicast in June 2016. The business of Unicast is producing and distributing wear parts and valves for the mining, aggregate and cement industries. Wear parts are consumable parts for machinery that wear out when crushing rock, which is done extensively in the mining, aggregate and cement industries. Unicast has been in operation since 1994. Unicast is focused on providing wear parts that are more durable and last longer than the products of its competitors. Unicast's products are also designed to have fewer issues regarding installation and maintenance. Unicast management believes that these are Unicast's primary competitive advantages over its competitors. Unicast has a growing dealer distribution base that includes distributors across Canada and the United States, with planned growth in Latin America and the Middle East.

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

Component Manufacturing Segment Performance

(Stated in thousands of dollars)

	For the three months ended		For the year ended	
December 31,	**2018**	2017	**2018**	2017
Sales	$ **6,719**	$ 2,260	$ **19,027**	$ 8,506
Gross profit	**1,449**	896	**6,478**	3,961
Gross profit %	**22%**	40%	**34%**	47%
Profit (loss)	**(298)**	88	**2,106**	489
Add (deduct):				
Financing costs	**5**	2	**12**	108
Income tax expense (recovery)	**76**	(227)	**403**	(93)
Amortization and depreciation	**247**	94	**743**	483
EBITDA	**30**	(43)	**3,264**	987
Add (deduct):				
Goodwill impairment losses	**717**	-	**717**	-
Inventory fair value adjustments and write downs	**456**	478	**584**	835
Foreign exchange expense (income)	**(435)**	542	**(990)**	645
Interest income	**(2)**	(5)	**(2)**	(6)
Adjusted EBITDA	**766**	972	**3,573**	2,461

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

Three Months Ended December 31, 2018
For the three-month period ended December 31, 2018, the increase in sales over the same period in 2017, was a result of the acquisition of Hawk during the year as sales in Unicast were similar to Q4 2017.

Similarly, the acquisition of Hawk also drove increases in overall gross profit relative to Q4 2017. Despite the overall increase in gross profit, gross profit percentage decreased over the comparative period primarily a result of the addition of Hawk's results, which historically generate lower margin percentages than Unicast. In addition, during Q4 2018 the impact of production limits imposed by the Alberta government, and the general decrease in oil and gas activity in the quarter, reduced Hawk's gross profit below recent levels for the business. Additionally, steel tariffs on Unicast's products sourced in China and sold into the United States negatively affected gross profit in Q4 2018 compared to Q4 2017. 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. Unicast management reviewed the net realizable of several items of inventory and determined that a write down was warranted and also provided for an allowance for other potentially obsolete inventory.

Included in manufacturing costs for the segment in the quarter were $0.1 million (Q4 2017 - $0.5 million) in 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 of Hawk (Q4 2017 - Unicast).

Both Unicast and Hawk have substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. These costs impact gross profit and adjusted EBITDA. For the three-month period ended December 31, 2018, the adjusted EBITDA generated by Hawk was more than offset by the impact of steel tariffs and increased salaries, wages and benefits and selling, general and administration costs in Unicast, resulting in a decrease in segment adjusted EBITDA in Q4 2018 relative to Q4 2017. Included in selling, general and administration costs in Unicast for Q4 2018 are $0.1 million in non-cash bad debt expenses (2017 - $nil).

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.

Year Ended December 31, 2018

Overall sales increased in 2018, compared to 2017, due to the acquisition of Hawk during the year as sales in Unicast remained steady on a year-over-year basis.

Similar to sales, the increase in overall gross profit in 2018 compared to 2017 was driven by the acquisition of Hawk. On a stand-alone basis, for Unicast overall gross profit was relatively flat year-over-year as the negative impact of tariffs on Chinese steel products sold into the United States, raw material price increases, and Q4 2018 inventory write downs and allowances, offset the 2017 fair value charges on Unicast inventory initially acquired as part of the business acquisition. Gross profit for Hawk was negatively affected by $0.3 million in non-cash charges to expense the fair value increment of acquired inventories sold in the period that were originally valued as part of its acquisition. The expenses related to the fair value of inventory acquired for these businesses will not continue in 2019 and absent this cost and the inventory write downs in 2018, gross profit percent for the segment would have been 38% for the year ended December 31, 2018, versus the 35% reported above.

Overall adjusted EBITDA increased in 2018 compared to 2017, as the adjusted EBITDA generated by Hawk since being acquired more than offset decreases in Unicast during the year. Adjusted EBITDA for the segment in 2018 was negatively affected by the impact of tariffs on Chinese steel products sold into the United States and raw material price increases, as well as increased salaries, wages and benefits and selling, general and administration costs, including bad debt expenses, in Unicast.

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. Unicast is looking at options to source some products from foundries in other countries, however, until it is able to secure suppliers outside of China, the above noted steel tariffs will continue to negatively impact gross margin in 2019.

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

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

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

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

The imposition of production limits in Alberta in Q4 2018 and the general decrease in oil and gas activity in Western Canada, negatively impacted results for that quarter and also led to much lower activity levels in Q1 2019, which is typically Hawk's busiest quarter. Hawk management has responded to the decrease by reducing its labour force by approximately one-third and will work diligently to contain costs until activity levels improve. Hawk management is focused on meeting the needs and exceeding the expectations of the current customer base as well as diversifying its overall customer base.

Head Office Segment Overview

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

(Stated in thousands of dollars)	For the three months ended		For the year ended	
December 31,	**2018**	2017	**2018**	2017
Loss	**(192)**	(448)	**(2,138)**	(1,402)
Add (deduct):				
Financing costs	**160**	94	**553**	279
Income tax expense (recovery)	**(376)**	43	**(379)**	12
EBITDA	**(408)**	(311)	**(1,964)**	(1,111)
Add (deduct):				
Acquisition costs	**12**	-	**483**	-
Share-based compensation expense	**49**	68	**508**	412
Interest income	**(2)**	-	**(2)**	-
Adjusted EBITDA	**(349)**	(243)	**(975)**	(699)

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

Three Months Ended December 31, 2018

During the three-month period ended December 31, 2018, Head Office expended $0.6 million, before income taxes, on corporate activities ($0.4 million in 2017), an increase of $0.2 million. The increase was driven by primarily by a $0.1 million increase in financing costs, as a result of the additional debt issued in 2018 in connection with the acquisitions completed in the year, as well as increases in professional fees and salaries, wages and benefits. The increase in salaries, wages and benefits was a result of additions to Decisive's management team. Given the increased scale of the overall organization, and the objective of continuing growth through further acquisitions, a full-time chief operating officer and a new chief financial officer were added in September and October respectively, which also allowed the former chief financial officer to transition into a chief corporate development officer role within the Company.

Year Ended December 31, 2018

For the year ended December 31, 2018, Head Office expended $2.5 million, before income taxes, on corporate activities ($1.4 million in 2017), an increase of $1.1 million. The increases during the year were as follows: financing costs of $0.6 million versus $0.3 million in 2017; professional fees of $0.8 million versus $0.2 million in 2017; share-based compensation expense of $0.5 million versus $0.4 million in 2017; and salaries, wages and benefits of $0.4 million versus $0.3 million in 2017. The increase in financing costs is as a result of the new debt arrangements entered into in 2017, as interest on debt relating to the Unicast acquisition was previously recognized in Unicast, as well as the additional debt issued in 2018 in connection with the acquisitions completed during the year. The increase in professional fees is due primarily to $0.5 million in acquisition costs incurred in 2018. The increase in salaries, wages and benefits was a result of additions to Decisive's management team 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 this 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 $2.9 million, compared to net cash of $1.8 million at December 31, 2018, and net cash of $1.2 million at December 31, 2017.

As at December 31, 2018, the Company had net working capital of $10.5 million (December 31, 2017 - $5.0 million) as follows:

(Stated in thousands of dollars)		**December 31, 2018**		December 31, 2017		Change
Cash and cash equivalents	$	**1,815**	$	1,184	$	631
Accounts receivable		**8,274**		4,135		4,139
Inventory		**7,064**		4,514		2,550
Prepaid expenses		**629**		308		321
Accounts payable		**(4,562)**		(3,611)		(951)
Dividends payable		**(331)**		(185)		(146)
Warranty provision		**(410)**		(340)		(70)
Prepaid deposits		**(283)**		(63)		(220)
Current portion of long-term debt		**(1,673)**		(928)		(745)
Net working capital	$	**10,523**	$	5,014	$	5,509

Dividends Declared and Paid

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

Cumulative dividends for the year ended December 31, 2018 and 2017 are as follows:

(Stated in thousands of dollars)		**December 31, 2018**		December 31, 2017
Cumulative dividends, beginning of year	**$**	**4,348**	$	2,201
Dividends declared during the year		**3,230**		2,147
Cumulative dividends, end of year	**$**	**7,578**	$	4,348

The amounts and record dates of the dividends for the year ended December 31, 2018 and 2017 are as follows:

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

	2018		2017	
Month	**Per share ($)**	**Dividend Amount ($)**	**Per share ($)**	**Dividend Amount ($)**
January	$ 0.030	186	$ 0.025	$ 152
February	0.030	186	0.025	153
March	0.030	186	0.030	184
April	0.030	187	0.030	184
May	0.030	195	0.030	184
June	0.030	312	0.030	184
July	0.030	329	0.030	184
August	0.030	329	0.030	184
September	0.030	329	0.030	184
October	0.030	330	0.030	184
November	0.030	330	0.030	185
December	0.030	331	0.030	185
Total	**$ 0.360**	**$ 3,230**	**$ 0.350**	**$ 2,147**

Subsequent to December 31, 2018 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 January 15, 2019 for shareholders of record on January 31, 2019 and was paid on February 15, 2019.
- a dividend of $0.03 per share was declared on February 15, 2019 for shareholders of record on February 28, 2019 and was paid on March 15, 2019.
- a dividend of $0.03 per share was declared on March 15, 2019 for shareholders of record on March 29, 2019 and was paid on April 15, 2019.
- a dividend of $0.03 per share was declared on April 15, 2019 for shareholders of record on April 30, 2019 and will be paid on May 15, 2019.

Short-Term Debt

The Group has an operating loan facility authorized up to $5.0 million, bearing interest at the lender's prime rate plus 0.75%. As at December 31, 2018, the facility was undrawn (December 31, 2017 – authorized facility of $4.0 million which was undrawn).

Long-Term Debt

(Stated in thousands of dollars)	Authorized	**December 31, 2018 Outstanding**	December 31, 2017 Outstanding
Bank of Nova Scotia term loan	$ 12,847	$ **12,847**	$ 8,146
Bank of Nova Scotia term equipment loan	1,000	**214**	-
Trumpf Finance term equipment loan	258	**258**	292
	14,105	**13,319**	8,438
Less: current portion		**(1,673)**	(928)
Long-term portion		**11,646**	7,510

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

- Maximum total funded debt to EBITDA of 3.5:1, on a trailing 12-month basis
- Minimum Fixed Charge Coverage ratio of 1:1:1, on a trailing 12-month basis (amended to 0.6:1 for the period ending March 31, 2019)

As at December 31, 2018, the Group was in compliance with these ratios.

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

(Stated in thousands of dollars)		
2020	$	1,673
2021		1,681
2022		9,965
2023		-
		13,319
Less: current portion		(1,673)
Long-term portion	$	11,646

Off-Balance Sheet Arrangements

The Group's only off-balance sheet arrangements relate to operating leases, the contractual maturities of which are outlined in this MD&A under "Financial Instruments".

Disclosure of Outstanding Share Data

The following table sets forth the Company's share capital data as at April 25, 2019, December 31, 2018 and December 31, 2017. Each stock option and each agents' warrant entitle the holder thereof to purchase one common share of the Company.

	April 25, 2019	**December 31, 2018**	**December 31, 2017**
Common shares, basic	10,933,051	10,878,391	5,954,377
Contingent common shares	146,666	146,666	219,999
Common shares issued	11,079,717	11,025,057	6,174,376
Stock options outstanding	793,500	813,500	506,000
Agents' warrants outstanding	241,951	241,951	53,863
Common shares, fully diluted	12,115,168	12,080,508	6,734,239

In 2018, Decisive issued 283,157 common shares and 678,392 common shares respectively, as part of the consideration paid for the acquisitions of Slimline and Hawk.

Concurrent with the acquisition of Hawk, the Company closed a prospectus offering of 3,737,500 common shares, including an over-allotment, at a price of $4.00 per share for gross proceeds of $15.0 million. Share issue costs with respect to the offering totaled $1.4 million.

Also in 2018, an aggregate of 151,632 common shares (2017 - 117,881 common shares) were issued through Decisive's employee share purchase plan, the exercise of stock options, and the exercise of warrants, for proceeds of $0.4 million (2017 - $0.3 million).

As at December 31, 2018, there were 1,161,632 shares in escrow (December 31, 2017 – 488,327) relating to the Company's employee share purchase plan and acquisitions, as follows:

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

A dividend reinvestment and cash purchase plan ("DRIP") was implemented effective for the Company's dividend declared in December 2018 and payable on January 15, 2019. The DRIP provides eligible shareholders with the opportunity to reinvest the dividends they receive into additional common shares of Decisive at a 3% discount to the five-day volume weighted average closing price. The DRIP also permits shareholders to purchase new common shares by way of an additional cash payment at the five-day volume weighted average closing price. The maximum number of common shares that may be issued under the DRIP is 400,000 shares.

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 year ended December 31, 2018 included $0.29 million of salary and benefits and $0.22 million in share-based compensation expense (December 31, 2017 - $0.17 million of salary and benefits). Currently, the Chief Executive Officer position is unpaid. The Chief Operating Officer position became a paid position in September 2018.

During the year, the Company incurred legal fees of $0.04 million (2017 - $0.01 million) with a law firm in which a director of the Company was a partner.

During the year, the Company incurred occupancy costs of $0.09 million (2017 - $nil) with 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 2018 are as follows:

Changes in Accounting Policies

Effective January 1, 2018, the Company adopted the following accounting standards:

(i) IFRS 9: *Financial Instruments*

IFRS 9 superseded International Accounting Standard ("IAS") 39: Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition, measurement, impairment and derecognition of financial assets and liabilities, as well as general hedge accounting. The Group adopted IFRS 9 on a retrospective basis without restatement of comparative financial information. The adoption of IFRS 9 had no impact on the classification or measurement of the amounts reported in the Group's financial statements.

Under IFRS 9, the Group measures financial assets at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As a result, the Group's cash and cash equivalents and accounts receivable were classified as amortized cost under IFRS 9. Previously, cash and cash equivalents and accounts receivable were classified as loans and receivables. Under IFRS 9, the Group measures financial liabilities initially at fair value and subsequently at amortized cost, which is consistent with how financial liabilities were measured and classified previously.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which are the ECLs expected to result from all possible default events over the life of a financial instrument. There was no material effect on the carrying value of the Group's financial assets under IFRS 9 related to this new requirement.

(ii) IFRS 15: *Revenue from Contracts with Customers*

IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The standard establishes a framework based on transfer of control for determining how much and when revenue is recognized and includes expanded disclosure requirements for annual financial statements. Adoption of IFRS 15 had no material impact on the amounts reported in the Group's financial statements. The Group elected to apply IFRS 15 using a full retrospective approach; however, the adoption of IFRS 15 resulted in no changes to classification or measurement of the amounts reported in the Group's financial statements. The Group did not use practical expedients in its adoption of IFRS 15.

Accounting standards issued but not yet effective

IFRS 16: *Leases,* eliminates the current dual accounting model for lessees, which distinguishes 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 will be depreciated. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company plans to apply IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its operating lease commitments of $2.3 million. They will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019, which is approximately $2.1 million. The associated right of use asset will be measured at the lease obligation amount, resulting in no adjustment to the opening balance of retained earnings. The Company intends to apply 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 will not apply any grandfathering practical expedients. For 2019, the Company estimates that EBITDA and adjusted EBITDA will increase by approximately $0.7 million, but profit will remain unchanged.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

i. *Business combinations*

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. The most significant assumptions and those requiring the most judgment involve the estimated fair values of intangible assets. Significant assumptions include, among others, the determination of projected revenues, cash flows, customer retention rates, discount rates and anticipated average income tax rates.

The Company's acquisitions have been accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

ii. *Depreciation and amortization of long-lived assets*

The Company makes estimates about the expected useful lives of long-lived assets and the expected residual values of the assets based on the estimated current fair value of the assets. Changes to these estimates, which can be significant, could be caused by changes in the utilization of major manufacturing equipment and uncertainties relating to technological obsolescence. Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Generally, these adjustments are accounted for on a prospective basis, through depreciation and amortization expense.

iii. *Impairment of non-financial assets and goodwill*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit ("CGU") based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

iv. *Inventories*
Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

v. *Warranty liabilities*
The Company provides for warranty expenses by analyzing historical failure rates, warranty claims, current sales levels and current information available about returns based on warranty periods. Uncertainty relates to the timing and amount of actual warranty claims which can vary from the Company's estimation.

vi. *Expected credit losses*
The Company provides for expected credit losses of its accounts receivable based on historical collection trends and experiences with customers. Uncertainty relates to the timing and amount of actual credit losses which can vary from the Company's estimation.

vii. *Share-based compensation*
Compensation expense associated with stock options granted is based on various assumptions, using the Black-Scholes option-pricing model, to produce an estimate of fair value. This estimate may vary due to changes in the variables used in the model including interest rates, expected life, expected volatility, expected forfeitures and share prices. Estimating expected life and forfeitures requires judgement.

Financial Instruments

Fair Value Measurement and Disclosure of Financial Assets and Liabilities

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

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

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

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

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

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

Fair Value Disclosures

At December 31, 2018 and 2017, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

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

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

Financial Risk Management

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

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

(Stated in thousands of dollars)

2018	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
Accounts payable	$ 4,562	$ 4,562	$ 4,562	$ -	$ -
Dividends payable	331	331	331	-	-
Long-term debt	13,275	14,659	2,269	12,390	-
Operating leases	2,310	2,310	661	1,649	-
	$ 20,478	$ 21,862	$ 7,823	$ 14,039	$ -
2017	**Carrying value**	**Total contractual cash flows**	**Within one year**	**Two to five years**	**More than five years**
Accounts payable	$ 3,611	$ 3,611	$ 3,611	$ -	$ -
Dividends payable	185	185	185	-	-
Long-term debt	8,401	9,280	1,286	7,994	-
Operating leases	850	850	321	513	16
	$ 13,047	$ 13,926	$ 5,403	$ 8,507	$ 16

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 December 31, 2018, 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)

	December 31, 2018		December 31, 2017	
Current	**$ 3,618**	***45.7%***	$ 1,860	*47.9%*
31-60 days	**1,922**	***24.3%***	1,316	*33.9%*
61-90 days	**803**	***10.1%***	134	*3.4%*
>90 days	**1,577**	***19.9%***	577	*14.8%*
	$ 7,920	***100.0%***	$ 3,887	*100.0%*

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

The increase in amounts due for over 60 days, relative to December 31, 2017, is primarily a result of extended terms offered to customers by Slimline to drive sales during its slower third quarter wherein certain cases the sales are not payable until Q1 2019. Days sales outstanding has also increased for Unicast, however management believes that the receivables, less any allowance for doubtful accounts, are collectible.

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**		
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)**

(Stated in thousands of dollars)

	Entities with a CAD functional currency		Entities with a USD functional currency		
2017	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 86	$ 934	$ (263)	$ 427	**$ 1,184**
Accounts receivable	759	-	718	2,658	**4,135**
Accounts payable	(1,380)	-	(390)	(1,841)	**(3,611)**
Dividend payable	(185)	-	-	-	**(185)**
Inter-company amounts	7,652	(716)	(6,936)	-	**-**
Long-term debt	(8,109)	(292)	-	-	**(8,401)**
Net exposure	(1,177)	(74)	(6,871)	1,244	**(6,878)**
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	(4)	344	-	**340**
OCI	$ -	$ -	$ -	$ (62)	**$ (62)**

The calculations above are based on the Group's statement of financial position exposure at December 31, 2018 and December 31, 2017 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 December 31, 2018, 96% was variable rate (December 31, 2017 - 97%). 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	**December 31, 2018**	December 31, 2017
Floating instruments	**$ 12,847**	$ 8,401
Average balance	**10,624**	8,647
Impact on profit (loss) of a change in interest rates:		
-1%	**106**	87
+1%	**$ (106)**	$ (87)

Risk Factors

The Company and its subsidiaries ("Subsidiary" or "Subsidiaries") are subject to a number of risks. These risks relate to the organizational structure of the Company and to the operations of the Subsidiary entities. The risks and uncertainties described below are all of the significant risks that management of the Company is aware of and believe to be material to the business and results of operations of the Company. When reviewing forward-looking statements and other information contained in this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect future results of the Company. The Company and its Subsidiaries operate in a very competitive and rapidly changing environment. New risk factors emerge from time-to-time and it is not possible for management of the Company to predict all risk factors or the impact of such factors on the business of the Company. The Company assumes no obligation to update or revise these risk factors or other information contained in this report to reflect new events or circumstances, except as may be required by law.

Certain of the most significant risks are categorized by their source and described as follows:

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

External Risks:

General Economic Conditions
The general global economic environment can impact the business and financial performance of the Group. The demand for the Group's products depends on the conditions of the respective industries in which they operate, which are influenced by numerous factors over which the Company has no control, including oil and natural gas and other commodity prices, the weather and climate, macro-economic and geopolitical factors, regulatory and other economic conditions. A prolonged or more significant downturn in any economy where the Company operates could negatively impact the demand for the Group's products.

The level of activity in the Canadian crude oil and natural gas industry can be volatile. The volatility of crude oil and natural gas prices accounts for much of the cyclical nature of the oilfield services business. A downturn in oil and natural gas prices has a direct impact on activities of certain customers of the Group, particularly the customers of Hawk. Generally, there is a higher demand for Hawk's products when oil and gas prices are high.

Competition
New competition or increased competition could have a significant impact on the Company's business, results from operations, and financial conditions.

The industries in which the Group operate are highly competitive and each of the Group competes with a substantial number of companies, some of which have greater technical and financial resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Group or that new or existing competitors will not enter the various markets in which the Group is active or that the Group wishes to enter. In certain aspects of its business, the Group also competes with a number of small and medium-sized companies, which, like the Group, have certain competitive advantages such as low overhead costs and specialized regional strengths.

There can be no assurance that competitors will not develop new and unknown technologies with which the Group may have difficulty competing. As well, without remaining cost competitive, there is also a risk that the Group may lose business to its competitors.

Government Regulation
Certain of the industries in which the Group operate are subject to, and significantly impacted by, governmental regulation. For example, the wood burning stove market in which Blaze King operates is highly regulated in North America and these regulations are subject to frequent change. There can be no assurance that the Company's business will not be adversely affected in the event of additional regulation in any of the industries or jurisdictions where the Group operate or sell its products.

The Group regularly engages in business transactions with US-based suppliers and customers. On November 30, 2018, Canada, the United States and Mexico signed the new Canada – United States – Mexico Agreement ("CUSMA") to replace the North American Free Trade Agreement. The three countries are in the process of ratifying CUSMA. The ratification of CUSMA is highly uncertain and the failure to ratify CUSMA could negatively impact the operations of the Company.

Current international, multinational and/or bilateral trade agreements and tariffs in effect from time to time can significantly impact the Group's business and financial performance. Such trade agreements and tariffs can impact the demand, cost, and production of the Group's products. Trade disputes between countries or among multiple countries can disrupt global and local supply chains, distort commodity pricing, impair the ability of the Group to make long-term investment decisions, create volatility in relative foreign exchange rates and contribute to stock market volatility. For example, tariffs introduced by the United States in 2018, which remain in place as at the date of this MD&A, have a direct impact on the business and financial performance of the Group, and in particular, Unicast. The continuation or increase

of existing tariffs, the implementation of new tariffs, and/or the existence or escalation of trade disputes from time to time could have an adverse effect on the financial results and profitability of the Group.

Environmental Regulation
The past and present operation by the Group of manufacturing facilities and ownership and/or occupation of real property are subject to extensive and changing federal, provincial, state and local environmental laws and regulations, including those relating to discharges in air, water and land, the handling and disposal of solid and hazardous waste and the remediation of contamination associated with releases of hazardous substances. Compliance with environmental regulations has not had a material effect on the capital expenditures, earnings or competitive position of the Group to date; however, compliance with current laws or more stringent laws or regulations which may be imposed on the Group in the future, stricter interpretation of existing laws or discoveries of contamination at the leased business locations of the Group which occurred prior to the Group's lease of such sites or the advent of environmental regulation may require the Group to incur additional expenditures in the future, some of which may be material.

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

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

Climate Risk
The Group's results of operations could be impacted by fluctuations from weather and natural disasters. Severe weather conditions and natural disaster conditions can significantly disrupt service by impeding the movement of goods or consumer demand, which could have an adverse effect on the Group's businesses, results of operations and financial condition. In addition, increases in frequency, severity or duration of severe weather events, including changes in the global climate, could result in increases in raw materials costs, freight costs and delivery delays, any of which would increase the potential for loss of revenue and higher costs. For example, Blaze King is impacted by the length and severity of the winter season, which drives customer demand for heating appliances as well as alternative sources of fuels. Additionally, the Group's results are impacted by seasonality factors primarily driven by weather patterns in North America and worldwide, 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. For example, the impact of weather conditions and patterns on the agriculture sector in North America and worldwide, has a direct impact on activities of the customers of Slimline.

General Uninsured Losses
Each of the Subsidiaries carries comprehensive general liability, fire, flood and extended coverage insurance with policy specifications, limits and deductibles customarily carried for similar businesses. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, anticipated profits and cash flows could be negatively impacted.

Operational Risks:

Risk Related to Acquisitions
With respect to acquired companies, there can be no assurance that the operating performance and financial results of those companies after they have been acquired by the Company will reflect the past operating performance or financial results of such companies.

In addition, while the Company seeks to identify and exploit potential synergies among its various Subsidiaries, there can be no assurance that the Company will successfully identify potential synergies or exploit such synergies for the benefit of the Group.

Dependence on Customers, Distributors and Strategic Relationships
The Company's business may be subject to customer concentration risk in that the financial performance is based substantially on business carried out with a primary customer on a small group of customers. For example, Hawk's business is subject to customer concentration risk in that the financial performance of Hawk during recent financial periods was substantially the result of business conducted with a primary customer. There can be no assurance that this customer will continue to conduct business with Hawk in a similar amount and on similar terms to the business conducted with Hawk prior to the completion of the Hawk Acquisition. In the event that Hawk's primary customer's business prospects deteriorate, or in the event that Hawk's primary customer reduces the amount of business that it conducts with Hawk, or does not conduct business with Hawk on similar terms, there would be a material adverse effect on the financial performance of Hawk. Although Hawk has the objective of diversifying its customer base and the industries that it serves, there can be no assurance that Hawk will achieve such objective. The other Subsidiaries in the Group have a fairly broad customer base and do not solely depend on any one customer or group of customers.

Additionally, the future revenue growth of the Group will depend in large part upon its ability to successfully establish and maintain a network of suppliers and distributors for its Subsidiaries as well as its ability to enter into strategic alliances. The Group may not be able to successfully manage such relationships. If the Group is unable to attract such distributors and strategic partners, it may not be able to generate sufficient revenues to maintain profitability.

Supply and Cost of Raw Materials and Purchased Parts
The Group relies on a stable and consistent supply of materials and finished goods in carrying out its operations. Each of the Subsidiaries in the Group secure supplies of raw materials and finished goods from various suppliers on an ongoing basis at negotiated prices (including, Chinese and/or other foreign suppliers). An interruption in the availability of these raw materials or finished goods, trade barriers inflicted on the countries where these suppliers are located, geopolitical factors in certain parts of the world, other factors not within the control of the Group or otherwise, or significant increases in the prices paid by the Group for them, could have a material effect on the Group's business.

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

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

Implementation of the Growth Strategy
Historically high valuation multiples have dominated the acquisition market. Company management expects that this will likely continue in the near term given the availability of inexpensive capital and the willingness of financial institutions to extend significant leverage. Given the current environment it continues to be imperative for the Company to maintain its acquisition discipline and not enter into transactions at multiples that exceed our model. Decisive management continues to focus on strategic acquisitions and organic growth. The Company may not effectively select acquisition candidates or successfully negotiate or finance such acquisitions. There can be no assurance the acquisitions will be completed on acceptable terms or that the newly acquired companies will be successfully integrated into the Group's operations. Additionally, the Group may experience increased production costs or problems, difficulty in obtaining financing and increased cost of borrowing as a result of such acquisitions. With the Group's intention to expand the sales focus into new geographic areas there may be exposure to political and economic risks not currently experienced in current geographic sales areas.

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

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

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

Although the Group will maintain product liability insurance, there can be no assurance that such insurance will continue to be available on commercially reasonable terms and that it will be sufficient to cover all claims.

Litigation
The Group may be subject to litigation from time to time and such litigation has the potential to negatively impact the business and/or financial performance of the Company. In January 2017, the insurance company for Valley Comfort Systems Inc. and Blaze King Industries Inc. (collectively, the "insured companies") received a claim by Constance Weller et al. in the amount of $11 million, plus aggregate punitive, aggravated or exemplary damages of $10 million, against the insured companies and other third parties in relation to bodily injury and property damages filed against the insured companies in the Ontario Superior Court of Justice. The insurance company has acknowledged that the insurance policy requires it to pay claims that the insured companies are legally obligated to pay as compensatory damages in an amount of up to $10 million. Compensatory damages do not include punitive, aggravated or exemplary damages. Accordingly, the insured companies have retained legal counsel to represent them for the punitive damages claim (which is not covered by the insurance policy) and compensatory damages in excess of the $10 million policy limit. Based upon discussions with legal counsel and the circumstances underlying the plaintiff's claim, the Company and the insured companies will continue to vigorously defend the claim and are of the view that the likelihood of punitive damages being awarded against them in any amount, and the likelihood of compensatory damages being awarded against the insured companies in any amount, or in an amount exceeding $10 million, is low. The plaintiffs in such lawsuit have named a number of defendants (in addition to Valley Comfort Systems Inc. and Blaze King Industries Inc.) against whom damages are sought, including propane providers, a propane service company, a propane technician and the manufacturer of a valve within one of Valley Comfort's fireplaces.

Reliance on Technology and Intellectual Property Risks
The Group will depend upon improvements in technology to meet customer demands in respect of performance and cost, and to explore additional business opportunities. There can be no assurance that the Group will be successful in its efforts in this regard or that it will have the resources available to meet this demand. The commercial advantage of the Group will depend to an extent on the intellectual property and proprietary technology of the Group.

The Group currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trade secrets, confidential procedures, contractual provisions, licenses and patents, to protect its proprietary technology. The Group may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This type of litigation can be expensive and time consuming, regardless of whether or not the Group is successful. The Group may seek patents or other similar protections in respect of particular technology; however, there can be no assurance that any future patent applications will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Group. Moreover, the process of seeking patent protection can itself be long and expensive. In the meantime, competitors may develop technologies that are similar or superior to the technology of the Group or design around the patents owned by the Group, thereby adversely affecting the Group's competitive advantage in one or more of its businesses.

Financial Risks:

Availability of Future Financing
In order to execute its business plan, the Group may require a combination of additional debt and equity financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Group when needed or on terms acceptable to the Group. The Group's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Group's growth and may have a material adverse effect upon the Group.

Interest Rates and Debt Financing
The Group has significant debt service obligations pursuant to the financing agreements relating to its long-term debt. The degree to which the Group is leveraged could have important consequences to the Group and/or its shareholders, including:

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

The ability of the Group to make scheduled payments of the principal of or interest on, or to refinance, their respective indebtedness will depend on future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. There can be no assurance that the Company will be able to refinance its long-term debt on maturity on terms similar to existing terms, or at all.

The debt financing agreements relating to the Group's long-term debt contain restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants may place significant restrictions on, among other things, the ability of the Group to incur additional indebtedness, to create liens or other encumbrances, to pay dividends, to redeem equity or debt or make certain other payments, investments, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. The financing agreements also contain a number of financial covenants that require the Group to meet certain financial ratios and financial condition tests. A failure to comply with the obligations and covenants under the financing agreements relating to the credit facility could result in an event of default under such agreements, as the case may be, which, if not cured or waived, could permit acceleration of indebtedness. If the indebtedness under such agreements were to be accelerated, there can be no assurance that the assets of the Group would be sufficient to repay that indebtedness in full.

Income Tax Matters

The business and operations of the Group are complex and the computation of income taxes payable involves many complex factors including the Group's interpretation of relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Group's interpretation of the applicable tax legislation and regulations. If any challenge to the Group's tax filing positions were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Group's tax position. Furthermore, federal or provincial or foreign tax legislation may be amended, or its interpretation changed (whether by legislative or judicial action or decision), retroactively or for the future, which could adversely affect the Group's tax position.

Foreign Exchange

A significant portion of the Group's products will be sold in markets outside of Canada, while most of its operating expenses and capital expenditures are denominated in Canadian dollars. Additionally, a significant amount of the raw materials and finished goods used by the Group in its business are denominated in foreign currency since they are mainly sourced from outside of Canada. As a result, the Group will be exposed to fluctuations in the foreign exchange rates between the Canadian dollar and the currency in which a particular purchase or sale is transacted, which may result in foreign exchange losses that could affect earnings. The Group does not currently manage this exposure through the use of derivative contracts.

Dividends

Although the Company intends to continue to declare and pay monthly dividends on common shares, there can be no assurance that dividends will continue in the future at the same frequency and in the same amounts, or at all. The actual amount of dividends declared and paid by the Company in respect of the common shares will depend upon numerous factors, including profitability, fluctuations in working capital, and the sustainability of margins and capital expenditures of the Group.

Trading Volatility of Common Shares

Management of the Company cannot predict at what price its common shares will trade and there can be no assurance that an active trading market for the common shares will be sustained. The market price of the common shares could be subject to significant fluctuations in response to variations in financial results, general trends in the industry and other factors, including extreme price and volume fluctuations which have been experienced by the securities markets from time to time.

Dilution Risk

The authorized share capital of the Company is comprised of an unlimited number of Common Shares. The Company may issue additional Common Shares, or securities which are convertible, exchangeable or exercisable into Common Shares, for consideration and on those terms and conditions as are established by the Company without the approval of Shareholders. The Company intends to pursue further acquisitions which will likely require the issuance of additional Common Shares.

Human Capital Risk:

Reliance on Management and Key Personnel
The success of the Company is dependent on a number of key senior employees both at the Company's head-office level and at the Subsidiary level. The loss of any one of these key employees may impair the Company's ability to operate at its optimum level of performance and could have an adverse effect on the Company's business, results from operations and financial condition. There can be no assurance that the Company will be able to retain its existing senior management, attract additional qualified executives or adequately fill new senior management positions or vacancies created by expansion or turnover at either the head office level or Subsidiary level.

Employees and Labour Relations
The success of the Subsidiaries is dependent in large part upon their ability to attract and retain key management and employees. Recruiting and maintaining personnel in the industries in which the Subsidiaries are involved is highly competitive and it cannot be guaranteed that these entities will be able to attract and retain the qualified personnel needed for their businesses. A failure to attract or retain qualified personnel could have an adverse effect on the Company's businesses, results from operations and financial condition.

Conflicts of Interest
The Company may be subject to various conflicts of interest due to the fact that its Directors and management are or may be engaged in a wide range of other business activities. The Company may become involved in transactions that conflict with the interests of these other business activities. The Directors and management of the Company and associates or affiliates may from time to time deal with persons, firms, institutions or organizations with which the Company may be dealing, or which may be seeking investments similar to those desired by the Company. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Any such conflicts will be resolved in accordance with the provisions of the BCBCA relating to conflicts of interest. Additionally, Decisive has a Code of Business Conduct and Ethics that provides guidance to Directors, Officers and Employees on how to deal with potential conflicts of interest.

Proposed Transactions

The Company does not have any asset or business acquisitions or dispositions that management believes are probable to proceed at this time.

Internal Controls Over Financial Reporting

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

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