



2019 Quarterly Operating Review – June 2019

July 19, 2019



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Executive Summary

- 1. Sales Volumes & Revenues:** Overall sales revenues and volumes were behind Plan by approx. \$7,083K for the Quarter due to lower than anticipated demand at all the extrusion plants due to softer market conditions at both Canadian and US customers impacted by weather conditions and shortage of skilled labor. Extrusion sales impacted by higher than normal precipitation levels throughout Canada and the US. Continued market softness extending into July with some positive signs of increased orders in certain regions
- 2. EBITDA:** EBITDA behind Plan by \$1,053K, impacted by lower sales volumes and lower production volumes resulting in higher inefficiencies. EBITDA also impacted by production challenges at Woodbridge and Delmont resulting in lower production yields and higher scrap. These unfavorable impacts were partially offset by lower material cost inputs, continued focus on alternative material usage, optimization of labor costs and lower overhead spending across the business. EBITDA also benefiting from lower OPEX costs including labor and all discretionary spending
- 3. Vs Prior Year:** Overall sales revenues and volumes were behind Prior Year by \$5,301K for the Quarter due to lower than anticipated demand across the business due to the extended winter weather conditions in 2019 and the impact of government incentive programs in 2018, no longer offered in the current year. EBITDA was behind the Prior Year by only \$43K for the Quarter but ahead by \$66K on a YTD basis. EBITDA significantly impacted by volume declines at most plants, but offset by operational improvements at the Extrusion plants as a result of the continuous improvement initiatives implemented concerning material, labor and overhead spending and the favorable volumes at Delmont. EBITDA also significantly improved at Terrebonne year-over-year with improvements in margins, quality, delivery and labor utilization.
- 4. TTM:** 2019 June TTM Revenue of \$159.7M and EBITDA of \$10.5M vs the 2019 AOP Revenue of \$178.2M and EBITDA of \$14.0M (excluding bonus expense)

Executive Summary (Continued)

5. **Sales Order Flow:** Overall sales order flow outlook for July at the mid-month point is currently ahead of the prior year on a Month to Date basis. Extrusion orders are slightly behind the prior year by 0.8% while Patio Door sales orders are ahead of prior year orders on a Month to Date basis by 26.3%. Delmont continues to see some favorable orders vs the prior year, with Woodbridge's orders slightly ahead of the prior year. Laval orders are behind the prior year heading into their 2 week construction holiday, which is expected, but Everett's orders are significantly behind. All Plants are planning to keep inventory levels in line with June, with Laval shutting down production for the last 10 days of July due to the construction holiday observed in Quebec
6. **Material/Supplier Price Increases:** CDI Resin Index increased by 2cpp in June, impacting the July resin price. Industry consensus is that resin price will remain at the higher June rate for the July period. There is a possibility for a 2cpp decrease in August but this is dependent on increased demand from the export market. TiO2 price increase negotiated at 3cpp to become effective July 1st – inventory increased with purchases ahead of the price increase. Alternative compounding source RFQ in process and discussions ongoing with alternative suppliers for TiO2, Masterbatch, Acrylic Dark Cap, Stabilizer and Filler materials
7. **Bank Covenants:** Excess Availability covenant for June-19 in line with target but Fixed Cost Coverage Ratio (FCCR) below the target but improving. Continue to monitor July & Q3 2019 cash flow forecasts and impacts on Excess Availability and FCCR covenants and moderate spending accordingly
8. **Sales Account Manager:** David Defelice, sales account manager for Ontario and Western Canada, has resigned from ENERGI effective July 2nd. David has accepted a General Manager position with Ostaco Windows, one of ENERGI's top customers. Martin St-Arnaud joined the ENERGI team effective April 15th to replace David. He worked alongside David during David's last month at ENERGI, visiting all his customers. Samuel St-Pierre joined the ENERGI team effective May 21st as a Sales Account Manager for the Quebec and Eastern Canada region to replace Benoit Audette, who transferred to Terrebonne as the Customer Service Manager

Executive Summary (Continued)

	Description	Potential Impact	Plan to Address
Risks	▪ Aggressive Competition and related pricing pressures	<ul style="list-style-type: none"> ▪ Customer losses ▪ Revenue and EBITDA loss ▪ Reduction in profitability vs Plan 	<ul style="list-style-type: none"> ▪ Continuing to visit major customers to solidify ENERGI's relationship as a strategic partner through "Huddle" meetings ▪ Close on and lock in potential new customers – contacting several non-ENERGI customers and presenting our capabilities/innovations
	▪ Raw Material Costs	<ul style="list-style-type: none"> ▪ Resin, TiO2 and other raw material price increases impacting EBITDA ▪ Freight and logistics cost increases ▪ Reduction in profitability by using virgin material due to lack of supply 	<ul style="list-style-type: none"> ▪ VP Supply Chain conducting Global Sourcing search for alternative material suppliers and conducting resin compound RFQ ▪ Accelerating alternative material usage through increased regrind purchasing opportunities including customer scrap buy-back ▪ VP Supply Chain assisting plants with warehousing and logistics cost and resource optimization, as well as SIOP
	▪ Terrebonne (Patio Doors)	<ul style="list-style-type: none"> ▪ Revenue and EBITDA loss ▪ Turnaround plan not achieved ▪ Employee retention 	<ul style="list-style-type: none"> ▪ Maintain stability of leadership for Terrebonne – internal promotions ▪ Executing on labor balancing/planning ▪ Obtain new business and take market share – quoting several projects and new business opportunities with new customers ▪ Working with Infor to improve reliability of ERP system
	▪ 2019 Canadian Industry and Market continues to stall beyond April 2019	<ul style="list-style-type: none"> ▪ Revenue and EBITDA loss ▪ Employee retention issue 	<ul style="list-style-type: none"> ▪ Continue to stay in touch with all major customers ▪ Develop production scheduling discipline to ensure not over or under producing and not creating backorders
Opportunities	▪ External Compound Sales	<ul style="list-style-type: none"> ▪ Revenue and EBITDA growth ▪ Absorption of ECS overheads 	<ul style="list-style-type: none"> ▪ Quoting non-fenestration compound opportunities ▪ Developing natural/green core compound for alt. materials initiative
	▪ Operations Excellence Initiatives	<ul style="list-style-type: none"> ▪ Operational efficiencies ▪ Profitability improvements 	<ul style="list-style-type: none"> ▪ Focus on operation optimization and lean strategies to eliminate waste ▪ Focus on use of alternative materials in existing and new business ▪ Tracking Plant level continuous improvement project savings
	▪ Supply Chain Initiatives	<ul style="list-style-type: none"> ▪ Improvement in profitability ▪ Offset raw material increases 	<ul style="list-style-type: none"> ▪ Reviewing alternative supply options for all resources ▪ Challenging price increases from all suppliers
	▪ Pipeline Growth	<ul style="list-style-type: none"> ▪ Revenue and EBITDA growth ▪ Plant capacity utilization 	<ul style="list-style-type: none"> ▪ Sales prospecting efforts continue to grow the sales pipeline for extrusion, patio door and external compound opportunities ▪ Completion and launch of Woodbridge Modular Platform ▪ Increased prospecting efforts for Woodbridge & Everett plants

Key Wins and Losses – Q2 2019



Key Wins

- **Caron & Guay**
 - Terrebonne
 - Performer PD
 - Annualised Sales = \$1.2M


Key Losses

- **Van Isle**
 - Everett
 - 2019 Plan Sales = \$700K


Key Initiatives Update

Initiative	Status	Recent Progress	Next Steps	Risks
1. Develop/Enhance Systems and Processes		<ul style="list-style-type: none"> • Production run cards developed for alternative BOMs at Woodbridge, Everett & Delmont • OBI project completed at Everett • OBI project at ECS commenced • Created manufacturing tooling status and production release process 	<ul style="list-style-type: none"> • Finalize production run cards for alternative BOMs at Woodbridge, Delmont & Everett • OBI project at Everett – working on recertification schedule and “train the trainer” • OBI project at ECS – most of the processes have been completed; filming to commence 	<ul style="list-style-type: none"> • Production planning inefficiencies • Labor planning inefficiencies
2. Develop Safety, Quality, Delivery & Cost culture		<ul style="list-style-type: none"> • All plants have integrated daily Gemba walks and shift hand-off boards into their culture • Continuous education discipline and training on the use of shift hand-off boards 	<ul style="list-style-type: none"> • Implement changes to the Gemba process with lessons learned to enhance their value and effectiveness • Adopt 2 or 4Hr quality checks • Developing new processes to track productivity and yield 	<ul style="list-style-type: none"> • Disorganized plants impairs production efficiencies sends a negative message to customers



Key Initiatives Update (Continued)

Initiative	Status	Recent Progress	Next Steps	Risks
3. Develop Alternative Compounds		<ul style="list-style-type: none"> • Discussions ongoing with suppliers regarding alternative material compound and regrind – continuing to obtain quotes and test samples • Continuing to refine Natural PVC formula at ECS, reviewing costs to develop and lab testing standard • Continued progress with purchasing regrind material with separate suppliers at Woodbridge, Laval, Everett and Delmont • Several responses received from RFQ package sent out to suppliers • Testing trials on mixed white regrind material with Bulldog Polymers • Awaiting AAMA test results on natural core profiles • End-cut Buy-back program – Everett testing material from Simonton and Solar Industries • End-cut Buy-back program – Delmont working with JPI on using PGT end-cuts in their process 	<ul style="list-style-type: none"> • Reviewing capabilities of each supplier, pricing quoted, material specifications and obtaining samples for testing • Awaiting updated quotes from Westlake, Shintech and PolyOne • Awaiting AAMA test results on natural core profiles • Awaiting test standard data from lab for Natural Core testing in-house • Working with AAMA Task Group on how to deal with recycled material • Re-starting customer End-cut Buy-back program at Woodbridge and Laval 	<ul style="list-style-type: none"> • Margin erosion due to rising resin, TiO2 and other additive costs • Loss of market share due to not being able to compete


Key Initiatives Update (Continued)

Initiative	Status	Recent Progress	Next Steps	Risks
4. Improve Terrebonne profitability		<ul style="list-style-type: none"> • Objective Based Instructions project – conducting job recertification process • KPIs being tracked and integrated into SQDC Boards • Daily labor tracking measurement in place and integrated into SQDC Boards • Ramp Up Ready meetings held to ensure plans are in place to handle peak season demand • New Performer door launch pre-production trials ongoing • Cross training of target areas to create flexibility ongoing • Ostaco will be converting to new Performer door in June • Standard Margin analysis has proved out configurator accuracy • Atis opportunity is continuing to progress – Allsco bulk orders of Performer 	<ul style="list-style-type: none"> • ERP system improvements – project on track and to be concluded by end of July • Working through Plant & Line Balancing plan – challenged with employee turnover and lack of skilled labor to hire • Reviewing several commercial growth opportunities – continuing to quote • Finalizing agreement with Atis on a \$2.5M opportunity • Start-up on new Performer progressing at Dashwood & Golden • Caron et Guay waiting to start-up after holiday 	<ul style="list-style-type: none"> • Customer retention may also impact extrusion side of the business • EBITDA losses

Key Initiatives Update (Continued)

Initiative	Status	Recent Progress	Next Steps	Risks
5. Planning Disciplines and overall Communication Practices		<ul style="list-style-type: none"> • Weekly updates on status of “Big 3” initiatives and identify next initiatives once completed • Communications between plants and sharing of best practices conducted on a weekly basis • Visual Control Boards implemented to track progress on certain lines and improve change over times & yields • Weekly Tooling Status meetings being conducted 	<ul style="list-style-type: none"> • Weekly Quality Assurance calls continue to evolve yielding improved team problem solving and systemic solution to issues • Implementation of the APQP process with initial projects • Schedule Quarterly meetings with extended management team to communicate overall financial results, metrics and strategies 	<ul style="list-style-type: none"> • Lack of Accountability and Ownership from employees
6. Safety		<ul style="list-style-type: none"> • 8 recordable incidents YTD with 2 occurring at Laval, 3 at Delmont, 2 at Everett and 1 at Woodbridge • Weekly management safety meetings being held • Accelerating more aggressive safety program at Laval and Delmont 	<ul style="list-style-type: none"> • Enhance plant safety programs and accelerate the safety awareness culture at all plants • Incorporating safety reviews during Gemba walks; additional communications 	

Key Initiatives Update (Continued)

Initiative	Status	Recent Progress	Next Steps	Risks
7. Information Technology & Systems Security		<ul style="list-style-type: none"> Account Management & Security (R1) initiative completed – utilizing Azure Active Directory to centrally manage and enforce security settings Business Continuity & DR (R2) – implemented local and remote back-up strategy & protocol for local site servers Full DR test successfully completed for JDE ERP Two-Factor Authentication (R5) – completed successfully Implemented Mimecast to scan incoming emails and block suspicious addresses Added “Warning” message to all incoming emails originating from outside ENERGI system Cybersecurity Training & Awareness (R3) – portal has been set up and training has been kicked off (complete) 	<ul style="list-style-type: none"> DR test on Syteline ERP (Terrebonne) to be scheduled once current Vanilla Project work is completed DR test on ConcepMATICs ERP (Laval) to be scheduled Vulnerability Mgmt (R4) – postponed to 2020 Hard Drive Encryption (R6) – postponed to 2020 Patch Mgmt (R7) – in process; dependent on Change Mgmt policies and procedures Email Encryption (R8) – postponed to 2020 Mobile Device Mgmt (R9) – evaluating MS solution or SOTI Removable Media (R10) & Cloud-Based Apps (R11) – postponed to 2020 	<ul style="list-style-type: none"> Email Phishing Attacks: <ul style="list-style-type: none"> a) Ransomware email from external email account; shutdown Terrebonne for 3 days; able to restore from back-up b) Email impersonating CEO asking employee for gift cards - \$4K loss incurred (Feb-19)

Key Performance Indicators - Summary

Safety:

- Five (5) recordable incidents in Q2 2019: (i) Laval – Ankle sprain damage from pulling cart. (ii) Woodbridge worker pinched finger; (iii & iv) Everett worker's finger made contact with punch cylinder (no lost time) and another worker wedged finger between two tools/dies (no lost time); and (v) Delmont worker crushed finger against bay door (no lost time). Root cause analysis resulted in plan to modify; corrective actions identified and immediately implemented
- June 2019 TRIR of 2.33 vs 2018 TRIR of 1.97; Total Recordable Cases – 9 for 2019 YTD vs 14 for 2018 FY & 16 for 2017 FY
- 30 months incident free record at ECS;

Quality:

- Woodbridge quality issues related to escapes in quality check execution

Delivery:

- Terrebonne – 3-day power outage in April, Staff turnover and related training time resulted in delays in average turn around time affecting delivery
- Woodbridge - Considerable back order activity to Terrebonne, Vinyl Pro due to problematic dies in Quadrant 4

Efficiencies:

- Woodbridge yields impacted by combination of cold starts, problem tools, long overall change-overs, capstock & regrind trials and power outages
- Laval Alt/Regrind consumption ratio below target due to insufficient scrap generation and Alt material purchases
- Delmont yields impacted by lower lbs production due to lower sales and dark cap production runs

Inventory:

- Strategic build up of inventory in response to anticipated demand in coming months
- Higher Inventory Days on Hand due to build up of raw material and purchasing ahead of expected TiO2 price increases

Customer Retention:

- Loss of Van Isle to competitor in May; Complete switch over expected in August 2019; Expected annual sales of \$0.7M

Employees:

- Employee retention stable at 98.3%

Key Performance Indicators – Plant Summary

KPI Measure		2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety									
# Recordables (affects TRIR)	# in Month	0	1	1	2	2	2	1	9
Woodbridge		0	0	0	0	1	0		1
Laval		0	1	1	0	0	0	1	3
Terrebonne		0	0	0	0	0	0		0
Delmont		0	0	0	2	1	0		3
Everett		0	0	0	1	1	0		2
ECS		0	0	0	0	0	0		0
Quality Performance									
Returns as % of sales	# of Plants Green	6	4	4	5	6	6	5	5
Woodbridge		0.30%	1.49%	0.53%	0.25%	0.01%	0.11%	0.37%	0.42%
Laval		0.78%	0.24%	0.38%	0.54%	0.68%	0.31%	0.77%	0.51%
Terrebonne		1.25%	1.57%	1.76%	0.58%	0.24%	0.53%	0.21%	0.72%
Delmont		0.30%	0.15%	0.27%	0.40%	0.08%	0.18%	0.17%	0.08%
Everett		0.60%	0.43%	0.32%	0.06%	0.40%	0.55%	0.42%	0.37%
ECS		0.20%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Delivery Performance									
% by line items	# of Plants Green	6	6	5	6	4	5	4	4
Woodbridge		99.0%	99.6%	98.8%	99.4%	98.1%	99.0%	95.3%	98.4%
Laval		99.0%	99.7%	99.8%	99.6%	99.8%	99.8%	99.7%	99.7%
Terrebonne ****		95.0%	95.4%	95.7%	95.6%	78.3%	80.3%	73.9%	86.5%
Delmont		99.0%	99.5%	99.4%	99.4%	99.3%	99.1%	99.4%	99.3%
Everett		99.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ECS		99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% on time in full									
	# of Plants Green	6	6	6	6	5	5	5	5
Woodbridge		95.0%	99.6%	98.8%	99.4%	98.1%	99.0%	95.3%	98.4%
Laval		95.0%	99.7%	99.8%	99.6%	99.8%	99.8%	99.7%	99.7%
Terrebonne		95.0%	95.4%	95.7%	95.6%	78.3%	80.3%	73.9%	86.5%
Delmont		95.0%	99.7%	99.8%	99.7%	99.6%	99.6%	99.6%	99.7%
Everett		99.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ECS		99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Costs									
Yield*	# of Plants Green	5	3	3	3	3	3	4	3
Woodbridge		85.7%	84.7%	85.5%	85.2%	84.5%	85.0%	85.9%	85.2%
Laval		84.0%	85.5%	85.2%	86.9%	88.0%	87.3%	87.3%	86.8%
Delmont		85.7%	81.4%	82.7%	83.3%	83.4%	82.8%	82.2%	82.6%
Everett		85.7%	90.9%	91.2%	90.9%	89.0%	90.7%	90.7%	90.6%
ECS		99.2%	99.5%	99.6%	99.8%	99.8%	99.9%	99.5%	99.7%

Notes: * Not measured at TB; ** Excluding TB; ***TB is # Concerns/100k Sales **** Change in calculation method for TB retroactively restated to Jan 18

Key Performance Indicators – Plant Summary (Cont'd)

KPI Measure		2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Costs									
Alt. Compound Consumption Ratio*		5	3	2	4	2	2	2	3
Woodbridge		19.9%	17.4%	20.1%	20.0%	18.4%	18.4%	18.7%	18.8%
Laval		20.9%	20.2%	19.4%	18.4%	16.3%	19.9%	20.2%	19.0%
Delmont		17.1%	25.4%	19.8%	19.5%	23.3%	17.9%	20.8%	21.1%
Everett		20.0%	32.0%	18.4%	21.4%	18.3%	17.3%	16.4%	20.8%
ECS		0.0%	0.4%	0.1%	0.4%	0.6%	0.6%	0.3%	0.2%
Inventory									
Days - TTM*	# of Plants Green	5	2	1	3	3	3	2	
Woodbridge		54.1	57.3	59.1	61.8	63.6	63.8	64.5	
Laval		69.3	66.7	66.4	67.7	69.0	68.4	69.8	
Terrebonne		71.0	74.8	71.4	70.2	68.8	66.3	64.8	
Delmont		58.7	62.0	62.1	64.6	66.8	67.4	70.0	
Everett		84.5	84.4	85.6	87.2	87.8	88.8	91.7	
ECS		46.0	50.0	49.0	42.0	41.0	32.0	31.0	
Customer Service									
Customer Experience - NPS Improvement		20%	NA	NA	NA	NA	NA	NA	NA
Customer Complaints - per MLBS ***	# of Plants Green	6	5	4	2	4	3	3	4
Woodbridge		3.2	2.6	2.3	3.0	3.1	4.9	3.4	3.2
Laval		22.5	16.0	23.0	33.0	36.0	44.0	23.5	29.2
Terrebonne		3.2	4.0	3.9	3.6	3.7	3.4	2.0	3.4
Delmont		3.2	2.8	3.2	3.7	2.9	3.0	3.4	3.2
Everett		8.0	1.4	2.7	3.5	2.2	3.6	4.0	2.9
ECS		0.3	0.3	0.1	0.0	0.1	0.0	0.0	0.1
Customer Retention		100%	100.0%	100.0%	98.9%	100.0%	99.4%	100.0%	98.3%
Employees									
Employee Engagement		80%	76.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Employee Retention		90%	99.2%	98.1%	99.2%	98.4%	98.5%	98.3%	97.8%

Notes: * Not measured at TB; ** Excluding TB; ***TB is # Concerns/100k Sales **** Change in calculation method for TB retroactively restated to Jan 18

Consolidated Summary P&L – Q2 2019

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	25,123	29,409	(4,286)	(14.6%)	48,669	54,145	(5,476)	(10.1%)
Units Shipped ('000)	25,588	30,367	(4,779)	(15.7%)	46,349	53,458	(7,109)	(13.3%)
Bookings (\$'000)	\$ 45,796	\$ 50,238	\$ (4,443)	(8.8%)	\$ 79,588	\$ 87,610	\$ (8,022)	(9.2%)
Backlog (\$'000)	\$ 11,128	\$ 12,824	\$ (1,695)	(13.2%)	\$ 11,128	\$ 12,824	\$ (1,695)	(13.2%)
Gross Revenue	\$ 44,350	\$ 52,069	\$ (7,720)	(14.8%)	\$ 79,123	\$ 90,514	\$ (11,391)	(12.6%)
Adj. to Gross Revenue	(2,148)	(2,784)	636	(22.9%)	(3,791)	(4,639)	849	(18.3%)
Net Revenue	42,202	49,285	(7,083)	(14.4%)	75,333	85,875	(10,542)	(12.3%)
Material	20,651	24,680	(4,028)	(16.3%)	36,620	42,812	(6,192)	(14.5%)
Labor	9,176	9,869	(693)	(7.0%)	17,730	18,910	(1,179)	(6.2%)
Other COGS	4,756	5,556	(800)	(14.4%)	8,196	9,396	(1,200)	(12.8%)
Total COGS	34,583	40,105	(5,521)	(13.8%)	62,547	71,118	(8,571)	(12.1%)
Gross Margin	7,619	9,181	(1,562)	(17.0%)	12,785	14,757	(1,971)	(13.4%)
Gross Margin %	18.1%	18.6%			17.0%	17.2%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	1,725	1,852	(127)	(6.9%)	3,356	3,603	(247)	(6.9%)
Administrative	2,920	3,212	(292)	(9.1%)	5,804	6,325	(521)	(8.2%)
Other Opex	(152)	(61)	(90)	146.5%	(268)	(115)	(153)	133.4%
Total Opex	4,493	5,002	(509)	(10.2%)	8,892	9,813	(921)	(9.4%)
EBITDA	3,125	4,178	(1,053)	(25.2%)	3,893	4,943	(1,050)	(21.2%)
EBITDA %	7.4%	8.5%			5.2%	5.8%		
Net Income (Loss)	\$ 441	\$ 270	\$ 172	63.7%	\$ (1,996)	\$ (2,530)	\$ 534	(21.1%)
Capex	\$ (1,772)	\$ (2,830)	\$ 1,058	(37.4%)	\$ (3,352)	\$ (5,332)	\$ 1,980	(37.1%)
Opex Overview:								
Payroll	\$ 2,607	\$ 2,711	\$ (104)	(3.8%)	\$ 5,083	\$ 5,296	\$ (213)	(4.0%)
Bonus	335	340	(5)	(1.4%)	672	680	(8)	(1.2%)
Commissions	61	90	(29)	(32.7%)	114	179	(65)	(36.3%)
Marketing	334	485	(151)	(31.2%)	679	920	(241)	(26.2%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	283	394	(110)	(28.0%)	554	787	(234)	(29.7%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	73	87	(14)	(16.1%)	153	167	(14)	(8.6%)
Professional fees	138	141	(3)	(1.9%)	291	303	(12)	(4.0%)
Office Expenses	68	76	(9)	(11.4%)	134	149	(14)	(9.7%)
IT	468	526	(58)	(11.0%)	932	1,016	(84)	(8.3%)
Bad Debts	65	(1)	66	(5740.2%)	97	(2)	99	(4311.1%)
FX	(84)	–	(84)	N/A	(167)	–	(167)	N/A
JV Loss (Income)	(68)	(61)	(6)	10.1%	(101)	(115)	14	(11.9%)
Other Expenses	213	216	(3)	(1.2%)	451	433	18	4.2%
Total Opex	\$ 4,493	\$ 5,002	\$ (509)	(10.2%)	\$ 8,892	\$ 9,813	\$ (921)	(9.4%)

Management Discussion

Net Revenue – Q2 -\$7,083K:

- Extrusion external sales volume unfavorable by 15.0% or \$6,396K due to continued soft market conditions in regions across North America; with lower sales out of Woodbridge by \$2,392K, Laval by \$1,120K, Delmont by \$1,926K and Everett by \$958K
- Patio Door gross sales were behind Budget by \$581K mainly driven by decreased demand from Vaillancourt, Fennergic, the Concerto Group of customers and Ventana (bankruptcy). External compound sales were behind Budget by \$536 due to reduced orders from Vinyl Profiles
- Favorable product/customer mix impact of \$599K primarily from Woodbridge, Delmont and ECS (new compound tolling business); Favorable rebates & discounts variance of \$565K due to lower volumes and customer sales mix; and lower Returns & allowances of \$24K
- Unfavorable F/X impact of \$758K (actual rate of 1.3375 [or \$USD 0.7477] vs. Budget rate of 1.30 [or \$USD 0.7692])

EBITDA – Q2 -\$1,053K:

- Material COGS:** Decrease of \$4,028K primarily due to the mix and volume impact from lower sales of \$4,447K, lower material prices of \$339K mainly driven by resin and partially offset by higher additive and glass pricing, improved scrap utilization at ECS of \$185K; offset by unfavorable yields at Woodbridge & Delmont and lower regrind usage at Woodbridge, Delmont & Everett due to lower production volumes of \$647K and higher inventory reserves for E&O and LCM adjustments of \$296K
- Labor COGS:** Decrease of \$693K due to a volume impact of \$330K, a favorable impact of \$120K from headcount reduction initiatives and improved labor efficiency at Laval, Delmont and Terrebonne, a non-recurring worker's comp refund of \$86K at Laval and a favorable F/X impact of \$157K
- Other COGS:** Decrease of \$800K comprised of: lower freight costs due to sales volume and customer mix of \$301K, lower overhead spending (ie. utilities, maintenance, factory supplies) of \$250K due to lower production, a higher tool & die absorption recovery impact of \$80K, lower real estate and property tax adjustments of \$87K and a favorable F/X impact of \$92K; partially offset by unfavorable absorption of \$10K
- Sales and Marketing:** Lower costs due to lower marketing costs of \$143K (timing), lower T&E spend of \$27K, lower commissions of \$28K and a favorable F/X impact of \$38K; partially offset by a Bad Debts reserve impact of \$66K for high risk collection issues and product development costs of \$34K
- Administrative:** Lower costs due to lower headcount & benefit costs of \$69K, lower T&E of \$80K, lower IT costs of \$46K and a favorable F/X impact of \$53K
- Other Opex:** Favorable realized F/X re-valuation impact of \$84K due to net USD working capital held by the Canadian entity (change in F/X from 1.3531 on Mar. 31st, 2019 to 1.3099 on June 30th, 2019)

Consolidated Summary P&L (vs PY) – Q2 2019

\$'000	QTD		Var		YTD		Var	
	Act	PY-Act	\$	%	Act	PY-Act	\$	%
Units Produced ('000)	25,123	26,531	(1,408)	(5.3%)	48,669	50,788	(2,119)	(4.2%)
Units Shipped ('000)	25,588	29,344	(3,756)	(12.8%)	46,349	53,264	(6,915)	(13.0%)
Bookings (\$'000)	\$ 45,796	\$ 49,443	\$ (3,647)	(7.4%)	\$ 79,588	\$ 89,115	\$ (9,527)	(10.7%)
Backlog ('\$000)	\$ 11,128	\$ 12,094	\$ (965)	(8.0%)	\$ 11,128	\$ 12,094	\$ (965)	(8.0%)
Gross Revenue	\$ 44,350	\$ 50,234	\$ (5,885)	(11.7%)	\$ 79,123	\$ 90,958	\$ (11,835)	(13.0%)
Adj. to Gross Revenue	(2,148)	(2,731)	583	(21.4%)	(3,791)	(4,789)	998	(20.8%)
Net Revenue	42,202	47,503	(5,301)	(11.2%)	75,333	86,169	(10,836)	(12.6%)
Material	20,651	23,235	(2,584)	(11.1%)	36,620	41,624	(5,003)	(12.0%)
Labor	9,176	10,857	(1,680)	(15.5%)	17,730	21,051	(3,320)	(15.8%)
Other COGS	4,756	5,242	(487)	(9.3%)	8,196	9,715	(1,518)	(15.6%)
Total COGS	34,583	39,334	(4,751)	(12.1%)	62,547	72,389	(9,842)	(13.6%)
Gross Margin	7,619	8,169	(550)	(6.7%)	12,785	13,780	(995)	(7.2%)
Gross Margin %	18.1%	17.2%			17.0%	16.0%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	1,725	2,015	(290)	(14.4%)	3,356	3,935	(579)	(14.7%)
Administrative	2,920	2,903	17	0.6%	5,804	5,929	(124)	(2.1%)
Other Opex	(152)	83	(235)	(281.6%)	(268)	90	(358)	(399.1%)
Total Opex	4,493	5,001	(508)	(10.1%)	8,892	9,953	(1,061)	(10.7%)
EBITDA	3,125	3,168	(43)	(1.3%)	3,893	3,827	66	1.7%
EBITDA %	7.4%	6.7%			5.2%	4.4%		
Net Income (Loss)	\$ 441	\$ (768)	\$ 1,210	(157.5%)	\$ (1,996)	\$ (2,668)	\$ 673	(25.2%)
Capex	\$ (1,772)	\$ (2,414)	\$ 642	(26.6%)	\$ (3,352)	\$ (4,848)	\$ 1,496	(30.9%)
Opex Overview:								
Payroll	\$ 2,607	\$ 2,770	\$ (163)	(5.9%)	\$ 5,083	\$ 5,574	\$ (491)	(8.8%)
Bonus	335	336	(1)	(0.2%)	672	677	(5)	(0.7%)
Commissions	61	47	13	28.3%	114	90	24	26.2%
Marketing	334	456	(122)	(26.8%)	679	961	(282)	(29.3%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	283	311	(28)	(8.9%)	554	634	(80)	(12.6%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	73	82	(9)	(11.0%)	153	165	(12)	(7.6%)
Professional fees	138	170	(32)	(18.7%)	291	319	(28)	(8.7%)
Office Expenses	68	72	(5)	(6.6%)	134	170	(36)	(21.2%)
IT	468	404	64	15.8%	932	857	75	8.8%
Bad Debts	65	5	60	1088.5%	97	(63)	160	(254.5%)
FX	(84)	148	(232)	(156.5%)	(167)	197	(364)	(184.6%)
JV Loss (Income)	(68)	(65)	(3)	4.2%	(101)	(108)	7	(6.1%)
Other Expenses	213	263	(51)	(19.2%)	451	479	(29)	(5.9%)
Total Opex	\$ 4,493	\$ 5,001	\$ (508)	(10.2%)	\$ 8,892	\$ 9,953	\$ (1,061)	(10.7%)

Management Discussion

Net Revenue – Q2 -\$5,301K:

- Extrusion external sales volume unfavorable by 11.2% or \$4,643K million due to soft market conditions across North America as a result of the extended winter weather, the impact from government incentive programs in place in 2018 and lost business (ie. SI, Thompson Creek, KP Building, Ventana, Van Isle)
- Patio Door gross sales were behind Prior Year by \$227K due to softer demand from Canadian customers and Ventana bankruptcy. External compound sales were behind Prior Year’s sales by \$671K due to lower volumes from The Vinyl Company and Nuform
- Favorable product/customer mix impact of \$641K primarily from Delmont (PGT DarkCap) and ECS (new compound tolling business); favorable rebates & discounts variance of \$411K due to lower volumes and customer sales mix; and favorable returns & allowances of \$117K
- Unfavorable F/X impact of \$929K (actual rate of 1.3375 [or \$USD 0.7477] vs. Prior Year rate of 1.2912 [or \$USD 0.7745])

EBITDA – Q2 -\$43K:

- Unfavorable impact to Gross Margin of \$1,344K due to significant volume shortfall; partially offset by favorable product/customer mix, rebates and returns & allowances
- Labor costs were also favorable due to an F/X impact of \$191K
- Other COGS lower than the Prior Year as a result of lower freight costs of \$280K, lower overhead spending (ie. utilities, maintenance, factory supplies) of \$315K and a favorable F/X impact of \$131K, partially offset by an unfavorable absorption impact of \$239K
- EBITDA favorable impact due to lower OPEX costs as a result of lower spending, timing of certain expenses (ie. T&E, Marketing expenses) and a favorable F/X impact

Q2 2019 Net Sales Bridge

(In Thousands of US Dollars)

	<u>Woodbridge</u>	<u>Laval</u>	<u>Delmont</u>	<u>Everett</u>	<u>ECS</u>	<u>Terrebonne</u>	<u>Group Office</u>	<u>Adj.</u>	<u>Total</u>
Net Sales Budget, as reported (A)	\$ 13,115	\$ 10,094	\$ 11,363	\$ 7,399	\$ 19,655	\$ 5,800	\$ 51	\$ (18,192)	\$ 49,285
Volume impact (external sales)	(2,392)	(1,120)	(1,926)	(958)	(536)	(581)	-	-	(7,513)
Volume impact (intercompany sales)	12	(31)	13	-	(1,376)	-	-	1,382	-
Rebates & discounts	255	71	30	99	14	96	-	-	565
Price / Mix impact	396	121	341	(418)	359	(148)	(51)	-	599
Returns & allowances	9	(93)	26	29	(2)	55	-	-	24
Other - F/X	(307)	(240)	0	0	(66)	(145)	(0)	1	(758)
Actual Net Sales (B)	\$ 11,088	\$ 8,801	\$ 9,848	\$ 6,151	\$ 18,048	\$ 5,077	\$ -	\$ (16,810)	\$ 42,202
Actual vs Budget, as reported Variance (B) - (A)	\$ (2,027)	\$ (1,293)	\$ (1,515)	\$ (1,248)	\$ (1,608)	\$ (723)	\$ (51)	\$ 1,383	\$ (7,083)
Actual vs Prior Year, as reported Variance	\$ (2,407)	\$ (1,378)	\$ (122)	\$ (980)	\$ (2,397)	\$ (308)	\$ (0)	\$ 2,291	\$ (5,301)

Q2 2019 EBITDA Bridge

(In Thousands of US Dollars)

	<u>Woodbridge</u>	<u>Laval</u>	<u>Delmont</u>	<u>Everett</u>	<u>ECS</u>	<u>Terrebonne</u>	<u>Group Office</u>	<u>Adj.</u>	<u>Total</u>
EBITDA Budget, as reported (A)	\$ 769	\$ 1,669	\$ 2,033	\$ 651	\$ (101)	\$ (108)	\$ (734)	\$ -	\$ 4,178
Volume & Mix impact	(444)	(778)	(502)	(805)	402	(297)	158	-	(2,266)
Labor - DL/IDL FAV/(UNF)	159	166	274	(66)	46	105	-	-	685
Alt. Materials FAV/(UNF)	(335)	59	(191)	(180)	-	-	-	-	(647)
Other Materials - FAV/(UNF)	(172)	(0)	(54)	(35)	539	(50)	-	-	228
Absorption impact FAV/(UNF)	(289)	164	(212)	193	48	86	-	-	(10)
Overhead Spending FAV/(UNF)	92	27	88	109	59	50	13	-	438
Other	45	56	32	65	154	(0)	166	(0)	519
Actual EBITDA (B)	\$ (174)	\$ 1,362	\$ 1,469	\$ (68)	\$ 1,147	\$ (214)	\$ (397)	\$ (0)	\$ 3,125
Actual vs Budget, as reported Variance (B) - (A)	\$ (943)	\$ (307)	\$ (564)	\$ (719)	\$ 1,248	\$ (106)	\$ 337	\$ (0)	\$ (1,053)
Actual vs Prior Year, as reported Variance	\$ (659)	\$ (5)	\$ 470	\$ (282)	\$ (90)	\$ 511	\$ 13	\$ 27	\$ (16)

Strategic Plan Update – Summary of Alternative Materials Initiative

(In Thousands of US Dollars)

	Q2 2019			June-19 YTD			Comments
	Actual	Forecast	Variance FAV/(UNF)	Actual	Budget	Variance FAV/(UNF)	
Woodbridge - Scrap Variance ⁽¹⁾	\$ (85)	\$ 89	\$ (174)	\$ (132)	\$ 208	\$ (340)	Higher production scrap and lower yields
Woodbridge - Alt Materials Usage ⁽²⁾	\$ 280	\$ 441	\$ (161)	\$ 678	\$ 729	\$ (50)	Lower regrind usage due to lower production volumes
Woodbridge - Total	\$ 194	\$ 529	\$ (335)	\$ 547	\$ 937	\$ (390)	
Laval - Scrap Variance ⁽¹⁾	\$ 80	\$ 15	\$ 65	\$ 117	\$ 20	\$ 98	Favorable yields due to longer runs and product mix
Laval - Alt Materials Usage ⁽²⁾	\$ 233	\$ 239	\$ (6)	\$ 300	\$ 279	\$ 21	Regrind usage in line with targets
Laval - Total	\$ 312	\$ 253	\$ 59	\$ 418	\$ 299	\$ 118	
Delmont - Scrap Variance ⁽¹⁾	\$ 270	\$ 340	\$ (70)	\$ 483	\$ 617	\$ (134)	Unfavorable yields due to increased dark capstock runs
Delmont - Alt Materials Usage ⁽²⁾	\$ 90	\$ 211	\$ (121)	\$ 297	\$ 428	\$ (131)	Reduced regrind/alt material usage due to lower volumes
Delmont - Total	\$ 360	\$ 551	\$ (191)	\$ 780	\$ 1,045	\$ (265)	
Everett - Scrap Variance ⁽¹⁾	\$ (205)	\$ (221)	\$ 16	\$ (535)	\$ (493)	\$ (42)	Lower regrind usage due to volumes and external supply
Everett - Alt Materials Usage ⁽²⁾	\$ 389	\$ 585	\$ (196)	\$ 977	\$ 1,196	\$ (219)	
Everett - Total	\$ 184	\$ 364	\$ (180)	\$ 442	\$ 703	\$ (261)	
Total Scrap Variance ⁽¹⁾	\$ 59	\$ 223	\$ (163)	\$ (66)	\$ 352	\$ (418)	
Total Alt Materials Usage ⁽²⁾	\$ 991	\$ 1,475	\$ (484)	\$ 2,253	\$ 2,632	\$ (380)	
Grand Total	\$ 1,051	\$ 1,698	\$ (647)	\$ 2,186	\$ 2,984	\$ (798)	

Notes:
(1) - Scrap Variance includes scrap variance vs. scrap included in Standard Costs from: (i) production scrap impacted by production yields, product mix and other factors (ie. Age of extruders, power outages, labor availability); (ii) raw material count variances and adjustments; and (iii) finished goods count variances and adjustments
(2) - Alt Materials Usage includes use of regrind material in the production process obtained from any one of the following sources: (i) alternative compound externally sourced; (ii) white window regrind from Zero Waster recycling program; and/or (iii) scrap not sold.

Strategic Plan Update – Summary of HCR Initiative

(In Thousands of US Dollars)

	Q1-19	Q2-19	YTD
Budget Production Volume (Lbs)	24,736	29,409	54,145
Budget Direct Labor	\$ 4,262	\$ 4,864	\$ 9,127
Budget Indirect and SG&A Labor	\$ 7,052	\$ 7,405	\$ 14,456
Budget Total Labor	<u>\$ 11,314</u>	<u>\$ 12,269</u>	<u>\$ 23,583</u>
Actual Production Volume (Lbs)	23,546	25,123	48,669
Actual Direct Labor	\$ 3,908	\$ 4,374	\$ 8,281
Budget Direct Labor (Flexed for Actual Volume)	\$ 4,060	\$ 4,153	\$ 8,213
Direct Labor Savings (Flexed for Actual Volume) - FAV(UNF)	<u>\$ 152</u>	<u>\$ (221)</u>	<u>\$ (69)</u>
Actual Indirect and SG&A Labor	\$ 6,818	\$ 7,107	\$ 13,925
Budget Indirect and SG&A Labor (Flexed for Actual Volume)	\$ 7,052	\$ 7,405	\$ 14,456
Indirect and SG&A Labor Savings - FAV(UNF)	<u>\$ 233</u>	<u>\$ 297</u>	<u>\$ 531</u>
Total Labor	\$ 10,726	\$ 11,481	\$ 22,207
Budget Total Labor (Flexed for Actual Volume)	\$ 11,112	\$ 11,557	\$ 22,669
Total Labor Savings - FAV(UNF)	<u>\$ 386</u>	<u>\$ 76</u>	<u>\$ 462</u>

Note: Direct Labor includes Full Time and Casual/Temp Labor

Executive Summary

Financial Review

Full Year Financial Outlook

Governance Reporting

Appendix

Business Unit Analysis

Revenue and EBITDA Bridge

\$'000	MTD		QTD		YTD	
	Net Revenue	EBITDA	Net Revenue	EBITDA	Net Revenue	EBITDA
Budget	\$ 17,030	\$ 1,695	\$ 49,285	\$ 4,178	\$ 85,875	\$ 4,943
<u>Net Revenue Delta</u>						
Volume	(3,786)	(1,460)	(7,513)	(2,554)	(10,539)	(3,012)
Pricing	—	—	—	—	—	—
Mix	254	254	599	599	438	438
Discounts	43	43	115	115	190	190
Returns	(8)	(8)	24	24	32	32
Rebates	256	256	450	450	579	579
F/X	(196)	(18)	(758)	(215)	(1,242)	(366)
Total Net Revenue Delta	(3,437)	(933)	(7,083)	(1,581)	(10,542)	(2,139)
<u>Cost Delta</u>						
Absorption		442		(10)		93
SG&A		98		334		573
Variances		40		(213)		(225)
Other		37		417		648
Total Cost Delta		617		528		1,089
Actual	\$ 13,593	\$ 1,379	\$ 42,202	\$ 3,125	\$ 75,333	\$ 3,893

Management Discussion - QTD

- Extrusion external sales volume unfavorable by 15.0% or \$6,396K, lower external compound sales by \$536K and lower Terrebonne sales of \$581K, contributing to the volume impact of \$7,513K
- Favorable customer sales mix of \$599K primarily from Woodbridge, Delmont and ECS (new compound tolling business)
- Unfavorable F/X impact of \$758K (actual rate of 1.3375 [or \$USD 0.7477] vs. Budget rate of 1.30 [or \$USD 0.7692]); Translation F/X impact on EBITDA is unfavorable by \$299K, in addition to a favorable realized balance sheet re-valuation impact of \$84K due to a change in the month-end rate from 1.3531 on March 31st, 2019 to 1.3099 on June 30th, 2019
- Favorable SG&A due to lower G&A labor & benefits costs and lower OPEX spending (ie. Marketing costs, T&E, commissions)
- Unfavorable variances of \$213K due to unfavorable yields and higher scrap costs at Woodbridge & Delmont and lower regrind usage at Woodbridge, Delmont & Everett due to lower production volumes of \$647K, partially offset by lower labor costs of \$120K (exclusive of volume impacts), a non-recurring worker's comp refund of \$86K, lower resin material prices net of higher additive and glass pricing and unfavorable E&O reserve adjustments of \$228K
- Other costs favorable by \$417K due to lower overhead spending (ie. Maintenance, factory suppliers, utilities) of \$250K due to lower production, a higher tool & die absorption recovery impact of \$80K and lower real estate and property tax adjustments of \$87K

Key Customers – Gross Sales and Gross Margin %: Consolidated

	Gross Sales (\$'000)													Gross Margin %																		
	QTD		Var		PY-QTD		Var		YTD		Var		PY-YTD		Var		QTD		Var		PY-QTD		Var		YTD		Var		PY-YTD		Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%	
Customer:																																
PGT Industries Inc	\$ 5,543	\$ 6,425	\$ (883)	(13.7%)	\$ 5,589	\$ (47)	(0.8%)	\$ 11,194	\$ 11,361	\$ (167)	(1.5%)	\$10,660	\$ 534	5.0%	19.9%	18.2%	171	9.4%	15.2%	465	30.5%	19.3%	18.2%	115	6.3%	13.6%	572	42.0%				
Eclipse Shutter Systems	3,553	4,254	(702)	(16.5%)	3,987	(434)	(10.9%)	6,875	7,950	(1,075)	(13.5%)	8,104	(1,230)	(15.2%)	4.8%	3.4%	139	40.9%	6.6%	(181)	(27.5%)	3.6%	3.4%	28	8.4%	5.6%	(198)	(35.1%)				
Atis	2,137	2,841	(704)	(24.8%)	3,251	(1,115)	(34.3%)	3,363	4,253	(890)	(20.9%)	5,018	(1,655)	(33.0%)	(16.0%)	(19.1%)	310	(16.2%)	(14.9%)	(109)	7.3%	(16.3%)	(19.0%)	278	(14.6%)	(16.5%)	28	(1.7%)				
Simonton	2,479	2,896	(416)	(14.4%)	2,724	(245)	(9.0%)	4,620	5,257	(637)	(12.1%)	5,313	(693)	(13.0%)	10.8%	17.8%	(698)	(39.3%)	9.4%	139	14.8%	14.3%	17.8%	(352)	(19.8%)	8.3%	592	71.0%				
Quaker Window Products	1,510	1,573	(62)	(4.0%)	1,344	167	12.4%	2,641	3,018	(377)	(12.5%)	2,579	62	2.4%	11.0%	11.0%	0	0.0%	11.8%	(76)	(6.4%)	11.0%	11.0%	0	0.0%	6.3%	474	75.3%				
Ostaco 2000	721	843	(121)	(14.4%)	951	(230)	(24.2%)	1,370	1,624	(254)	(15.6%)	1,644	(274)	(16.7%)	8.0%	7.2%	82	11.5%	21.8%	(1,377)	(63.2%)	8.7%	7.2%	141	19.4%	19.9%	(1,127)	(56.6%)				
SOLARIS QUEBEC P & F INC.	1,301	1,286	14	1.1%	1,313	(12)	(0.9%)	2,256	2,035	221	10.9%	2,132	124	5.8%	24.3%	24.0%	26	1.1%	12.4%	1,182	95.1%	23.9%	24.0%	(12)	(0.5%)	9.3%	1,451	155.2%				
Dashwood Industries Inc	816	967	(151)	(15.6%)	1,002	(186)	(18.6%)	1,414	1,604	(190)	(11.9%)	1,708	(294)	(17.2%)	21.1%	14.5%	657	45.2%	14.9%	620	41.6%	18.2%	14.5%	371	25.5%	13.9%	428	30.7%				
Windsor Window Co OEM	1,101	995	106	10.6%	1,012	89	8.8%	1,862	1,667	195	11.7%	1,696	165	9.8%	23.8%	23.6%	12	0.5%	11.7%	1,203	102.5%	23.3%	23.6%	(33)	(1.4%)	7.3%	1,599	219.8%				
All Weather	1,190	1,753	(563)	(32.1%)	746	444	59.6%	2,135	3,425	(1,290)	(37.7%)	1,519	617	40.6%	10.9%	14.9%	(406)	(27.2%)	13.7%	(280)	(20.5%)	11.8%	14.9%	(306)	(20.6%)	11.9%	(4)	(0.3%)				
Polaris Technologies	1,627	1,610	17	1.1%	980	647	66.0%	2,597	2,953	(356)	(12.1%)	1,778	819	46.1%	15.0%	17.2%	(214)	(12.5%)	0.0%	1,503	N/A	15.8%	17.2%	(135)	(7.9%)	0.0%	1,582	N/A				
A.M.I.	1,053	1,048	5	0.4%	1,094	(41)	(3.8%)	1,619	1,711	(92)	(5.4%)	1,750	(131)	(7.5%)	13.6%	1.7%	1,195	721.4%	8.8%	484	55.3%	6.6%	1.5%	515	350.5%	5.3%	134	25.4%				
ATLANTIC WINDOWS	1,010	1,152	(142)	(12.4%)	1,155	(145)	(12.5%)	1,602	1,891	(289)	(15.3%)	1,907	(305)	(16.0%)	16.3%	12.1%	420	34.8%	6.0%	1,022	169.4%	15.7%	12.1%	360	29.7%	5.3%	1,045	197.8%				
Vinyl Profiles, LLC	663	1,065	(402)	(37.7%)	760	(97)	(12.7%)	1,241	1,893	(652)	(34.5%)	1,322	(81)	(6.1%)	20.7%	20.7%	(6)	(0.3%)	19.9%	77	3.9%	21.0%	20.7%	29	1.4%	20.5%	56	2.8%				
Comfort View Products	547	777	(230)	(29.6%)	733	(186)	(25.4%)	1,010	1,631	(621)	(38.1%)	1,549	(539)	(34.8%)	18.8%	16.5%	231	14.0%	12.3%	651	53.0%	19.9%	16.6%	331	19.9%	11.4%	854	75.2%				
PORTES & FENETRES ABRITEK	927	838	89	10.6%	872	55	6.3%	1,265	1,237	28	2.3%	1,405	(140)	(10.0%)	13.8%	19.2%	(543)	(28.2%)	20.3%	(648)	(31.9%)	8.7%	18.8%	(1,004)	(53.5%)	18.2%	(943)	(51.9%)				
Coeur d'Alene	816	1,097	(281)	(25.7%)	828	(12)	(1.5%)	1,485	1,783	(298)	(16.7%)	1,325	160	12.1%	3.1%	5.0%	(187)	(37.2%)	(1.2%)	439	(353.6%)	1.9%	4.9%	(299)	(61.2%)	(1.2%)	312	(255.9%)				
SCHLUTER SYSTEMS L.P.	663	704	(41)	(5.8%)	701	(38)	(5.4%)	1,053	1,260	(207)	(16.4%)	1,255	(202)	(16.1%)	24.2%	24.2%	(2)	(0.1%)	21.6%	254	11.7%	24.2%	24.2%	(2)	(0.1%)	19.5%	468	24.0%				
P & F ISOTHERMIC INC	854	766	88	11.5%	771	83	10.8%	1,298	1,222	76	6.2%	1,377	(79)	(5.7%)	14.2%	21.0%	(685)	(32.6%)	1.8%	1,238	684.1%	13.6%	20.8%	(717)	(34.4%)	2.4%	1,126	470.9%				
Sierra Pacific Windows	649	705	(56)	(7.9%)	705	(56)	(7.9%)	1,262	1,334	(72)	(5.4%)	1,284	(22)	(1.7%)	9.2%	9.8%	(64)	(6.6%)	5.5%	366	66.1%	9.6%	9.8%	(28)	(2.8%)	5.2%	434	83.2%				
Other	15,191	18,474	(3,283)	(17.8%)	19,717	(4,526)	(23.0%)	26,962	31,407	(4,445)	(14.2%)	35,632	(8,671)	(24.3%)	26.5%	25.8%	73	2.8%	28.6%	(204)	(7.1%)	23.9%	25.7%	(176)	(6.9%)	27.4%	(354)	(12.9%)				
Total Gross	\$44,350	\$52,069	\$ (7,720)	(14.8%)	\$50,234	\$ (5,885)	(11.7%)	\$ 79,123	\$ 90,514	#####	(12.6%)	\$90,958	#####	(13.0%)	17.2%	16.6%	61	3.7%	16.3%	92	5.6%	15.8%	15.8%	(1)	(0.0%)	14.7%	104	7.0%				

Management Discussion

- Eclipse and PGT – Lower vs anticipated sales, in line with market which has been softer in 2019
 - Atis – Extended winter weather conditions in Canada impacting sales, some market share loss
 - Simonton, All-Weather & Comfort View – Slow start to the year and colder weather leading to softness in orders
 - Vinyl Profiles – Loss of anticipated sales to its competitor
- Solaris, Windsor and P&F Abritek - strong/improved sales in Q2 showing recovery following slow start to the year
 - Other – shortfall to prior year includes lost business (Jeld-Wen, Thompson Creek, KP Building,) and bankruptcies (Ventana Windows, Duraco, Concept MAT)

Pipeline Roll-Forward

\$'000	Expected Contract Win Value	
	MTD	YTD
Opening Pipeline	\$ 72,415	\$ 24,924
Additions	2,564	97,696
Changes:		
Converted	(2,833)	(18,464)
Lost	(8,647)	(40,282)
Other	—	(374)
Total Net Changes	(11,480)	(59,120)
Closing Pipeline	\$ 63,499	\$ 63,499

Management Discussion

- Closure of new opportunity with Caron & Guay for Performer Door with Terrebonne valued at \$1.2M.
- Closure of Cascade opportunity for the 425 series with Everett for \$950K and 760 lbs.
- Loss of All Weather (Patio Doors), Moss Supply (SH & PD), Artesia Glass (Hybrid) and Vector (Contemporary Casement) opportunities due to no decision/incumbent relationship. Total value \$7.8M and 6.4 lbs.

Pipeline Additions

\$'000														
Customer Name	Plant	Rep. Name	Existing Customer (Y/N)	Description of Opportunity	Segment	Date of Inclusion into Pipeline	Expected Date of Award/Close	Probability of Winning Award	Competitor(s)	Period of Contract		Expected Total Contract Value	Estimated Annual Volume ('000s Lbs)	Comments
										Start	End			
Caron & Guay	TERREBONNE	Pierre Lafleur	Y	Performer	PD	Jun-19	Jun-19	100%	Novatech	N/A	N/A	\$ 1,154	100	
Coeur D'Alene	EVERETT	Jay Meiries	Y	Dark Cap R1272 mainframe	Window	Jun-19	Jun-19	100%	Other	N/A	N/A	\$ 125	80	
Eclipse	WOODBIDGE	Simon Fitzgerald	Y	New Custom Shapes	Window	Jun-19	Jun-19	100%	Other	N/A	N/A	\$ 231	150	
Lorendo	LAVAL	Samuel St-Pierre	Y	Cladding	Window	Jun-19	Jun-19	100%	Soni Plastics	N/A	N/A	\$ 92	60	
Maisonneuve Aluminium	LAVAL	Samuel St-Pierre	N	H4600 casement séries	Window	Jun-19	Jun-19	100%		N/A	N/A	\$ 154	100	
NZP	LAVAL	Samuel St-Pierre	N	Marquise T/T	Window	Jun-19	Jun-19	100%	PH Tech	N/A	N/A	\$ 77	50	
Del Windows	TERREBONNE	Simon Fitzgerald	N	Patio Door Program	PD	Jun-19	Aug-19	50%	Sunview	N/A	N/A	\$ 731	-	
												\$ 2,564	540	

Pipeline Conversion

\$ '000											
Customer Name	Rep. Name	Existing Customer (Y/N)	Description	Name of Winner(s) / Loser(s)	Date of Conversion	Period of Contract		Expected Total Contract Value	Estimated Annual Volume ('000s Lbs)	Reason Code(s)	Comment
						Start	End				
CONVERTED											
Caron & Guay	Pierre Lafleur	Y	Performer	Novatech	Jun-19	N/A	N/A	\$ (1,154)	(100)	5	
Coeur D'Alene	Jay Meiries	Y	Dark Cap R1272 mainframe	Other	Jun-19	N/A	N/A	\$ (125)	(80)	5	
Eclipse	Simon Fitzgerald	Y	New Custom Shapes	Other	Jun-19	N/A	N/A	\$ (231)	(150)	3	
Lorendo	Samuel St-Pierre	Y	Cladding	Soni Plastics	Jun-19	N/A	N/A	\$ (92)	(60)	3	
Maisonneuve Aluminium	Samuel St-Pierre	N	H4600 casement séries	Other	Jun-19	N/A	N/A	\$ (154)	(100)	5	
Cascade	Jay Meiries	Y	425 Series	Other	Jun-19	N/A	N/A	(950)	(760)	5	
NZP	Samuel St-Pierre	N	Marquise T/T	PH Tech	Jun-19	N/A	N/A	(77)	(50)		
Windsor	Simon Fitzgerald		New Astragal	Other	Jun-19	N/A	N/A	(50)	(25)	3	
								\$ (2,833)	(1,325)		
LOST											
All Weather Windows	Simon Fitzgerald	Y	Viscount PD	None	NA	NA	NA	\$ (577)	(500)	4	
Atrium	Simon Fitzgerald	Y	Custom Shape	None	NA	NA	NA	\$ (325)	(200)	6	
Moss Supply	Simon Fitzgerald	Y	Single Hung and Patio Door	None	NA	NA	NA	\$ (3,000)	(2,000)	6	
All Weather Windows	Simon Fitzgerald	Y	Entry Door Program	None	NA	NA	NA	\$ (1,923)	(1,800)	6	
Laugitech	Jean Marois	N	4600 Series	None	NA	NA	NA	\$ (308)	(200)	4	
Versatile	Pierre Lafleur	N	Casement-Slider	None	NA	NA	NA	\$ (192)	(125)	4	
Artesia Glass	Jay Meiries	N	Hung/Slider Hybrid	None	NA	NA	NA	\$ (860)	(525)	6	
Del Windows	Simon Fitzgerald	N	4600/ Casement/Marquis	None	NA	NA	NA	\$ (962)	(1,250)	6	
Vector Windows	Simon Fitzgerald	N	Contemporary Casement	None	NA	NA	NA	\$ (500)	(350)	6	
								\$ (8,647)	(6,950)		
OTHER											
								-	-		
Reason Code for Win											
1. Price	2. Service/Support	3. Relationship									
4. Incumbency	5. Product	6. No decision									
7. Other (Explain in comment field)											

Total Closing Pipeline – Current Extrusions and Patio Doors

\$ and units '000															
Customer Name	Total Contract Value			1x Costs	Contract Timing			Sales Process Status						Comments	
	\$	Units ('000s Lbs)			Start Date	End Date	Length (Yrs)	Initial Interaction (5%)	Pursuit (15%)	Designing (25%)	Proposal (40%)	Negotiation (60%)	Finalizing Agreement (90%)		Signed Contract (100%)
Existing Customers															
Solar Innovations	\$	500	350	\$	100	TBD	TBD	TBD							Customer looking at launch timing for the platform extrusions
Polaris	\$	4,000	2,500	\$	-	TBD	TBD	TBD							Ultra-Weld
Vaillancourt	\$	2,116	450	\$	-	TBD	TBD	TBD							Performer-Fusion Patio Doors (Partly converted)
Gentek	\$	2,308	1,700	\$	1,095	TBD	TBD	TBD							Full Program. Still waiting on decision. Gentek strategy is to run Veka and ENERGI and allow ENERGI to cannibalize Veka programs.
Hometime	\$	200	100	\$	75	TBD	TBD	TBD							Customer still reviewing casement
Fene-Tech	\$	77	40	\$	-	TBD	TBD	TBD							Patio Door program
Simonton	\$	1,154	1,500	\$	-	TBD	TBD	TBD							Dual stucco wall Slider
Dalmen	\$	154	200	\$	-	TBD	TBD	TBD							Tilt and Turn
Centennial	\$	115	75	\$	-	TBD	TBD	TBD							New Slider Frame
Magistral	\$	115	75	\$	100	TBD	TBD	TBD							Customer still reviewing
Simonton	\$	769	1,000	\$	-	TBD	TBD	TBD							New Multi slide/425 door
LGC	\$	77	50	\$	25	TBD	TBD	TBD							
Futura	\$	77	50	\$	25	TBD	TBD	TBD							
Fenêtres Concept	\$	58	25	\$	25	TBD	TBD	TBD							Initial sampling to begin
Vinylpro	\$	385	300	\$	-	TBD	TBD	TBD							4 1/2" Casement
Seymour Windows	\$	1,429	1,000	\$	241	TBD	TBD	TBD							Working on new formulation and design
Westek	\$	77	50	\$	-	TBD	TBD	TBD							Multi-Track Door
Solar Innovations	\$	250	150	\$	-	TBD	TBD	TBD							Multi Track Door
Solar Innovations	\$	100	50	\$	-	TBD	TBD	TBD							Lift/Slide Lineal
Cascade	\$	16,500	15,000	\$	-	TBD	TBD	TBD							Launch Hung/Slidr other locations
Avanti	\$	1,000	700	\$	-	TBD	TBD	TBD							FullProgram - Dark Cap
ATI	\$	500	300	\$	450	TBD	TBD	TBD							West Coast Contemporary series (shared capital)
Gentek	\$	1,538	-	\$	-	TBD	TBD	TBD							Patio Door program
Dalmen	\$	192	125	\$	-	TBD	TBD	TBD							Opera lineal program from Soni Plastics
Aluminart	\$	192	125	\$	-	TBD	TBD	TBD							Casement
Entreprises AM	\$	577	350	\$	-	TBD	TBD	TBD							4600 Series
Euroclad Windows	\$	100	50	\$	-	TBD	TBD	TBD							Multi Track Door
Mason Windows	\$	192	160	\$	-	TBD	TBD	TBD							Contemporary Casement
Vaillancourt	\$	769	500	\$	-	TBD	TBD	TBD							Opera lineal
Durabuilt	\$	385	250	\$	-	TBD	TBD	TBD							4600 Series
All Weather	\$	192	50	\$	-	TBD	TBD	TBD							Orchestra
TOTAL EXISTING CUSTOMERS	\$	36,098	\$	27,275	\$	2,136									
Legend															
									Complete						
									In process, on track						
									In process, delayed						
									In process, at risk						

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Total Closing Pipeline – New Extrusions and Patio Doors

\$ and units '000															
Customer Name	Total Contract Value			1x Costs	Contract Timing			Sales Process Status						Comments	
	\$	Units ('000s Lbs)			Start Date	End Date	Length (Yrs)	Initial Interaction (5%)	Pursuit (15%)	Designing (25%)	Proposal (40%)	Negotiation (60%)	Finalizing Agreement (90%)		Signed Contract (100%)
New Customers															
Gilkey	\$	600	370	\$	400	TBD	TBD	TBD							In final stages; seeking 5 year agreement
Fenêtres Contemporaine	\$	58	\$	75	\$	-	TBD	TBD	TBD						Hybrid Casement
Reflec	\$	154	\$	200	\$	-	TBD	TBD	TBD						Patio Door Program
Del Windows	\$	731	\$	-	\$	-	TBD	TBD	TBD						Patio Door Program
Del Windows	\$	1,538	\$	1,000	\$	-	TBD	TBD	TBD						Woodbridge Platform
Atelier Jean Cyr	\$	38	\$	50	\$	-	TBD	TBD	TBD						Hybrid hung
Verdun	\$	769		500	\$	-	TBD	TBD	TBD						4600 Casement
Elite	\$	308		200	\$	-	TBD	TBD	TBD						In early discussions
Formtech	\$	231		100	\$	-	TBD	TBD	TBD						Tilt/Turn, 4600 Series
Progressive Windows	\$	500		250	\$	-	TBD	TBD	TBD						3 1/4" Program
Hayfield Windows	\$	2,000		1,250	\$	-	TBD	TBD	TBD						Casement
Scheel	\$	308		175	\$	100	TBD	TBD	TBD						Prospect wants to switch away from PH Tech - dissatisfied
President Windows	\$	150		-	\$	100	TBD	TBD	TBD						Patio Doors
Minnkota Window	\$	1,500		850	\$	-	TBD	TBD	TBD						Casement SH/DH
Diamond	\$	1,000		700	\$	-	TBD	TBD	TBD						3 1/4" Program
Bonnecherre Valley	\$	115		75	\$	-	TBD	TBD	TBD						T/T, CA, Hung
Gilkey Windows	\$	500		3,600	\$	-	TBD	TBD	TBD						Patio Door
Gilkey Windows	\$	750		600	\$	-	TBD	TBD	TBD						DH
Group Atlanta	\$	154		100	\$	-	TBD	TBD	TBD						Hybrid Slider
Amerimax	\$	350		-	\$	-	TBD	TBD	TBD						Opus PD
Thermovision	\$	115		75	\$	-	TBD	TBD	TBD						Hung/Slider Hybrid
Artik	\$	58		37	\$	-	TBD	TBD	TBD						PD Lineal
Wasco	\$	400		225	\$	-	TBD	TBD	TBD						Casement/SH/DH (Rehau)
Yellow Dog	\$	3,750		3,000	\$	-	TBD	TBD	TBD						5000 Series
SI	\$	2,308		2,500	\$	-	TBD	TBD	TBD						Recut tools in Dark Cap
Maritime	\$	385		250	\$	-	TBD	TBD	TBD						Early discussions
Heartland	\$	900		650	\$	-	TBD	TBD	TBD						
Menuiserie Belisle	\$	231		125	\$	-	TBD	TBD	TBD						4600 Series
Supreme	\$	500		375	\$	-	TBD	TBD	TBD						Strong relationship with Westech but concerned
TOTAL NEW CUSTOMERS															
Total Extrusion and Patio Doors															
Legend															
</															

Total Closing Pipeline – ENERGI Compound Solutions (ECS) External Sales

\$ and units '000														
Customer Name	Total Contract Value		1x Costs	Contract Timing			Sales Process Status							Comments
	\$	Units ('000s Lbs)		Start Date	End Date	Length (Yrs)	Initial Interaction (5%)	Pursuit (15%)	Designing (25%)	Proposal (40%)	Negotiation (60%)	Finalizing Agreement (90%)	Signed Contract (100%)	
<u>Existing Customers</u>														
TOTAL EXISTING CUSTOMERS	\$	-	-	\$	-									
<u>New Customers</u>														
Fence Outlet	\$	6,000	10,000	\$	-	TBD	TBD	TBD	<div><div></div><div></div><div></div><div></div><div></div></div>					Quote accepted. Customer want formulation improved. Capital required for Dosing unit Natural Formulation for RV's Pursuit/ New formulation required Provided quote
Accord	\$	300	300	\$	-	TBD	TBD	TBD	<div><div></div><div></div><div></div><div></div><div></div></div>					
Mor-X Plastics	\$	200	200	\$	-	TBD	TBD	TBD	<div><div></div><div></div><div></div><div></div><div></div></div>					
Vinylcraft	\$	500	500	\$	-	TBD	TBD	TBD	<div><div></div><div></div><div></div><div></div><div></div></div>					
TOTAL NEW CUSTOMERS	\$	7,000	\$	11,000	\$	-								
Total External Compound Sales	\$	7,000	11,000	\$	-									
TOTAL SALES PIPELINE	\$	63,499	55,607	\$	2,736									
<div><div>Legend</div><div><div>Complete</div><div>In process, on track</div><div>In process, delayed</div><div>In process, at risk</div></div></div>														

YTD Opex Analysis

\$'000

	YTD			Explanation of Variance					Variance Impact		
			Variance	One-Time /		Change in			Total Variance	YoY Impact	Annualized
	Act	Bud	(B) / W	Non-recurring	Timing	Run-rate	Other/FX	(B) / W	(B) / W	(B) / W	
Payroll	\$ 5,083	\$ 5,296	\$ (213)	\$ (45)	\$ (15)	\$ (66)	\$ (87)	\$ (213)	\$ (491)	\$ -	
Bonus	\$ 672	\$ 680	\$ (8)	\$ -	\$ -	\$ -	\$ (8)	\$ (8)	\$ (5)	\$ -	
Commissions	\$ 114	\$ 179	\$ (65)	\$ (13)	\$ -	\$ (50)	\$ (3)	\$ (65)	\$ 24	\$ -	
Marketing	\$ 679	\$ 920	\$ (241)	\$ -	\$ (227)	\$ -	\$ (14)	\$ (241)	\$ (282)	\$ -	
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Travel and entertainment	\$ 554	\$ 787	\$ (234)	\$ (93)	\$ (50)	\$ (83)	\$ (8)	\$ (234)	\$ (80)	\$ -	
Rent and facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Insurance	\$ 153	\$ 167	\$ (14)	\$ -	\$ (14)	\$ (0)	\$ (0)	\$ (14)	\$ (12)	\$ -	
Professional fees	\$ 291	\$ 303	\$ (12)	\$ 3	\$ -	\$ (8)	\$ (7)	\$ (12)	\$ (28)	\$ -	
Office expense	\$ 134	\$ 149	\$ (14)			\$ (11)	\$ (3)	\$ (14)	\$ (36)	\$ -	
IT	\$ 932	\$ 1,016	\$ (84)	\$ -	\$ (63)	\$ -	\$ (22)	\$ (84)	\$ 75	\$ -	
Bad Debts	\$ 97	\$ (2)	\$ 99	\$ 102	\$ -	\$ -	\$ (3)	\$ 99	\$ 160	\$ -	
FX	\$ (167)	\$ -	\$ (167)	\$ -	\$ -	\$ -	\$ (167)	\$ (167)	\$ (364)	\$ -	
JV Loss (Income)	\$ (101)	\$ (115)	\$ 14	\$ (2)	\$ 20	\$ (1)	\$ (3)	\$ 14	\$ 7	\$ -	
Other Expenses	\$ 451	\$ 433	\$ 18	\$ (4)	\$ -	\$ 37	\$ (14)	\$ 18	\$ (29)	\$ -	
Total Opex	\$ 8,892	\$ 9,813	\$ (921)	\$ (53)	\$ (348)	\$ (182)	\$ (338)	\$ (921)	\$ (1,061)	\$ -	

Management Discussion

- Lower payroll largely due to lower headcount and delays in hiring for open positions, lower than Planned benefits costs coupled with a positive Canadian FX impact
- Lower commissions as a result of revised estimates for accrual based on current sales
- Marketing expenses lower due to timing with budgeted expenditure
- Travel and Entertainment lower due to less travel by staff due to inclement weather impacting Customer operations
- IT coming in slightly behind budget due to timing as a result of contract negotiations and a positive Canadian FX impact
- Top up of Bad Debts provision in Q2 2019 to cover Ventana exposure at Woodbridge and Terrebonne and Deluxe Windows and Fence outlet at ECS

1x Costs

\$'000

	YTD			Explanation of Variance			Variance Impact	
	Variance			Change in			Total Variance	Total Change in Estimate
	Act	AOP	B / (W)	Estimate	Timing	Other	B / (W)	B / (W)
Banking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insight Sourcing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT	\$ 119	\$ 70	\$ (49)	\$ (33)	\$ -	\$ (16)	(49)	\$ (33)
Legal Fees	\$ 23	\$ -	\$ (23)	\$ -	\$ -	\$ (23)	(23)	\$ -
Professional Fees	\$ 268	\$ 65	\$ (203)	\$ (185)	\$ (4)	\$ (14)	(203)	\$ (185)
Mgmt Incentive	\$ 245	\$ 342	\$ 97	\$ 97	\$ -	\$ -	97	\$ 97
Laval Water Damage	\$ 113	\$ -	\$ (113)	\$ -	\$ -	\$ (113)	(113)	\$ -
Profit Velocity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAD Transfer Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TSA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Restructuring Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 3	\$ -	\$ (3)	\$ -	\$ -	\$ (3)	(3)	\$ -
Total 1X Costs	\$ 771	\$ 477	\$ (294)	\$ (120)	\$ (4)	\$ (169)	\$ (294)	\$ (120)

Management Discussion

- IT Costs relate to Terrebonne ERP Syteline Project to set up certain modules and perform an upgrade to the system (\$63K), Disaster Recovery testing for JDE (\$40K) and DDL Consultant for ITSM Project (\$16K)
- Legal Costs of \$23K for Corporate Management Services
- Professional Fees include costs incurred for the Quality of Earnings study with KPMG (\$170K), OBI projects with The Practical Approach (\$73K), Project Monaco costs (\$14K) and Management Tools Inc (\$11K)
- Management staff incentive accrual (\$245K)
- Laval Water Damage costs relate to water clean-up services performed by Qualinet (\$113K, not planned); to be claimed through insurance provider net of a deductible of \$100K

Balance Sheet

\$'000	Dec-18	Mar-19	Apr-19	May-19	Jun-19		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 0	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	12.0%
Short term investments	—	—	—	—	—	—	—	N/A
<i>Accounts receivable, gross</i>	8,958	11,613	13,369	14,654	15,793	17,205	(1,413)	(8.2%)
<i>Accounts receivable, reserves</i>	(363)	(399)	(425)	(465)	(479)	(679)	200	(29.4%)
Accounts receivable, net	8,594	11,214	12,944	14,190	15,313	16,527	(1,213)	(7.3%)
<i>Inventory, gross</i>	31,776	35,647	34,119	32,304	34,675	34,348	327	1.0%
<i>Inventory, reserves</i>	(1,467)	(1,497)	(1,562)	(1,608)	(1,789)	(1,687)	(101)	6.0%
Inventory, net	30,309	34,150	32,557	30,697	32,887	32,661	226	0.7%
Prepaid expenses and other current assets	2,942	3,051	3,909	4,233	4,279	3,663	617	16.8%
Other current assets	901	804	790	865	830	854	(24)	(2.8%)
Total Current Assets	42,746	49,223	50,203	49,987	53,312	53,707	(395)	(0.7%)
Non-Current Assets								
<i>Property, plant & equipment, gross</i>	64,977	66,818	67,503	67,826	69,761	71,660	(1,899)	(2.6%)
<i>Accumulated depreciation</i>	(17,639)	(19,863)	(20,649)	(21,300)	(22,479)	(20,661)	(1,818)	8.8%
Property, plant & equipment, net	47,338	46,955	46,853	46,525	47,282	50,999	(3,717)	(7.3%)
Deferred financing cost	548	510	499	484	479	477	2	0.5%
Deferred tax asset	2,879	2,898	2,913	2,901	2,973	1,367	1,607	117.6%
Other non-current assets	2,616	2,644	2,685	2,698	2,800	3,134	(334)	(10.7%)
Total Non-Current Assets	53,382	53,007	52,950	52,607	53,535	55,977	(2,442)	(4.4%)
Total Assets	\$ 96,127	\$ 102,229	\$ 103,153	\$ 102,595	\$ 106,848	\$ 109,684	\$ (2,836)	(2.6%)
Current Liabilities								
Bank Debt	\$ 10,222	\$ 18,750	\$ 19,505	\$ 19,025	\$ 17,818	\$ 21,301	\$ (3,483)	(16.3%)
Current Portion - Long Term Debt	1,628	1,639	1,648	1,640	1,683	1,800	(118)	(6.5%)
Accounts payable	12,709	12,200	12,267	12,359	15,487	15,234	253	1.7%
Accrued liabilities	3,343	3,727	3,515	3,556	3,864	3,824	40	1.0%
Accrued compensation	2,521	2,877	3,338	3,488	3,931	3,826	104	2.7%
Income taxes payable	(246)	(344)	(275)	(215)	(118)	927	(1,045)	(112.8%)
Contingent consideration	1,301	1,301	1,301	1,301	1,301	—	1,301	N/A
Other current liabilities	97	124	125	132	125	139	(13)	(9.6%)
Total Current Liabilities	31,576	40,273	41,423	41,287	44,090	47,051	(2,961)	(6.3%)
Long-term liabilities								
Long-term debt less current maturities	12,006	11,679	11,609	11,418	11,587	11,287	300	2.7%
Deferred income taxes	9,610	9,642	9,669	9,647	9,775	7,785	1,990	25.6%
Other non-current liabilities	1,468	1,491	1,503	1,497	1,597	1,449	148	10.2%
Total Long-Term Liabilities	23,084	22,812	22,781	22,562	22,959	20,521	2,438	11.9%
Total Liabilities	54,660	63,085	64,205	63,849	67,049	67,572	(522)	(0.8%)
Commitments and contingencies	—	—	—	—	—	—	—	N/A
Shareholders' Equity								
Common stock	12,610	12,610	12,610	12,610	12,610	12,610	0	0.0%
Retained earnings	30,039	27,592	27,350	27,180	28,033	30,032	(1,999)	(6.7%)
Accumulated other comprehensive income	(1,181)	(1,058)	(1,011)	(1,045)	(845)	(530)	(315)	59.4%
Total Shareholders' Equity	41,467	39,144	38,948	38,746	39,798	42,112	(2,314)	(5.5%)
Total Liabilities and Shareholders' Equity	\$ 96,127	\$ 102,229	\$ 103,153	\$ 102,595	\$ 106,848	\$ 109,684	\$ (2,836)	(2.6%)

Management Discussion

- Net A/R vs. Budget is lower by \$1,213K (7.3%) largely due to reduction in QTD Sales by 14.8% vs Budget. Furthermore, there is an unfavorable F/X impact of \$113K (actual rate of 1.3099 [or USD\$ 0.76] vs. Budget rate of 1.30 [or USD\$ 0.77])
- Slight increase in inventory levels vs Bud by \$226K as a result of build up of inventory in response to increase in Sales as well as anticipated rise in material costs in Q3
- Increase in Prepaid expenses vs Bud and vs prior month due to higher property insurance premium renewal for 2019/2020 period vs budget (\$109K), Real estate tax at Everett (\$240K) and prepayment of advertisement campaign earlier then scheduled(\$165K)
- PP&E lower vs Bud by 3,717K largely due to lower Capex spending than budgeted YTD of \$1,980K and an unfavorable F/X impact of \$222K (actual rate of 1.3099 [or USD\$ 0.76] vs. the Budget rate of 1.30 [or USD\$ 0.77]).
- Other non-current assets reduction of \$334K vs Bud due to a reduction in JV equity income in the month and an unfavorable F/X impact
- Decrease in Bank Debt due to a combination of not paying out the contingent consideration liability of \$1.3M, lower Capex spending due to 'Hold-off' strategy. Also, a favorable FX impact on Canadian Debt (actual rate of 1.3099 [or USD\$ 0.76] vs. the Budget rate of 1.30 [or USD\$ 0.77])

Cash Flow Statement

\$'000	QTD		Variance		PY-QTD		Variance		YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%		Act	Bud	\$	%	ACT		\$	%
Cash flow from operations																
Net Income (Loss)	\$ 441	\$ 270	\$ 172	63.7%	\$ (768)	\$ 1,210	(157.5%)		\$ (1,996)	\$ (2,530)	\$ 534	(21.1%)	\$ (2,668)	\$ 673	(25.2%)	
Depreciation, amortization and other	2,168	2,239	(71)	(3.2%)	1,884	284	15.1%		4,326	4,385	(59)	(1.3%)	3,781	545	14.4%	
Non-cash loss/expense (gain)	(240)	(512)	272	(53.2%)	85	(325)	(383.3%)		(207)	580	(787)	(135.8%)	90	(297)	(331.2%)	
Deferred income tax	133	–	133	N/A	(77)	210	(272.6%)		165	148	17	11.5%	(1,205)	1,370	(113.7%)	
Change in operating assets and liabilities:																
Accounts receivable	(4,099)	(3,867)	(232)	6.0%	(3,288)	(811)	24.7%		(6,719)	(8,020)	1,301	(16.2%)	(5,163)	(1,556)	30.1%	
Inventory	1,263	249	1,015	407.4%	(295)	1,559	(527.6%)		(2,578)	(2,352)	(226)	9.6%	(5,425)	2,847	(52.5%)	
Prepaid expenses and other current assets	(1,254)	(393)	(861)	218.8%	233	(1,487)	(638.5%)		(1,267)	(674)	(593)	87.9%	(249)	(1,018)	408.5%	
Accounts payable	3,287	1,000	2,287	228.6%	(749)	4,036	(538.7%)		2,777	2,525	253	10.0%	1,582	1,195	75.6%	
Accrued expenses	1,190	850	341	40.1%	1,343	(153)	(11.4%)		1,930	2,037	(107)	(5.2%)	(444)	2,374	(534.4%)	
Accrued income taxes	225	(30)	256	(840.7%)	142	83	58.1%		128	277	(149)	(53.8%)	279	(151)	(54.2%)	
Other changes in operating assets and liabilities	2	22	(20)	(92.1%)	69	(68)	(97.5%)		29	(1,259)	1,288	(102.3%)	75	(47)	(62.1%)	
Other cash flow from operations	–	–	–	N/A	–	–	N/A		–	–	–	N/A	–	–	N/A	
Total Cash Flow from Operations	\$ 3,118	\$ (173)	\$ 3,291	(1900.6%)	\$ (1,421)	\$ 4,539	(319.3%)		\$ (3,412)	\$ (4,884)	\$ 1,473	(30.2%)	\$ (9,347)	\$ 5,936	(63.5%)	
Cash flow from investing																
Additions to property, plant and equipment	\$ (1,772)	\$ (2,830)	\$ 1,058	(37.4%)	\$ (2,414)	\$ 642	(26.6%)		\$ (3,352)	\$ (5,332)	\$ 1,980	(37.1%)	\$ (4,848)	\$ 1,496	(30.9%)	
Earnout payments	–	–	–	N/A	–	–	N/A		–	–	–	N/A	–	–	N/A	
Other cash flow from investing	–	–	–	N/A	–	–	N/A		–	–	–	N/A	–	–	N/A	
Total Cash Flow from Investing	\$ (1,772)	\$ (2,830)	\$ 1,058	(37.4%)	\$ (2,414)	\$ 642	(26.6%)		\$ (3,352)	\$ (5,332)	\$ 1,980	(37.1%)	\$ (4,848)	\$ 1,496	(30.9%)	
Cash flow from financing																
Proceeds from the issuance (repayment) of short-t	\$ (932)	\$ 3,432	\$ (4,364)	(127.2%)	\$ 3,549	\$ (4,481)	(126.3%)		\$ 7,596	\$ 11,079	\$ (3,483)	(31.4%)	\$ 14,252	\$ (6,656)	(46.7%)	
Proceeds from the issuance of debt	0	–	0	N/A	630	(630)	(100.0%)		0	–	0	N/A	630	(630)	(100.0%)	
Repayment of debt	(414)	(430)	16	(3.8%)	(343)	(70)	20.5%		(829)	(860)	30	(3.5%)	(686)	(143)	20.8%	
Common stock cash dividends paid	–	–	–	N/A	–	–	N/A		–	–	–	N/A	–	–	N/A	
Other cash flow from financing	–	–	–	N/A	–	–	N/A		–	–	–	N/A	–	–	N/A	
Total Cash Flow from Financing	\$ (1,346)	\$ 3,003	\$ (4,348)	(144.8%)	\$ 3,835	\$ (5,181)	(135.1%)		\$ 6,767	\$ 10,219	\$ (3,452)	(33.8%)	\$ 14,195	\$ (7,428)	(52.3%)	
Effect of FX rates on cash and cash equivalents	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	N/A		\$ –	\$ –	\$ –	N/A	\$ –	\$ –	N/A	
Net change in cash	\$ 0	\$ 0	\$ 0	15877.5%	\$ (0)	\$ 0	(115.5%)		\$ 3	\$ 3	\$ 0	12.0%	\$ (0)	\$ 3	(1221.6%)	
Beginning cash	3	3	0	10.6%	0	3	1117.9%		0	0	–	0.0%	(0)	0	(100.1%)	
Change in cash	0	0	0	15877.5%	(0)	0	(115.5%)		3	3	0	12.0%	(0)	3	(1221.6%)	
Ending cash	\$ 3	\$ 3	\$ 0	12.0%	\$ 0	\$ 3	2658480.7%		\$ 3	\$ 3	\$ 0	12.0%	\$ 0	\$ 3	2658480.7%	

Covenant Analysis

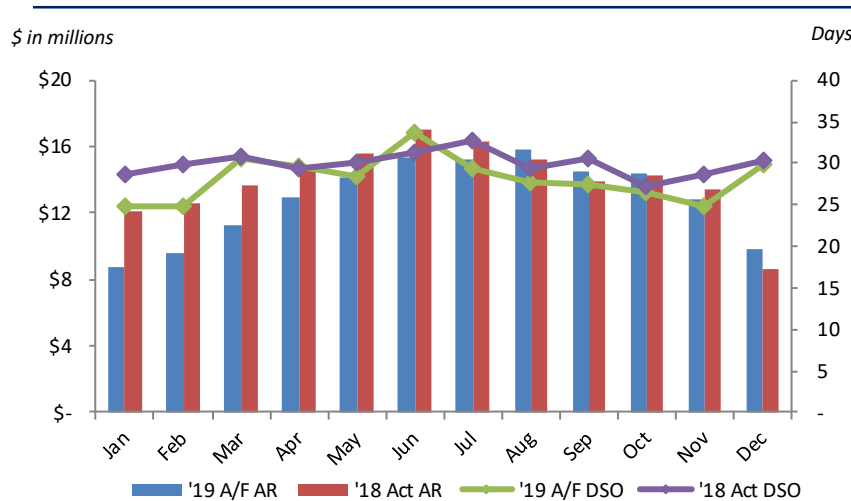
(US\$ '000s)	Actual Dec-18	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Actual Jun-19	Budget Jul-19	Budget Aug-19	Budget Sep-19	Budget Oct-19	Budget Nov-19	Budget Dec-19
Excess Availability													
Borrowing Base	27,127	24,989	24,640	25,741	28,175	29,067	28,711	33,609	32,672	33,629	32,828	32,953	32,448
Total Revolver Debt	10,222	14,340	16,533	18,750	19,505	19,025	17,818	20,653	20,722	18,469	18,098	14,909	13,864
Excess Availability	16,904	10,649	8,107	6,991	8,670	10,042	10,893	12,956	11,950	15,160	14,730	18,044	18,584
EA % of Borrowing Base	62.3%	42.6%	32.9%	27.2%	30.8%	34.5%	37.9%	38.5%	36.6%	45.1%	44.9%	54.8%	57.3%
Minimum EA% (or <\$5.25M)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Compliance	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
FCCR Calculation													
TTM EBITDA	8,112	7,865	8,971	8,618	8,575	8,526	9,943	9,594	10,079	9,335	9,940	10,224	11,238
Total Capex	462	489	531	560	448	519	805	492	492	492	398	398	398
TTM Capex	7,822	7,266	7,354	7,115	7,577	7,209	7,315	7,024	6,878	6,759	6,615	6,085	6,020
Cash Taxes	-	(252)	-	257	-	-	-	-	-	-	-	-	-
TTM Cash Taxes	671	418	418	140	5	5	5	5	5	5	5	5	5
Numerator	(381)	180	1,198	1,364	993	1,313	2,624	2,565	3,196	2,572	3,320	4,135	5,213
Cash Interest on existing ABL	161	156	165	189	184	198	187	201	202	190	190	173	168
Cash Interest on additional debt	-	-	-	-	-	-	-	-	-	-	-	-	-
TTM Cash Interest	1,869	1,918	1,966	2,019	2,051	2,087	2,099	2,119	2,143	2,164	2,184	2,196	2,203
Principal Payments on additional debt	138	138	139	138	138	137	139	141	141	141	141	141	141
TTM Principal Payments	1,387	1,412	1,436	1,462	1,490	1,516	1,544	1,575	1,607	1,639	1,671	1,672	1,676
Denominator	3,256	3,330	3,402	3,482	3,541	3,603	3,643	3,694	3,750	3,803	3,855	3,868	3,878
FCCR Ratio	(0.1)	0.1	0.4	0.4	0.3	0.4	0.7	0.7	0.9	0.7	0.9	1.1	1.3
Minimum FCC	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Compliance	Breach	Breach	Breach	Breach	Breach	Breach	Breach	Breach	Breach	Breach	Breach	OK	OK

13-Week Cash Flow Forecast

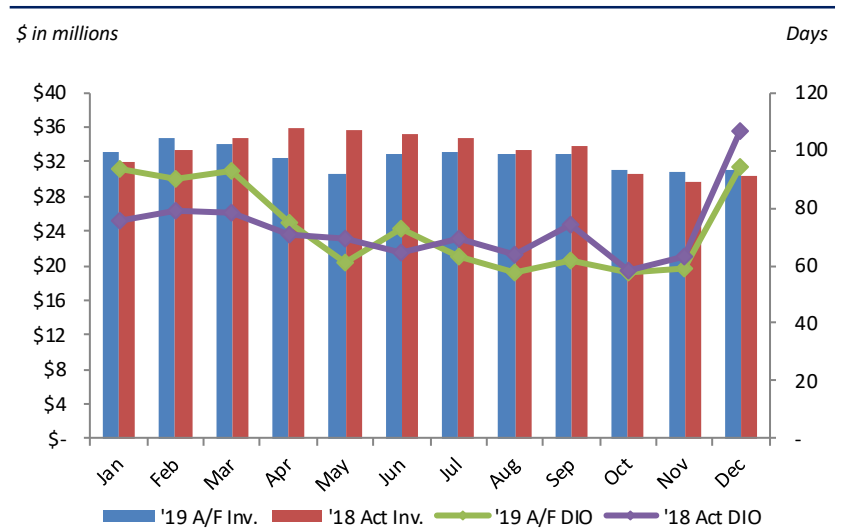
Date	06/28/19	07/05/19	07/12/19	07/19/19	07/26/19	08/02/19	08/09/19	08/16/19	08/23/19	08/30/19	09/06/19	09/13/19	09/20/19	09/27/19
Cash Flow Roll-Up:														
Total Inflows - Operational	2,071	2,226	3,491	3,370	3,370	4,062	3,801	4,822	4,000	4,367	4,494	4,400	4,453	4,434
Receipts from Customers based on AR /	2,574	2,721	2,999	2,878	2,878	3,037	1,531	1,576	194	194	194	-	-	-
New Net External Sales	-	-	-	-	-	523	1,742	2,717	3,277	3,644	3,798	3,903	3,957	3,938
New Affiliate Sales	- 503	- 495	492	492	492	503	528	528	528	528	501	497	497	497
Total Outflows - Operational	(3,736)	(5,353)	(4,435)	(6,199)	(2,756)	(5,102)	(4,341)	(5,581)	(3,179)	(4,103)	(3,785)	(5,304)	(3,408)	(4,344)
Payments to Suppliers based on AP Agin	(1,314)	(1,444)	(1,666)	(1,570)	(1,243)	(1,227)	(908)	(911)	(895)	(800)	0	0	0	0
Materials	(246)	(1,269)	(1,750)	(604)	(527)	(737)	(1,338)	(727)	(727)	(1,338)	(1,796)	(1,771)	(1,771)	(2,153)
Conversion Costs	(442)	(1,008)	(542)	(792)	(553)	(974)	(904)	(872)	(555)	(801)	(909)	(1,114)	(558)	(881)
Other COGS	(203)	(245)	(203)	(202)	(193)	(231)	(190)	(190)	(194)	(243)	(203)	(203)	(203)	(233)
Selling Costs	(34)	(211)	(124)	(117)	(37)	(170)	(38)	(116)	(37)	(321)	(36)	(114)	(36)	(333)
General and Administrative	(98)	(493)	(98)	(163)	(106)	(367)	(108)	(163)	(105)	(505)	(104)	(159)	(103)	(507)
Intercompany Material Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capex	(99)	(53)	(53)	(53)	(96)	(96)	(96)	(96)	(96)	(96)	(237)	(237)	(237)	(237)
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fees	0	(250)	0	0	0	0	0	0	0	0	0	0	0	0
Resin rebate	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TSA Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Performance Payment to Westlake	(1,300)	0	0	0	0	(1,300)	0	0	0	0	0	0	0	0
2017 bonus payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Material received but not invoiced	0	(380)	0	(2,697)	0	0	(760)	(2,506)	(570)	0	(500)	(1,706)	(500)	0
Projected Operational Cash Flow	(1,664)	(3,127)	(944)	(2,829)	614	(1,040)	(540)	(759)	821	264	709	(904)	1,045	91
Cash receipts more (less) than projectio	236	1,539	(1,172)	0	0	0	0	0	0	0	0	0	0	0
Cash outflows less (more) than projectio	1,486	1,891	1,378	0	0	0	0	0	0	0	0	0	0	0
(Adjustment)	0	0	1,157	0	0	0	0	0	0	0	0	0	0	0
(Adjustment)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Adjustment)	135	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual Operational Cash Flow	193	304	420	(2,829)	614	(1,040)	(540)	(759)	821	264	709	(904)	1,045	91
Bank interest	0	(174)	0	0	0	(147)	0	0	0	0	(150)	0	0	0
Bridge Loan Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Term Loan	0	(141)	0	0	0	(140)	0	0	0	0	(140)	0	0	0
Monitoring Fees	0	(250)	0	0	0	0	0	0	0	0	0	0	0	0
Other Inflows/Outflows	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transaction Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Fees	0	(3)	0	(10)	0	(3)	0	(10)	0	0	(3)	0	(10)	0
Total Financial Cash Flow	0	(567)	0	(10)	0	(290)	0	(10)	0	0	(293)	0	(10)	0
Total Cash Flow	193	(264)	420	(2,838)	614	(1,330)	(540)	(769)	821	264	416	(904)	1,035	91
Adjusted Loan Balance	17,411	18,032	17,627	20,466	19,853	21,183	21,722	22,491	21,670	21,406	20,990	21,895	20,859	20,769
Term Loan	13,270	13,175	13,146	13,146	13,146	13,005	13,005	13,005	13,005	13,005	12,865	12,865	12,865	12,865
Total Debt	30,680	31,207	30,773	33,612	32,998	34,188	34,727	35,496	34,675	34,412	33,855	34,759	33,724	33,634
Revolver Availability	11,301	10,747	11,108	8,269	10,671	9,341	8,801	8,032	10,425	10,689	11,105	10,200	11,236	12,200

Working Capital and Cash Conversion Cycle

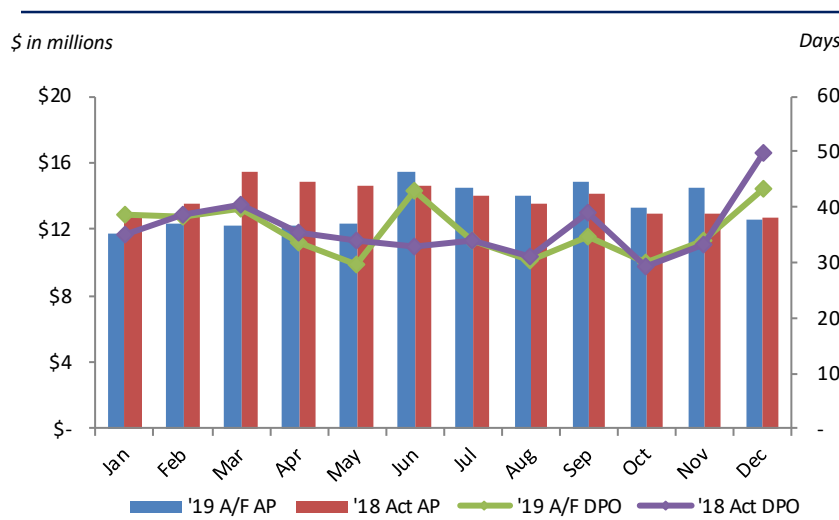
Accounts Receivable



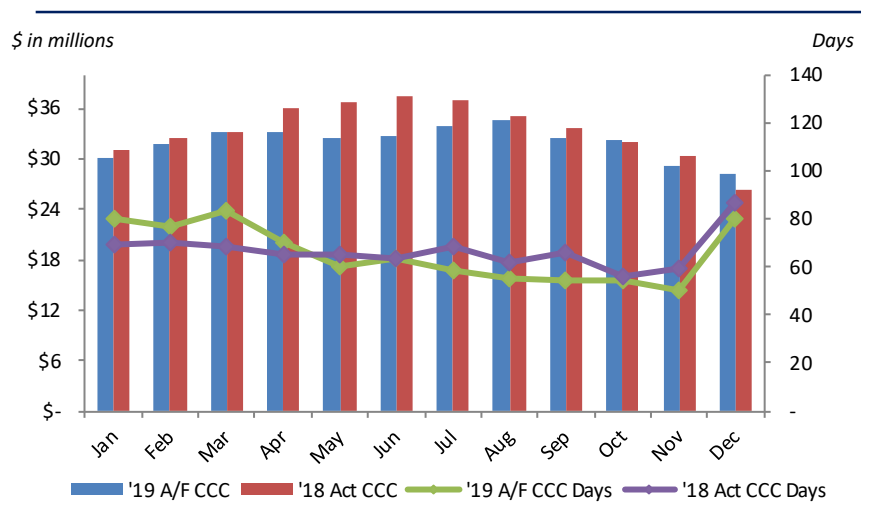
Inventory



Accounts Payable



Cash Conversion Cycle



AR and AP Aging Detail

\$'000

AR Aging				
Days	Apr-19	May-19	Jun-19	%
0-30	\$ 10,855	\$ 12,174	\$ 13,482	88.0%
30-60	1,324	1,365	1,381	9.0%
60-90	413	124	59	0.4%
>90	352	527	392	2.6%
Total	\$ 12,944	\$ 14,190	\$ 15,313	100.0%

AP Aging				
Days	Apr-19	May-19	Jun-19	%
0-30	\$ 9,331	\$ 10,035	\$ 13,674	88.3%
30-60	2,144	1,881	1,227	7.9%
60-90	633	423	528	3.4%
>90	159	20	58	0.4%
Total	\$ 12,267	\$ 12,359	\$ 15,487	100.0%

Management Discussion

- Increase in DSO from 28 to 34 days in 2019
- Increase in AR balance due to improved Sales vs May
- Reduction in 60-90 and >90 category due to increase in customer receipts.
- Increase in DPO days from 30 to 43 due to increase in AP in June due to increase in purchases as part of inventory build up strategy due to increased anticipated sales based on current order intake as well as increase in raw material intake in response to predicted rise in material costs.

Executive Summary

Financial Review

Full Year Financial Outlook

Governance Reporting

Appendix

Business Unit Analysis

Full Year Outlook Consolidated P&L Summary

\$'000	FY		Var		PY	Var	
	Fsct	Bud	\$	%	Act	\$	%
Units Produced ('000)	102,798	108,274	(5,476)	(5.1%)	96,146	6,652	6.9%
Units Shipped ('000)	102,471	109,580	(7,109)	(6.5%)	104,464	(1,993)	(1.9%)
Bookings (\$'000)	\$ 172,926	\$ 180,948	\$ (8,022)	(4.4%)	\$ 173,588	\$ (662)	(0.4%)
Backlog (\$'000)	\$ 11,911	\$ 11,911	\$ –	0.0%	\$ 8,368	\$ 3,543	42.3%
Gross Revenue	\$ 176,645	\$ 188,036	\$ (11,391)	(6.1%)	\$ 180,283	\$ (3,638)	(2.0%)
Adj. to Gross Revenue	(9,027)	(9,876)	849	(8.6%)	(9,708)	681	(7.0%)
Net Revenue	167,617	178,160	(10,542)	(5.9%)	170,574	(2,957)	(1.7%)
Material	82,163	88,355	(6,192)	(7.0%)	83,420	(1,256)	(1.5%)
Labor	37,191	38,371	(1,179)	(3.1%)	38,503	(1,311)	(3.4%)
Other COGS	19,061	20,261	(1,200)	(5.9%)	20,885	(1,824)	(8.7%)
Total COGS	138,416	146,986	(8,571)	(5.8%)	142,807	(4,392)	(3.1%)
Gross Margin	29,202	31,173	(1,971)	(6.3%)	27,767	1,435	5.2%
Gross Margin %	17.4%	17.5%			16.3%		
R&D	–	–	–	N/A	–	–	N/A
Sales & Marketing	7,000	7,247	(247)	(3.4%)	7,045	(44)	(0.6%)
Administrative	12,251	12,772	(521)	(4.1%)	10,240	2,011	19.6%
Other Opex	(381)	(228)	(153)	67.2%	302	(683)	(226.4%)
Total Opex	18,870	19,791	(921)	(4.7%)	17,587	1,283	7.3%
EBITDA	10,332	11,382	(1,050)	(9.2%)	10,180	152	1.5%
EBITDA %	6.2%	6.4%			6.0%		
Net Income (Loss)	\$ (2,765)	\$ (3,300)	\$ 534	(16.2%)	\$ (3,490)	\$ 725	(20.8%)
Capex	\$ (6,020)	\$ (8,000)	\$ 1,980	(24.7%)	\$ (10,215)	\$ 4,195	(41.1%)
Opex Overview:							
Payroll	\$ 10,571	\$ 10,783	\$ (213)	(2.0%)	\$ 10,318	\$ 252	2.4%
Bonus	1,352	1,361	(8)	(0.6%)	159	1,193	750.7%
Commissions	293	358	(65)	(18.1%)	187	107	57.0%
Marketing	1,539	1,780	(241)	(13.5%)	1,679	(140)	(8.3%)
Benefits	–	–	–	N/A	–	–	N/A
Travel and entertainment	1,354	1,587	(234)	(14.7%)	1,231	123	10.0%
Rent and facilities	–	–	–	N/A	–	–	N/A
Insurance	322	336	(14)	(4.3%)	328	(6)	(1.8%)
Professional fees	572	584	(12)	(2.1%)	585	(13)	(2.2%)
Office Expenses	273	287	(14)	(5.0%)	287	(14)	(4.9%)
IT	2,008	2,092	(84)	(4.0%)	1,634	374	22.9%
Bad Debts	95	(5)	99	(2155.6%)	(80)	175	(219.1%)
FX	(167)	–	(167)	N/A	384	(551)	(143.4%)
JV Loss (Income)	(214)	(228)	14	(6.0%)	(83)	(132)	159.1%
Other Expenses	872	853	18	2.1%	956	(84)	(8.8%)
Total Opex	\$ 18,869	\$ 19,791	\$ (921)	(4.7%)	\$ 17,586	\$ 1,283	7.3%

Full Year Outlook Key Customers – ENERGI Consolidated

	Gross Sales (\$'000)									Gross Margin %						
	FY		FY		Var		PY		Var		FY	FY	Var			
	Act	Bud	\$	%	Act	\$	%	Act	\$	%	Act	Bud	BPs	%		
Customer:																
PGT Industries Inc	\$	23,932	\$	24,098	\$	(167)	(0.7%)	\$	21,061	\$	2,870	13.6%	18.2%	18.1%	14	0.8%
Eclipse Shutter Systems		14,714		15,789		(1,075)	(6.8%)		15,365		(650)	(4.2%)	3.4%	3.3%	13	4.0%
Atis		8,534		9,424		(890)	(9.4%)		10,380		(1,846)	(17.8%)	(18.3%)	(19.2%)	95	(4.9%)
Simonton		10,222		10,859		(637)	(5.9%)		10,221		1	0.0%	16.0%	18.1%	(206)	(11.4%)
Quaker Window Products		5,651		6,028		(377)	(6.3%)		5,345		305	5.7%	11.0%	11.0%	0	0.0%
Ostaco 2000		3,566		3,820		(254)	(6.6%)		3,716		(150)	(4.0%)	7.8%	7.2%	62	8.6%
SOLARIS QUEBEC P & F INC.		4,296		4,075		221	5.4%		4,262		34	0.8%	24.1%	24.0%	9	0.4%
Dashwood Industries Inc		3,574		3,764		(190)	(5.1%)		3,898		(325)	(8.3%)	15.6%	14.2%	137	9.7%
Windsor Window Co OEM		3,905		3,710		195	5.3%		3,491		414	11.9%	23.4%	23.6%	(23)	(1.0%)
All Weather		5,441		6,731		(1,290)	(19.2%)		3,395		2,046	60.3%	13.7%	15.0%	(132)	(8.8%)
Polaris Technologies		5,466		5,822		(356)	(6.1%)		3,577		1,889	52.8%	16.9%	17.3%	(45)	(2.6%)
A.M.I.		3,708		3,800		(92)	(2.4%)		3,511		197	5.6%	2.9%	0.8%	208	256.2%
ATLANTIC WINDOWS		3,635		3,924		(289)	(7.4%)		3,749		(114)	(3.0%)	13.4%	11.9%	149	12.5%
Vinyl Profiles, LLC		3,174		3,826		(652)	(17.0%)		1,961		1,213	61.9%	20.8%	20.7%	9	0.5%
Comfort View Products		2,514		3,135		(621)	(19.8%)		2,920		(406)	(13.9%)	18.2%	16.6%	154	9.3%
PORTES & FENETRES ABRITEK		2,815		2,786		28	1.0%		2,889		(74)	(2.6%)	15.5%	19.3%	(383)	(19.8%)
Coeur d'Alene		3,702		4,000		(298)	(7.5%)		2,804		898	32.0%	3.2%	5.0%	(179)	(35.8%)
SCHLUTER SYSTEMS L.P.		2,350		2,558		(207)	(8.1%)		2,796		(446)	(15.9%)	25.2%	24.1%	110	4.5%
P & F ISOTHERMIC INC		2,633		2,557		76	3.0%		2,978		(345)	(11.6%)	18.1%	21.3%	(327)	(15.3%)
Sierra Pacific Windows		2,488		2,560		(72)	(2.8%)		2,632		(144)	(5.5%)	10.0%	9.9%	8	0.8%
Other		60,325		64,771		(4,445)	(6.9%)		69,279		(8,954)	(12.9%)	25.8%	25.9%	(2)	(0.1%)
Total Gross	\$	176,645	\$	188,036	\$	(11,391)	(6.1%)	\$	180,283	\$	(3,638)	(2.0%)	16.7%	16.7%	(4)	(0.3%)

Management Discussion

- Overall bad weather has impacted sales across all customers especially in Canada where winter has extended late into April
- All Weather is significantly behind budget which was due to a aggressive estimate following new product launches in December 2018. However, this is expected to catch up in the coming months
- Solaris and Windsor – Strong, performing better than budget
- Eclipse, Atis and Comfort View – Slow start to the year and colder weather leading to softness in orders

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Full Year Financial Outlook

Governance Reporting

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Business Unit Analysis

Management Governance Report

Disclosure Committee:

- Members include: CEO, CFO, VP Sales, VP Operations, VP Manufacturing & VP Supply Chain
- Meeting held on July 8th, 2019
- Financial results were reviewed and found to be complete and accurate in all material respects
- CEO & CFO reviewed Board presentation separately and found to be complete

Anonymous Hotline:

- Hotline Web message received on June 13th, 2019 from an anonymous former Everett employee
 - Individual has issued a complaint against the Everett Tooling Manager, indicating that the Manager portrays a hostile attitude towards employees, berating and belittling them, using foul language and other behaviors not appropriate for a manager
 - VP of Ops has discussed the allegations with the Tooling Manager, the Plant Manager and other Everett employees
 - Still under investigation

Modification of Delegation of Authority:

- No changes recommended at this time

Management Governance Report (Continued)

A)	Requests for waivers or out-of-the-ordinary course approvals under the Internal Control and Corporate Governance Matrix, Code of Ethics or any internal control:	None
B)	Any conflicts of interest or the appearance of any such conflict or potential conflict:	None
C)	Any actual or apparent weakness or inadequacy in the Company's policies of internal controls and financial reporting:	None
D)	Any reports or complaints regarding accounting, internal accounting controls or auditing matters.	None

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Squeeze Report

Monthly P&L

Monthly EBITDA to Net Income Bridge

Cost of Goods Sold Variance Analysis

Monthly Cost of Goods Sold by Component

Monthly Balance Sheet

Balance Sheet – Year on Year Comparison

Monthly Cash Flow

Trended Monthly Bookings

Trended Monthly Backlog

EBITDA and EBITDA-CapEx

Y-o-Y% EBITDA change

Capital Expenditures

Headcount Trending by Month

Headcount Hires and Attrition

Liquidity Forecast

Business Unit Analysis

Squeeze Report

Monthly operating report (\$'000)

Investment date 3/31/2016
Operational data as of 6/30/2019
Valuation details last updated: 10/31/2018

Fully-diluted ownership	
OpenGate Equity	94.8%
MGMT	5.3%
Other Equity	0.0%
Total	100.0%

Fund	Invested
OCGP I	\$ 26,000
OCGP II	—
OCGP III	—
Total	\$ 26,000

	Operations							
	Net Revenue				Adj. EBITDA			
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance
This Month	\$ 13,593	\$ 17,030	-20.2%	\$ 16,319	-16.7%	\$ 1,379	\$ 1,695	-18.6%
Quarter to Date	\$ 42,202	\$ 49,285	-14.4%	\$ 47,503	-11.2%	\$ 3,125	\$ 4,178	-25.2%
Year to Date	\$ 75,333	\$ 85,875	-12.3%	\$ 86,169	-12.6%	\$ 3,893	\$ 4,943	-21.2%

LTM Trends (\$'000s)	7/31/18	8/31/18	9/30/18	10/31/18	11/30/18	12/31/18	1/31/19	2/28/19	3/31/19
Units Produced ('000)	7,954	8,723	7,766	7,806	7,934	5,174	7,786	7,371	8,389
Units Shipped ('000)	9,436	9,668	8,330	9,798	8,838	5,130	6,941	6,590	7,230
Net Revenue	\$ 15,478	\$ 16,133	\$ 13,650	\$ 16,233	\$ 14,094	\$ 8,817	\$ 10,942	\$ 10,785	\$ 11,404
Gross Margin	2,620	2,670	2,848	2,592	2,349	909	1,502	1,755	1,910
Gross Margin %	16.9%	16.5%	20.9%	16.0%	16.7%	10.3%	13.7%	16.3%	16.7%
SG&A	1,278	1,422	624	1,384	1,301	1,623	1,465	1,496	1,438
Reported EBITDA	1,342	1,247	2,224	1,207	1,047	(714)	37	259	472
Rep. EBITDA %	8.7%	7.7%	16.3%	7.4%	7.4%	(8.1%)	0.3%	2.4%	4.1%
Adj. EBITDA	1,342	1,247	2,224	1,207	1,047	(714)	37	259	472
Adj. EBITDA %	8.7%	7.7%	16.3%	7.4%	7.4%	(8.1%)	0.3%	2.4%	4.1%
Capex	\$ (637)	\$ (638)	\$ (860)	\$ (991)	\$ (803)	\$ (1,438)	\$ (489)	\$ (531)	\$ (560)

Accounts Receivable, Net	\$ 16,284	\$ 15,221	\$ 13,855	\$ 14,273	\$ 13,483	\$ 8,594	\$ 8,789	\$ 9,536	\$ 11,214
Inventory, Net	34,779	33,352	33,773	30,528	29,790	30,309	33,091	34,642	34,150
Accounts Payable	14,056	13,525	14,088	12,897	12,951	12,709	11,725	12,319	12,200
CCC	\$ 37,007	\$ 35,048	\$ 33,541	\$ 31,905	\$ 30,322	\$ 26,194	\$ 30,155	\$ 31,859	\$ 33,165

DSO	32.6	29.2	30.4	27.3	28.7	30.2	24.9	24.8	30.5
DSI	69.7	64.1	74.2	58.3	63.4	106.6	93.7	89.9	92.8
DPO	33.9	31.1	39.1	29.3	33.1	49.8	38.5	38.2	39.8
C2C	68.4	62.2	65.6	56.3	59.0	87.0	80.1	76.5	83.5

Bank revolver	\$ 17,156	\$ 15,128	\$ 14,477	\$ 12,826	\$ 12,019	\$ 10,222	\$ 14,340	\$ 16,533	\$ 18,750
Unclassified external debt / OID	14,212	14,103	14,016	14,344	14,062	13,634	13,926	13,779	13,318
OpenGate debt	—	—	—	—	—	—	—	—	—
Total Debt Outstanding	31,368	29,231	28,493	27,170	26,080	23,857	28,266	30,311	32,068
Cash and equivalents	0	0	(0)	(0)	(0)	0	3	3	3
Total Net Debt	\$ 31,368	\$ 29,231	\$ 28,493	\$ 27,170	\$ 26,080	\$ 23,857	\$ 28,263	\$ 30,308	\$ 32,065

Beginning Cash Balance	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 3	\$ 3
Add / (Less): Operating Cash Flow	1,782	2,775	1,620	2,174	1,750	3,372	(3,487)	(1,522)	(1,520)
Add / (Less): Investing Cash Flow	(637)	(638)	(860)	(991)	(803)	(1,438)	(489)	(531)	(560)
Add / (Less): Financing Cash Flow	(1,145)	(2,137)	(760)	(1,183)	(947)	(1,934)	3,979	2,053	2,080
Effect of FX rates / Other	—	—	—	—	—	—	—	—	—
Ending Cash Balance	\$ 0	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 3	\$ 3	\$ 3

Long-term trend, budget, IC comparison									
Calendar year ending				Actual		IC Model			
Summary Financials	12/31/2015	12/31/2016	12/31/2017	12/31/2018	LTM Actual 6/30/2019	12/31/2016	12/31/2017	12/31/2018	
Total Net Revenue	\$ —	\$ 170,742	\$ 170,574	\$ 167,617	\$ 159,738				
EBITDA, Reported	—	12,278	10,180	10,332	10,247				
EBITDA, Reported %	N/A	7.2%	6.0%	6.2%	6.4%				
EBITDA, Adjusted	—	12,278	10,180	10,332	10,247				
EBITDA, Adjusted %	N/A	7.2%	6.0%	6.2%	6.4%				
Accounts Receivable, Net	—	11,660	8,594	9,802	15,313				
Inventory, Net	—	27,470	30,309	30,962	32,887				
Accounts Payable	—	7,504	12,709	12,627	15,487				
CCC	—	31,626	26,194	28,137	32,713				
Net Debt	\$ —	\$ 3,014	\$ 23,857	\$ 26,089	\$ 31,085				

Monthly P&L

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY		FY		Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud			\$	%	Act	\$	%
Units Produced ('000)	7,786	7,371	8,389	7,725	8,493	8,905	10,057	10,212	9,308	9,637	9,028	5,886	102,798	108,274	(5,476)	(5.1%)	96,146	6,652	6.9%		
Units Shipped ('000)	6,941	6,590	7,230	8,092	9,414	8,083	10,062	10,681	9,633	10,255	9,358	6,133	102,471	109,580	(7,109)	(6.5%)	104,464	(1,993)	(1.9%)		
Bookings (\$'000)	\$ 11,857	\$ 10,031	\$ 11,903	\$ 14,734	\$ 16,015	\$ 15,048	\$ 16,506	\$ 17,313	\$ 16,578	\$ 17,403	\$ 16,182	\$ 9,356	\$ 172,926	\$ 180,948	\$ (8,022)	(4.4%)	\$ 173,588	\$ (662)	(0.4%)		
Backlog ('\$000)	\$ 9,269	\$ 8,356	\$ 8,460	\$ 9,671	\$ 9,716	\$ 11,128	\$ 11,864	\$ 12,654	\$ 12,898	\$ 13,594	\$ 13,391	\$ 11,911	\$ 11,911	\$ 11,911	\$ –	0.0%	\$ 8,368	\$ 3,543	42.3%		
Gross Revenue	\$ 11,539	\$ 11,249	\$ 11,985	\$ 13,794	\$ 16,301	\$ 14,255	\$ 17,052	\$ 18,655	\$ 16,814	\$ 17,766	\$ 16,477	\$ 10,759	\$ 176,645	\$ 188,036	\$ (11,391)	(6.1%)	\$ 180,283	\$ (3,638)	(2.0%)		
Adj. to Gross Revenue	(597)	(464)	(581)	(699)	(787)	(662)	(887)	(990)	(919)	(983)	(916)	(541)	(9,027)	(9,876)	849	(8.6%)	(9,708)	681	(7.0%)		
Net Revenue	10,942	10,785	11,404	13,094	15,515	13,593	16,165	17,664	15,895	16,782	15,561	10,218	167,617	178,160	(10,542)	(5.9%)	170,574	(2,957)	(1.7%)		
Material	5,204	5,301	5,464	6,521	7,703	6,428	8,053	8,864	7,768	8,457	7,836	4,565	82,163	88,355	(6,192)	(7.0%)	83,420	(1,256)	(1.5%)		
Labor	2,927	2,714	2,913	2,840	3,198	3,138	3,433	3,370	3,208	3,337	3,197	2,915	37,191	38,371	(1,179)	(3.1%)	38,503	(1,311)	(3.4%)		
Other COGS	1,309	1,015	1,117	1,533	1,968	1,255	1,670	2,029	1,846	2,013	1,780	1,527	19,061	20,261	(1,200)	(5.9%)	20,885	(1,824)	(8.7%)		
Total COGS	9,440	9,030	9,494	10,894	12,869	10,820	13,157	14,263	12,821	13,807	12,814	9,007	138,416	146,986	(8,571)	(5.8%)	142,807	(4,392)	(3.1%)		
Gross Margin	1,502	1,755	1,910	2,201	2,645	2,773	3,008	3,402	3,074	2,975	2,747	1,210	29,202	31,173	(1,971)	(6.3%)	27,767	1,435	5.2%		
Gross Margin %	13.7%	16.3%	16.7%	16.8%	17.0%	20.4%	18.6%	19.3%	19.3%	17.7%	17.7%	11.8%	17.4%	17.5%			16.3%				
R&D	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A		
Sales & Marketing	554	603	474	610	586	529	607	595	648	583	633	579	7,000	7,247	(247)	(3.4%)	7,045	(44)	(0.6%)		
Administrative	1,037	968	879	962	997	962	1,096	1,092	1,049	1,094	1,047	1,068	12,251	12,772	(521)	(4.1%)	10,240	2,011	19.6%		
Other Opex	(127)	(75)	85	(51)	(3)	(97)	(21)	(20)	(17)	(20)	(20)	(16)	(381)	(228)	(153)	67.2%	302	(683)	(226.4%)		
Total Opex	1,465	1,496	1,438	1,520	1,579	1,394	1,682	1,668	1,680	1,657	1,660	1,631	18,870	19,791	(921)	(4.7%)	17,587	1,283	7.3%		
EBITDA	37	259	472	680	1,066	1,379	1,326	1,734	1,393	1,318	1,087	(420)	10,332	11,382	(1,050)	(9.2%)	10,180	152	1.5%		
EBITDA %	0.3%	2.4%	4.1%	5.2%	6.9%	10.1%	8.2%	9.8%	8.8%	7.9%	7.0%	(4.1%)	6.2%	6.4%			6.0%				
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 853	\$ 30	\$ 458	\$ 121	\$ 59	\$ (82)	\$ (1,356)	\$ (2,765)	\$ (3,300)	\$ 534	(16.2%)	\$ (3,490)	\$ 725	(20.8%)		
Capex	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (805)	\$ (492)	\$ (492)	\$ (492)	\$ (398)	\$ (398)	\$ (398)	\$ (6,020)	\$ (8,000)	\$ 1,980	(24.7%)	\$ (10,215)	\$ 4,195	(41.1%)		
Opex Overview:																					
Payroll	\$ 881	\$ 806	\$ 788	\$ 889	\$ 909	\$ 810	\$ 952	\$ 926	\$ 873	\$ 943	\$ 880	\$ 913	\$ 10,571	\$ 10,783	\$ (213)	(2.0%)	\$ 10,318	\$ 252	2.4%		
Bonus	112	113	112	112	111	112	113	113	113	113	113	113	1,352	1,361	(8)	(0.6%)	159	1,193	750.7%		
Commissions	19	19	16	19	18	24	30	30	30	30	30	30	293	358	(65)	(18.1%)	187	107	57.0%		
Marketing	95	180	71	116	110	107	122	127	198	109	186	118	1,539	1,780	(241)	(13.5%)	1,679	(140)	(8.3%)		
Benefits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A		
Travel and entertainment	107	128	35	105	66	112	142	137	132	132	128	130	1,354	1,587	(234)	(14.7%)	1,231	123	10.0%		
Rent and facilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A		
Insurance	29	21	31	20	28	25	32	30	27	27	28	24	322	336	(14)	(4.3%)	328	(6)	(1.8%)		
Professional fees	45	46	62	45	49	43	44	45	52	45	45	51	572	584	(12)	(2.1%)	585	(13)	(2.2%)		
Office Expenses	23	26	18	22	33	13	20	26	20	26	22	25	273	287	(14)	(5.0%)	287	(14)	(4.9%)		
IT	166	165	132	159	145	163	177	181	178	182	181	178	2,008	2,092	(84)	(4.0%)	1,634	374	22.9%		
Bad Debts	16	(0)	16	23	42	(0)	(0)	(0)	(0)	(0)	(0)	(0)	95	(5)	99	(2155.6%)	(80)	175	(219.1%)		
FX	(122)	(76)	115	(28)	24	(80)	–	–	–	–	–	–	(167)	–	(167)	N/A	384	(551)	(143.4%)		
JV Loss (Income)	(5)	1	(29)	(23)	(28)	(17)	(21)	(20)	(17)	(20)	(20)	(16)	(214)	(228)	14	(6.0%)	(83)	(132)	159.1%		
Other Expenses	98	67	73	61	70	82	71	72	74	70	67	66	872	853	18	2.1%	956	(84)	(8.8%)		
Total Opex	\$ 1,465	\$ 1,496	\$ 1,438	\$ 1,520	\$ 1,579	\$ 1,394	\$ 1,682	\$ 1,668	\$ 1,680	\$ 1,657	\$ 1,660	\$ 1,631	\$ 18,869	\$ 19,791	\$ (921)	(4.7%)	\$ 17,586	\$ 1,283	7.3%		

Monthly EBITDA to Net Income (Loss) Bridge

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
EBITDA - as reported	\$ 37	\$ 259	\$ 472	\$ 680	\$ 1,066	\$ 1,379	\$ 1,326	\$ 1,734	\$ 1,393	\$ 1,318	\$ 1,087	\$ (420)	\$10,332	\$11,382	\$ (1,050)	(9.2%)	\$ 10,180	\$ 152	1.5%
Depreciation and amortization	(708)	(721)	(729)	(702)	(725)	(741)	(771)	(781)	(793)	(796)	(799)	(803)	(9,069)	(9,128)	59	(0.6%)	(7,801)	(1,268)	16.3%
Interest and amortization	(156)	(165)	(189)	(184)	(198)	(187)	(201)	(202)	(190)	(190)	(173)	(168)	(2,203)	(2,290)	87	(3.8%)	(1,869)	(334)	17.9%
Other financial income/expense	(26)	740	(617)	163	(128)	774	–	–	–	–	–	–	906	–	906	N/A	(1,463)	2,370	(161.9%)
Monitoring fees (including expenses)	(85)	(97)	(85)	(84)	(84)	(85)	(103)	(83)	(83)	(103)	(83)	(103)	(1,077)	(1,077)	(0)	0.0%	(1,091)	13	(1.2%)
Restructuring costs	–	–	–	–	–	36	–	–	–	–	–	–	36	–	36	N/A	(776)	812	(104.7%)
Non-recurring items	(137)	(201)	(128)	(44)	(42)	(215)	–	–	–	–	–	–	(768)	(478)	(290)	60.7%	(770)	2	(0.3%)
Taxes	189	(87)	(4)	(72)	(58)	(109)	(220)	(210)	(207)	(170)	(115)	138	(923)	(1,710)	787	(46.0%)	99	(1,022)	(1034.4%)
GAAP Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 853	\$ 30	\$ 458	\$ 121	\$ 59	\$ (82)	\$ (1,356)	\$ (2,765)	\$ (3,300)	\$ 534	(16.2%)	\$ (3,490)	\$ 725	(20.8%)

Management Discussion

- Other financial income/expense relates to unrealized F/X (gain)/loss on \$USD debt held by Canadian entity; YTD F/X gain attributable to the change in the month-end rate from 1.364 [USD\$0.73] on December 31, 2018 to 1.3099 [USD\$0.76] on June 30, 2019
- Reversal of \$36k pertaining to restructuring cost accruals at Woodbridge plant not utilized and no longer required
- Non-recurring items in June include professional fees related to Quality of Earnings study with KPMG (\$170K), IT Costs related to Terrebonne ERP Syteline (\$1K), OBI projects with The Practical Approach (\$8K) and Management Tools Inc (\$6K) and Management staff incentive accrual (\$38K). The was offset by QST refund of \$8K pertaining to the Laval Water Damage repair costs
- US Tax accrual of 109K in June 2019; Canadian deferred tax asset has not been increased since 2018 year end adjustments

Cost of Goods Sold Variance Analysis

\$'000

	MTD	QTD	YTD
Material	8,608	24,680	42,812
Labor	3,241	9,869	18,910
Other COGS	1,893	5,556	9,396
COGS Budget	\$ 13,742	\$ 40,105	\$ 71,118
<u>Variances:</u>			
Volume	(2,183)	(4,447)	(6,691)
Price	(299)	(339)	(431)
Other	302	758	930
Material	(2,180)	(4,028)	(6,192)
Volume	(18)	(330)	(592)
Price	–	–	–
Other	(85)	(363)	(587)
Labor	(103)	(693)	(1,179)
Volume	(442)	10	(96)
Price	–	–	–
Other	(197)	(810)	(1,104)
Other COGS	(639)	(800)	(1,200)
COGS Actual	\$ 10,820	\$ 34,583	\$ 62,547

Management Discussion - QTD

- **Material COGS:** Decrease of \$4,028K due to lower volume impact of \$4,447K (Sales volumes (lbs) lower by 15.7%), favorable resin material prices offset by higher additive pricing, higher glass pricing of \$339K and improved scrap utilization at ECS of \$185K; offset by unfavorable yields at Woodbridge & Delmont and lower regrind usage at Woodbridge, Delmont & Everett due to lower production volumes of \$647K and higher inventory reserves for E&O and LCM adjustments of \$296K
- **Labor COGS:** Lower costs due to volume impact of \$330K, a favorable F/X impact of \$157K and headcount reduction initiatives and improved labor efficiency at Laval, Delmont, Terrebonne and ECS (net of increased overtime at Woodbridge and Everett to support tooling launches) of \$120K and a non-recurring worker's comp refund of \$86K at Laval
- **Other COGS:** Decrease of \$800K due to lower freight costs of \$301K, lower overhead spending (ie. utilities, maintenance, factory supplies) of \$250K due to lower production, a higher tool & die absorption recovery impact of \$80K, lower real estate and property tax adjustments of \$87K and a favorable F/X impact of \$92K; partially offset by unfavorable absorption of \$10K

Monthly Cost of Goods Sold by Component

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 5,265	\$ 5,218	\$ 5,418	\$ 6,548	\$ 7,512	\$ 6,461	\$ 7,988	\$ 8,815	\$ 7,674	\$ 8,402	\$ 7,886	\$ 4,585	\$ 81,770	\$ 88,508	\$ (6,738)	(7.6%)	\$ 84,102	\$ (2,332)	(2.8%)
Materials FX loss / (gain)	0	0	0	0	0	1	0	0	0	0	—	—	1	0	1	594.8%	0	1	329.7%
Purchase price variance	168	272	211	157	242	141	389	369	354	357	247	128	3,034	2,816	218	7.7%	(421)	3,455	(820.6%)
Supplier resin rebate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Freight In	47	46	46	35	43	60	56	63	55	60	57	45	614	663	(49)	(7.4%)	680	(67)	(9.8%)
Scrap costs	(355)	(334)	(282)	(302)	(206)	(307)	(488)	(501)	(419)	(474)	(461)	(273)	(4,400)	(4,885)	485	(9.9%)	(2,101)	(2,299)	109.4%
Consumables	78	98	72	83	112	72	108	118	104	113	107	81	1,145	1,253	(109)	(8.7%)	1,159	(14)	(1.2%)
Total Material COGS	\$ 5,204	\$ 5,301	\$ 5,464	\$ 6,521	\$ 7,703	\$ 6,428	\$ 8,053	\$ 8,864	\$ 7,768	\$ 8,457	\$ 7,836	\$ 4,565	\$ 82,163	\$ 88,355	\$ (6,192)	(7.0%)	\$ 83,420	\$ (1,256)	(1.5%)
Labor																			
Direct labor	\$ 927	\$ 898	\$ 984	\$ 1,008	\$ 1,133	\$ 1,112	\$ 1,272	\$ 1,234	\$ 1,139	\$ 1,188	\$ 1,141	\$ 1,030	\$ 13,067	\$ 13,870	\$ (804)	(5.8%)	\$ 13,874	\$ (807)	(5.8%)
Direct labor - bonus	51	51	51	51	51	51	51	51	51	51	51	51	614	618	(4)	(0.7%)	79	534	672.1%
Direct labor - overtime	70	97	109	92	124	165	123	125	115	124	107	68	1,320	1,163	156	13.4%	1,594	(274)	(17.2%)
Direct labor - benefits	290	264	254	235	254	273	286	283	277	281	268	238	3,202	3,262	(60)	(1.8%)	3,366	(163)	(4.8%)
Direct labor - wcb benefits	18	(20)	17	(66)	22	21	24	23	23	24	23	19	127	265	(138)	(52.0%)	321	(194)	(60.3%)
Direct labor - other	0	(1)	(1)	(1)	(2)	2	1	1	1	1	1	1	1	9	(7)	(83.9%)	(1)	3	(218.2%)
Indirect labor	1,520	1,362	1,447	1,462	1,565	1,463	1,613	1,588	1,540	1,605	1,545	1,448	18,159	18,438	(279)	(1.5%)	19,031	(873)	(4.6%)
Indirect labor – bonus	51	51	51	51	51	51	51	51	51	51	51	51	614	618	(4)	(0.7%)	79	534	672.1%
Sub-contractor costs	—	12	2	10	—	—	12	13	10	11	11	7	88	127	(39)	(30.5%)	159	(71)	(44.5%)
Total Labor COGS	\$ 2,927	\$ 2,714	\$ 2,913	\$ 2,840	\$ 3,198	\$ 3,138	\$ 3,433	\$ 3,370	\$ 3,208	\$ 3,337	\$ 3,197	\$ 2,915	\$ 37,191	\$ 38,371	\$ (1,179)	(3.1%)	\$ 38,503	\$ (1,311)	(3.4%)
Other																			
Repairs and maintenance	\$ 115	\$ 26	\$ 78	\$ 34	\$ 44	\$ 62	\$ 77	\$ 103	\$ 74	\$ 109	\$ 104	\$ 128	\$ 952	\$ 1,037	\$ (84)	(8.1%)	\$ 1,222	\$ (270)	(22.1%)
Absorption	(234)	(425)	(600)	86	312	(475)	(140)	67	8	122	(4)	(24)	(1,309)	(1,049)	(260)	24.7%	(622)	(687)	110.3%
Freight out	625	533	704	712	772	724	834	893	814	863	780	543	8,797	9,368	(570)	(6.1%)	9,785	(988)	(10.1%)
Rent / facilities	125	167	193	76	185	183	117	157	185	139	138	205	1,870	1,840	31	1.7%	1,511	360	23.8%
Utilities	479	508	539	458	435	590	580	587	573	584	559	512	6,405	6,711	(306)	(4.6%)	6,579	(174)	(2.6%)
Other cost of sales	199	206	202	167	220	171	202	223	192	197	204	162	2,344	2,355	(10)	(0.4%)	2,409	(65)	(2.7%)
Total Other COGS	\$ 1,309	\$ 1,015	\$ 1,117	\$ 1,533	\$ 1,968	\$ 1,255	\$ 1,670	\$ 2,029	\$ 1,846	\$ 2,013	\$ 1,780	\$ 1,527	\$ 19,061	\$ 20,261	\$ (1,200)	(5.9%)	\$ 20,885	\$ (1,824)	(8.7%)

Management Discussion

Material COGS: Decrease of \$6,192K due to lower volume impact of \$6,691K (Sales volumes (lbs) lower by 13.3%), unfavorable yields and higher scrap (net of regrind usage) at Woodbridge, Delmont & Everett of \$798K; unfavorable E&O reserves at Woodbridge, Everett and Terrebonne of \$192K, partially offset by improved scrap and favorable PPV at ECS of \$491K

Labor COGS: Lower costs due to volume impact of \$592K, out-of-period workers' compensation refunds at Laval and Everett of \$170K, a favorable F/X impact of \$261K and headcount reduction initiatives / improved labor efficiency at Laval, Delmont, Terrebonne and ECS (net of increased overtime at Woodbridge and Everett to support tooling launches) of \$156K

Other COGS: Decrease of \$1,200K due to lower freight costs of \$503K, lower overhead spending of \$290K (ie. Maintenance costs, utilities, factory supplies), a higher tool & die absorption recovery impact of \$68K, lower property tax adjustment at Everett of \$87K, a favorable F/X impact of \$156K and a favorable absorption impact of \$96K as an inventory build higher than Plan

Monthly Balance Sheet

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
\$'000	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets																
Cash and cash equivalents	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 2	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	\$ 3	739066.5%
Short term investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
<i>Accounts receivable, gross</i>	9,182	9,929	11,613	13,369	14,654	15,793	15,960	16,509	15,206	15,081	13,521	10,481	10,481	8,958	1,523	17.0%
<i>Accounts receivable, reserves</i>	(393)	(393)	(399)	(425)	(465)	(479)	(679)	(679)	(679)	(679)	(679)	(679)	(679)	(363)	(316)	86.9%
Accounts receivable, net	8,789	9,536	11,214	12,944	14,190	15,313	15,281	15,830	14,527	14,402	12,842	9,802	9,802	8,594	1,208	14.1%
<i>Inventory, gross</i>	34,588	36,157	35,647	34,119	32,304	34,675	34,732	34,475	34,521	32,837	32,471	32,668	32,668	31,776	892	2.8%
<i>Inventory, reserves</i>	(1,497)	(1,514)	(1,497)	(1,562)	(1,608)	(1,789)	(1,649)	(1,660)	(1,674)	(1,696)	(1,702)	(1,706)	(1,706)	(1,467)	(239)	16.3%
Inventory, net	33,091	34,642	34,150	32,557	30,697	32,887	33,083	32,815	32,847	31,140	30,769	30,962	30,962	30,309	653	2.2%
Prepaid expenses and other current assets	3,145	3,030	3,051	3,909	4,233	4,279	3,627	3,336	3,216	3,348	3,110	2,832	2,832	2,942	(109)	(3.7%)
Other current assets	761	864	804	790	865	830	857	1,050	1,525	1,771	1,829	682	682	901	(218)	(24.2%)
Total Current Assets	45,790	48,076	49,223	50,203	49,987	53,312	52,851	53,034	52,117	50,663	48,552	44,281	44,281	42,746	1,536	3.6%
Non-Current Assets																
<i>Property, plant & equipment, gross</i>	66,687	67,249	66,818	67,503	67,826	69,761	72,208	72,661	73,107	73,531	73,935	74,303	74,303	64,977	9,326	14.4%
<i>Accumulated depreciation</i>	(18,755)	(19,488)	(19,863)	(20,649)	(21,300)	(22,479)	(21,293)	(21,936)	(22,589)	(23,245)	(23,906)	(24,569)	(24,569)	(17,639)	(6,930)	39.3%
Property, plant & equipment, net	47,932	47,761	46,955	46,853	46,525	47,282	50,915	50,725	50,518	50,286	50,028	49,734	49,734	47,338	2,395	5.1%
Deferred financing cost	546	533	510	499	484	479	463	450	436	422	408	395	395	548	(153)	(27.9%)
Deferred tax asset	2,961	2,963	2,898	2,913	2,901	2,973	1,367	1,367	1,367	1,367	1,367	1,367	1,367	2,879	(1,513)	(52.5%)
Other non-current assets	2,688	2,690	2,644	2,685	2,698	2,800	3,155	3,216	3,237	3,257	3,274	3,331	3,331	2,616	715	27.3%
Total Non-Current Assets	54,127	53,947	53,007	52,950	52,607	53,535	55,900	55,757	55,558	55,332	55,077	54,826	54,826	53,382	1,444	2.7%
Total Assets	\$ 99,917	\$ 102,023	\$ 102,229	\$ 103,153	\$ 102,595	\$ 106,848	\$ 108,751	\$ 108,791	\$ 107,675	\$ 105,995	\$ 103,630	\$ 99,107	\$ 99,107	\$ 96,127	\$ 2,980	3.1%
Current Liabilities																
Bank Debt	\$ 14,340	\$ 16,533	\$ 18,750	\$ 19,505	\$ 19,025	\$ 17,818	\$ 20,653	\$ 20,722	\$ 18,469	\$ 18,098	\$ 14,909	\$ 13,864	\$ 13,864	\$ 10,222	\$ 3,641	35.6%
Current Portion - Long Term Debt	1,678	1,665	1,639	1,648	1,640	1,683	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,628	172	10.6%
Accounts payable	11,725	12,319	12,200	12,267	12,359	15,487	14,482	14,035	14,850	13,308	14,456	12,627	12,627	12,709	(82)	(0.6%)
Accrued liabilities	4,045	3,378	3,727	3,515	3,556	3,864	3,699	3,689	3,439	3,366	3,189	2,808	2,808	3,343	(535)	(16.0%)
Accrued compensation	2,492	2,800	2,877	3,338	3,488	3,931	4,303	4,195	4,585	4,804	4,780	5,149	5,149	2,521	2,628	104.2%
Income taxes payable	(189)	(102)	(344)	(275)	(215)	(118)	1,147	1,357	1,564	1,734	1,848	1,710	1,710	(246)	1,956	(793.7%)
Contingent consideration	1,301	1,301	1,301	1,301	1,301	1,301	—	—	—	—	—	—	—	1,301	(1,301)	(100.0%)
Other current liabilities	101	97	124	125	132	125	137	139	127	128	111	107	107	97	11	11.0%
Total Current Liabilities	35,493	37,990	40,273	41,423	41,287	44,090	46,222	45,937	44,835	43,238	41,094	38,065	38,065	31,576	6,490	20.6%
Long-term liabilities																
Long-term debt less current maturities	12,248	12,114	11,679	11,609	11,418	11,587	11,144	11,001	10,857	10,714	10,571	10,428	10,428	12,006	(1,579)	(13.1%)
Deferred income taxes	9,753	9,757	9,642	9,669	9,647	9,775	7,785	7,785	7,785	7,785	7,785	7,785	7,785	9,610	(1,825)	(19.0%)
Other non-current liabilities	1,525	1,530	1,491	1,503	1,497	1,597	1,458	1,467	1,476	1,477	1,482	1,486	1,486	1,468	18	1.2%
Total Long-Term Liabilities	23,526	23,400	22,812	22,781	22,562	22,959	20,387	20,253	20,119	19,976	19,838	19,699	19,699	23,084	(3,386)	(14.7%)
Total Liabilities	59,019	61,391	63,085	64,205	63,849	67,049	66,609	66,190	64,953	63,214	60,931	57,764	57,764	54,660	3,104	5.7%
Commitments and contingencies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shareholders' Equity																
Common stock	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	(0)	(0.0%)
Retained earnings	29,143	28,871	27,592	27,350	27,180	28,033	30,062	30,521	30,641	30,701	30,619	29,263	29,263	30,039	(776)	(2.6%)
Accumulated other comprehensive income	(855)	(850)	(1,058)	(1,011)	(1,045)	(845)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(1,181)	652	(55.2%)
Total Shareholders' Equity	40,898	40,632	39,144	38,948	38,746	39,798	42,142	42,601	42,722	42,781	42,699	41,343	41,343	41,467	(124)	(0.3%)
Total Liabilities and Shareholders' Equity	\$ 99,917	\$ 102,023	\$ 102,229	\$ 103,153	\$ 102,595	\$ 106,848	\$ 108,751	\$ 108,791	\$ 107,675	\$ 105,995	\$ 103,630	\$ 99,107	\$ 99,107	\$ 96,127	\$ 2,980	3.1%

Balance Sheet – Year on Year Comparison

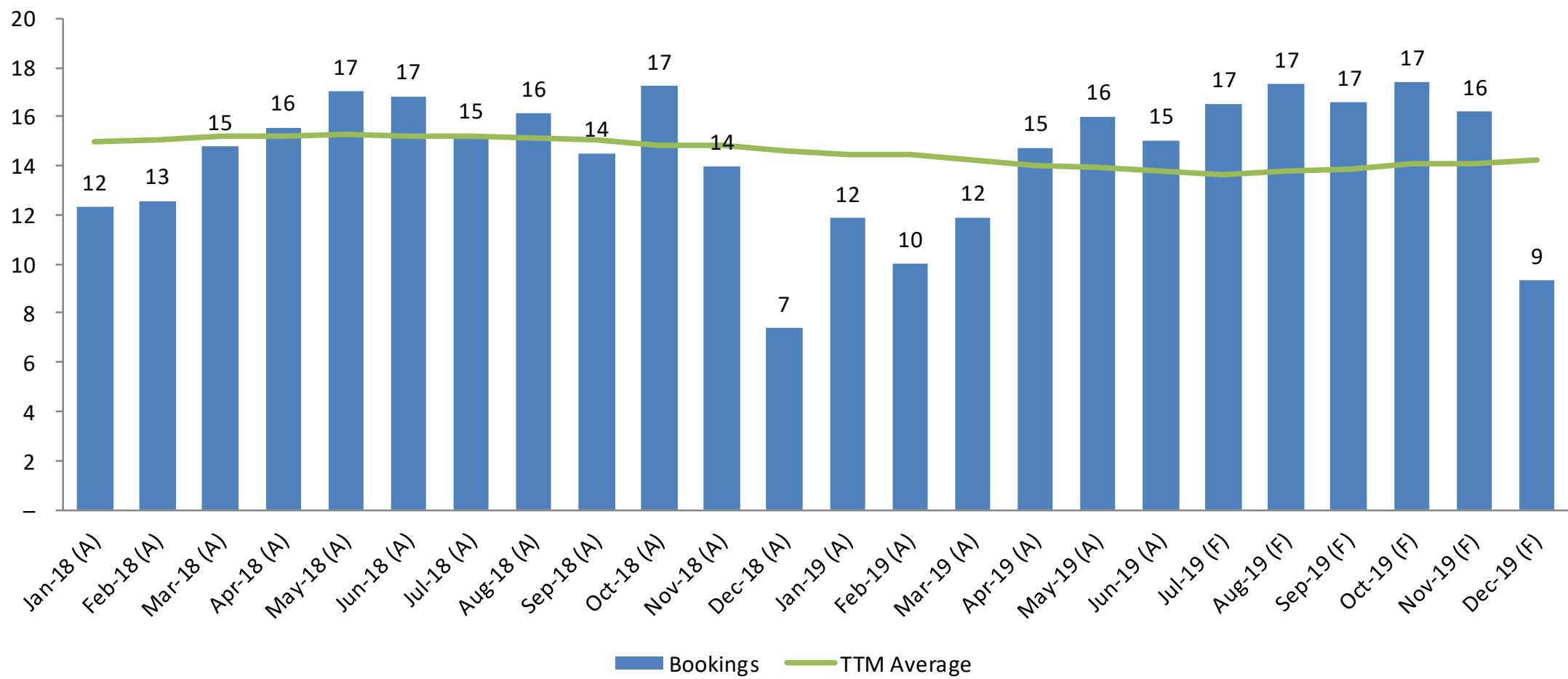
\$'000	YTD		Variance	
	CY	PY	\$	%
<u>Current Assets</u>				
Cash and cash equivalents	\$ 3	\$ (0)	\$ 3	(2178.5%)
Short term investments	–	–	–	N/A
<i>Accounts receivable, gross</i>	15,793	17,680	(1,887)	(10.7%)
<i>Accounts receivable, reserves</i>	(479)	(671)	191	(28.5%)
Accounts receivable, net	15,313	17,009	(1,696)	(10.0%)
<i>Inventory, gross</i>	34,675	36,662	(1,987)	(5.4%)
<i>Inventory, reserves</i>	(1,789)	(1,522)	(267)	17.5%
Inventory, net	32,887	35,140	(2,253)	(6.4%)
Prepaid expenses and other current assets	4,279	3,482	797	22.9%
Other current assets	830	1,066	(235)	(22.1%)
Total Current Assets	53,312	56,696	(3,383)	(6.0%)
<u>Non-Current Assets</u>				
<i>Property, plant & equipment, gross</i>	69,761	60,738	9,023	14.9%
<i>Accumulated depreciation</i>	(22,479)	(14,022)	(8,457)	60.3%
Property, plant & equipment, net	47,282	46,716	566	1.2%
Deferred financing cost	479	512	(33)	(6.4%)
Deferred tax asset	2,973	1,349	1,624	120.3%
Other non-current assets	2,800	2,707	94	3.5%
Total Non-Current Assets	53,535	51,284	2,251	4.4%
Total Assets	\$ 106,848	\$ 107,980	\$ (1,132)	(1.0%)
<u>Current Liabilities</u>				
Bank Debt	\$ 17,818	\$ 18,192	\$ (374)	(2.1%)
Current Portion - Long Term Debt	1,683	1,392	291	20.9%
Accounts payable	15,487	14,670	817	5.6%
Accrued liabilities	3,864	3,649	215	5.9%
Accrued compensation	3,931	4,087	(156)	(3.8%)
Income taxes payable	(118)	178	(297)	(166.4%)
Contingent consideration	1,301	1,301	(0)	(0.0%)
Other current liabilities	125	107	18	16.7%
Total Current Liabilities	44,090	43,576	514	1.2%
<u>Long-term liabilities</u>				
Long-term debt less current maturities	11,587	12,735	(1,147)	(9.0%)
Deferred income taxes	9,775	7,733	2,042	26.4%
Other non-current liabilities	1,597	1,343	254	18.9%
Total Long-Term Liabilities	22,959	21,810	1,149	5.3%
Total Liabilities	67,049	65,386	1,663	2.5%
Commitments and contingencies	–	–	–	N/A
<u>Shareholders' Equity</u>				
Common stock	12,610	12,610	–	0.0%
Retained earnings	28,033	30,721	(2,688)	(8.8%)
Accumulated other comprehensive income	(845)	(738)	(107)	14.5%
Total Shareholders' Equity	39,798	42,594	(2,795)	(6.6%)
Total Liabilities and Shareholders' Equity	\$ 106,848	\$ 107,980	\$ (1,132)	(1.0%)

Monthly Cash Flow

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
\$'000	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Cash flow from operations																			
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 853	\$ 30	\$ 458	\$ 121	\$ 59	\$ (82)	\$ (1,356)	\$ (2,765)	\$ (3,300)	\$ 534	(16.2%)	\$ (3,987)	\$ 1,221	(30.6%)
Depreciation, amortization and other	708	721	729	702	725	741	771	781	793	796	799	803	9,069	9,128	(59)	(0.6%)	7,801	1,268	16.3%
Non-cash loss/expense (gain)	(161)	(7)	201	(62)	36	(213)	(654)	(139)	(95)	(173)	(145)	(151)	(1,565)	(307)	(1,258)	410.0%	377	(1,943)	(514.8%)
Deferred income tax	143	3	(115)	27	(22)	128	(1,990)	–	–	–	–	–	(1,825)	148	(1,973)	(1331.0%)	(1,301)	(524)	40.3%
Change in operating assets and liabilities:																N/A			
Accounts receivable	(195)	(747)	(1,678)	(1,730)	(1,246)	(1,124)	32	(549)	1,304	125	1,560	3,040	(1,208)	(1,173)	(35)	3.0%	3,252	(4,460)	(137.1%)
Inventory	(2,782)	(1,552)	492	1,593	1,861	(2,190)	(196)	267	(32)	1,707	371	(193)	(653)	(690)	37	(5.4%)	(594)	(59)	9.9%
Prepaid expenses and other current assets	(64)	12	39	(843)	(400)	(11)	625	99	(355)	(378)	179	1,425	328	328	–	0.0%	456	(128)	(28.1%)
Accounts payable	(984)	594	(119)	68	92	3,128	(1,005)	(447)	815	(1,542)	1,148	(1,829)	(82)	(82)	–	0.0%	(379)	296	(78.3%)
Accrued expenses	673	(359)	426	249	192	750	208	(118)	140	146	(201)	(12)	2,093	2,344	(251)	(10.7%)	(2,316)	4,408	(190.4%)
Accrued income taxes	58	87	(242)	69	60	96	1,265	210	207	170	115	(138)	1,956	1,060	896	84.5%	751	1,205	160.6%
Other changes in operating assets and liabilities	4	(4)	27	1	7	(7)	(1,289)	2	(12)	1	(17)	(4)	(1,290)	(1,290)	–	0.0%	65	(1,355)	(2097.6%)
Other cash flow from operations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A
Total Cash Flow from Operations	\$ (3,487)	\$ (1,522)	\$ (1,520)	\$ (168)	\$ 1,136	\$ 2,150	\$ (2,203)	\$ 564	\$ 2,885	\$ 910	\$ 3,728	\$ 1,584	\$ 4,057	\$ 6,166	\$ (2,109)	(34.2%)	\$ 4,126	\$ (68)	(1.7%)
Cash flow from investing																			
Additions to property, plant and equipment	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (805)	\$ (492)	\$ (492)	\$ (492)	\$ (398)	\$ (398)	\$ (398)	\$ (6,020)	\$ (8,000)	\$ 1,980	(24.7%)	\$(10,215)	\$ 4,195	(41.1%)
Earnout payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A
Other cash flow from investing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A
Total Cash Flow from Investing	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (805)	\$ (492)	\$ (492)	\$ (492)	\$ (398)	\$ (398)	\$ (398)	\$ (6,020)	\$ (8,000)	\$ 1,980	(24.7%)	\$(10,215)	\$ 4,195	(41.1%)
Cash flow from financing																			
Proceeds from the issuance (repayment) of short-term debt	\$ 4,118	\$ 2,193	\$ 2,218	\$ 754	\$ (479)	\$ (1,207)	\$ 2,835	\$ 69	\$(2,253)	\$ (371)	\$(3,189)	\$ (1,045)	\$ 3,641	\$ 3,556	\$ 85	2.4%	\$ 6,282	\$ (2,641)	(42.0%)
Proceeds from the issuance of debt	(0)	0	(0)	0	(0)	0	(0)	0	0	0	0	0	0	–	0	N/A	1,207	(1,207)	(100.0%)
Repayment of debt	(138)	(139)	(138)	(138)	(137)	(139)	(141)	(141)	(141)	(141)	(141)	(141)	(1,676)	(1,719)	43	(2.5%)	(1,400)	(276)	19.7%
Common stock cash dividends paid	–	–	–	–	–	–	(0)	–	–	–	–	–	(0)	–	(0)	N/A	–	(0)	N/A
Other cash flow from financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A
Total Cash Flow from Financing	\$ 3,979	\$ 2,053	\$ 2,080	\$ 616	\$ (617)	\$ (1,345)	\$ 2,694	\$ (72)	\$(2,394)	\$ (512)	\$(3,330)	\$ (1,186)	\$ 1,965	\$ 1,837	\$ 129	7.0%	\$ 6,089	\$ (4,124)	(67.7%)
Effect of FX rates on cash and cash equivalents	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	N/A	\$ –	\$ -	N/A
Net change in cash	\$ 3	\$ 0	\$ (0)	\$ 0	\$ (0)	\$ 0	\$ (0)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 3	\$ 3	\$ (0)	(0.0%)	\$ (0)	\$ 3	(1065.9%)
Beginning cash	0	3	3	3	3	3	3	3	3	2	3	3	0	0	–	–	(0)	\$ 0	(100.1%)
Change in cash	3	0	(0)	0	(0)	0	(0)	(0)	(0)	0	0	(0)	3	3	(0)	(0.0%)	(0)	\$ 3	(1065.9%)
Ending cash	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 2	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	0.0%	\$ 0	\$ 3	26327243.2%

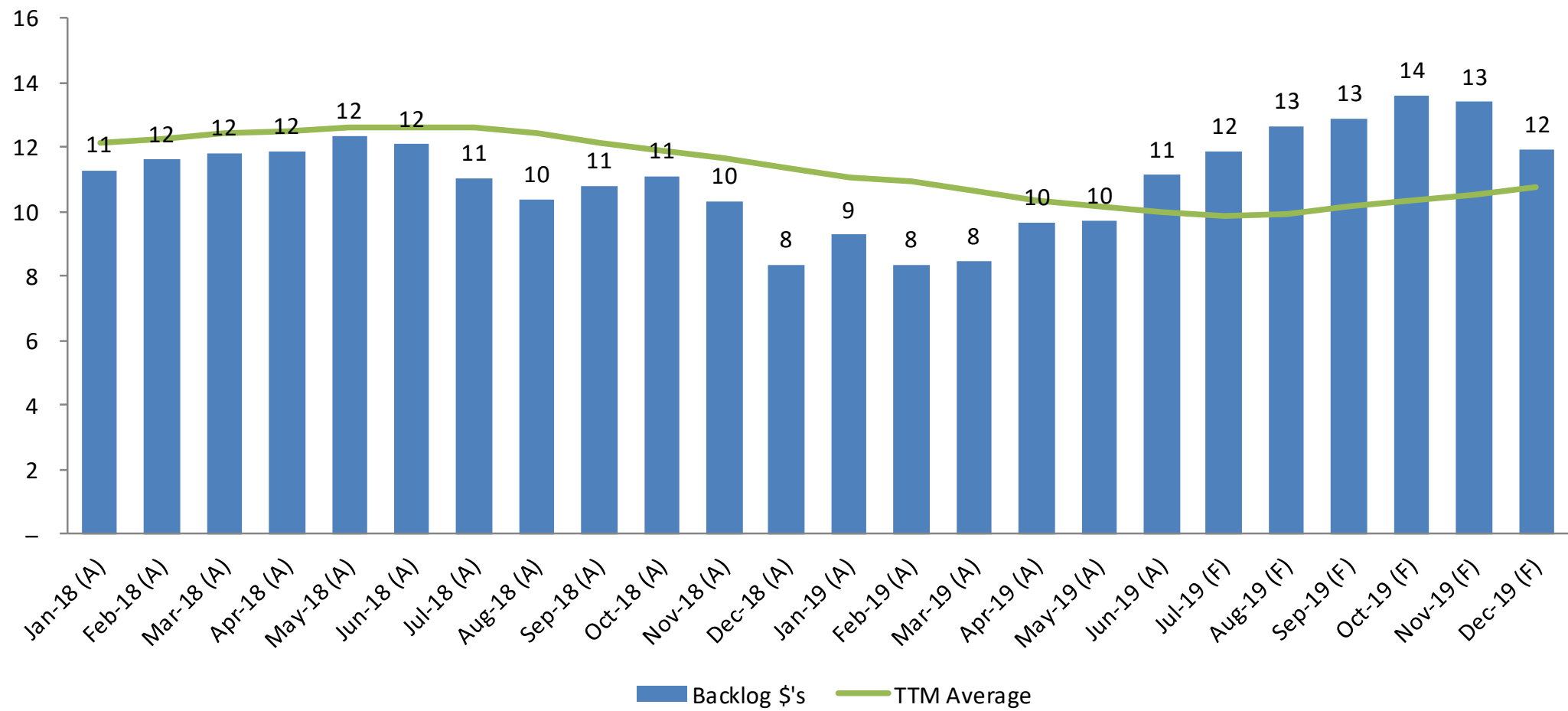
Trended Monthly Bookings

\$ in millions



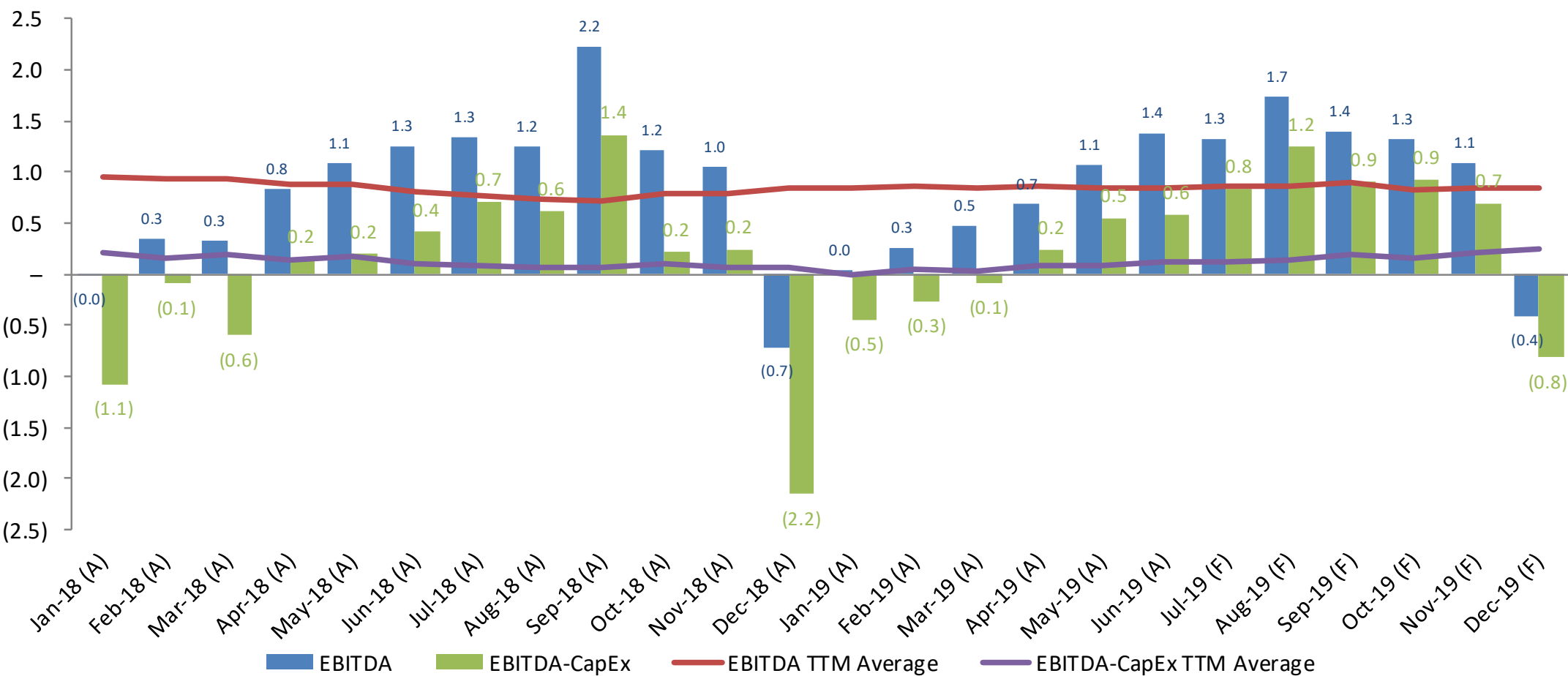
Trended Monthly Backlog

\$ in millions



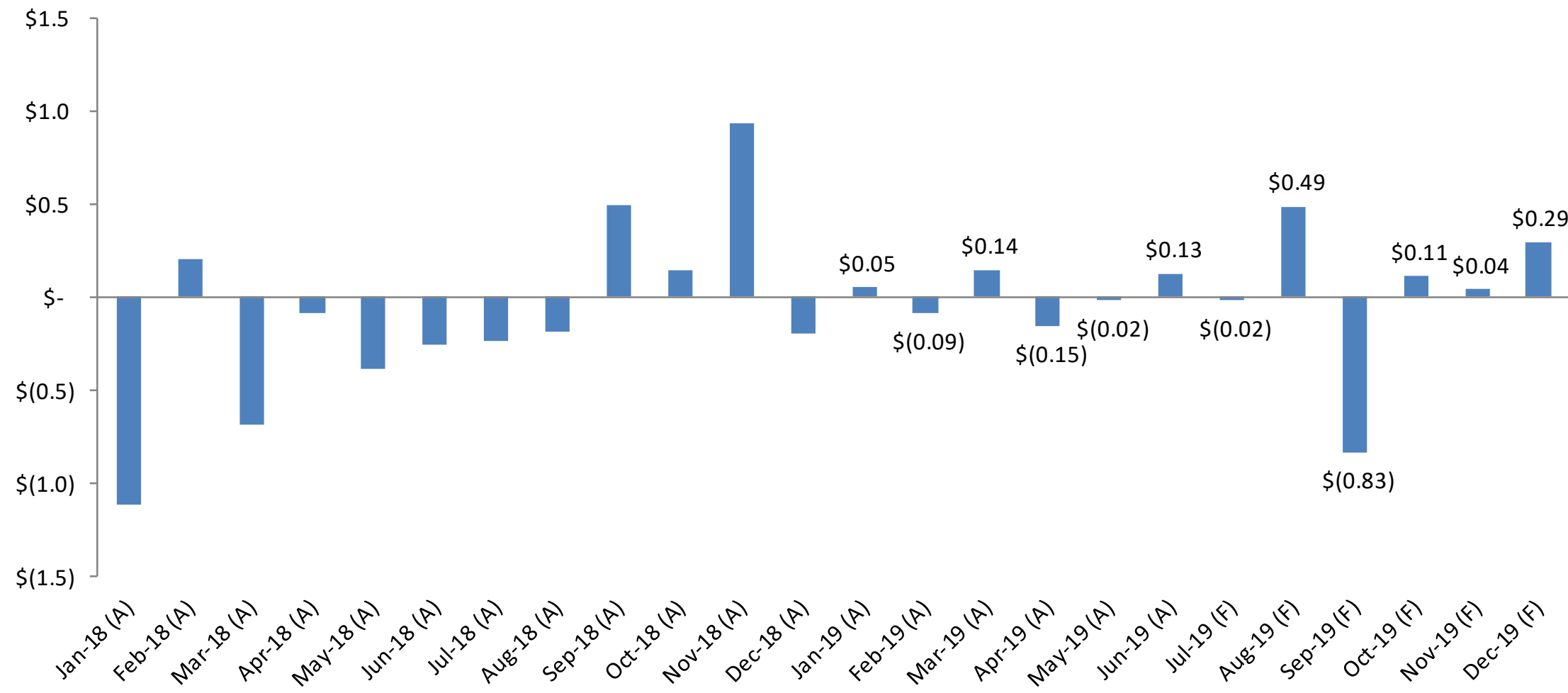
EBITDA and EBITDA-CapEx

\$ in millions



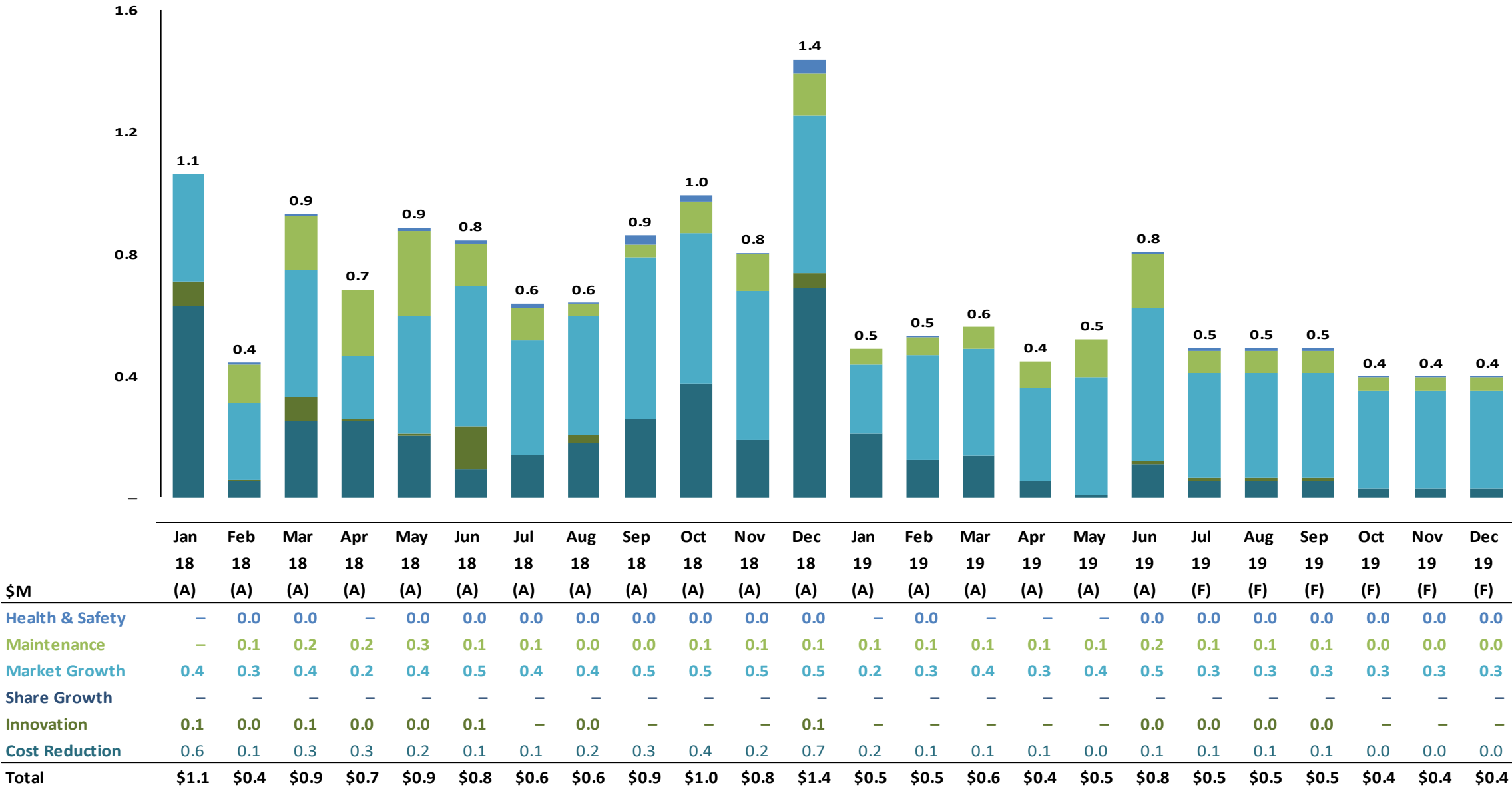
Y-o-Y \$ EBITDA Change

\$ in millions



Capital Expenditures

\$ in millions



Headcount Trending by Month

Month	Direct Labor	Indirect Labor - Hourly	Indirect Labor - Salary	Delivery & Dist.	Research & Development	Sales & Marketing	Administrative	Other	Total Permanent	Agency FTE & Temps	Total Headcount	Bud Headcount	Difference to Bud
2019 January (A)	324	154	81	35	13	26	59	–	692	24	716	780	(64)
2019 February (A)	331	156	81	35	13	26	60	–	702	27	729	802	(73)
2019 March (A)	331	160	81	36	13	26	62	–	709	36	745	802	(57)
2019 April (A)	321	158	81	36	13	25	61	–	695	29	724	813	(89)
2019 May (A)	324	161	80	37	13	28	63	–	706	64	770	818	(48)
2019 June (A)	328	160	79	36	13	24	63	–	703	108	811	832	(21)
2019 July (F)	362	164	88	38	15	30	59	–	756	70	826	826	–
2019 August (F)	362	164	88	38	15	30	59	–	756	69	825	825	–
2019 September (F)	362	164	88	38	15	30	59	–	756	41	797	797	–
2019 October (F)	357	164	88	37	15	30	59	–	750	47	797	797	–
2019 November (F)	349	164	88	37	15	30	59	–	742	52	794	794	–
2019 December (F)	349	164	88	37	15	30	59	–	742	40	782	782	–
Final Headcount	349	164	88	37	15	30	59	–	742	40	782	782	–

Management Discussion

- Number of employees above 800 for the first time since July 2018. 85 more employees since April 2019.
- 27 new temps across Laval and Terrebonne to account for vacation replacements and increased production volume.
- 7 new employees in Woodbridge across permanent and temps. Hiring on-going.
- Head Office: Benoit Audette was transferred to Terrebonne. Addition of 2 summer interns.
- Delmont: Retirement of Mike Caldwell, hiring of Aaron Anthony – designer. 15 new hires during the month. On the look out for 4 operators

Headcount Hires and Attrition

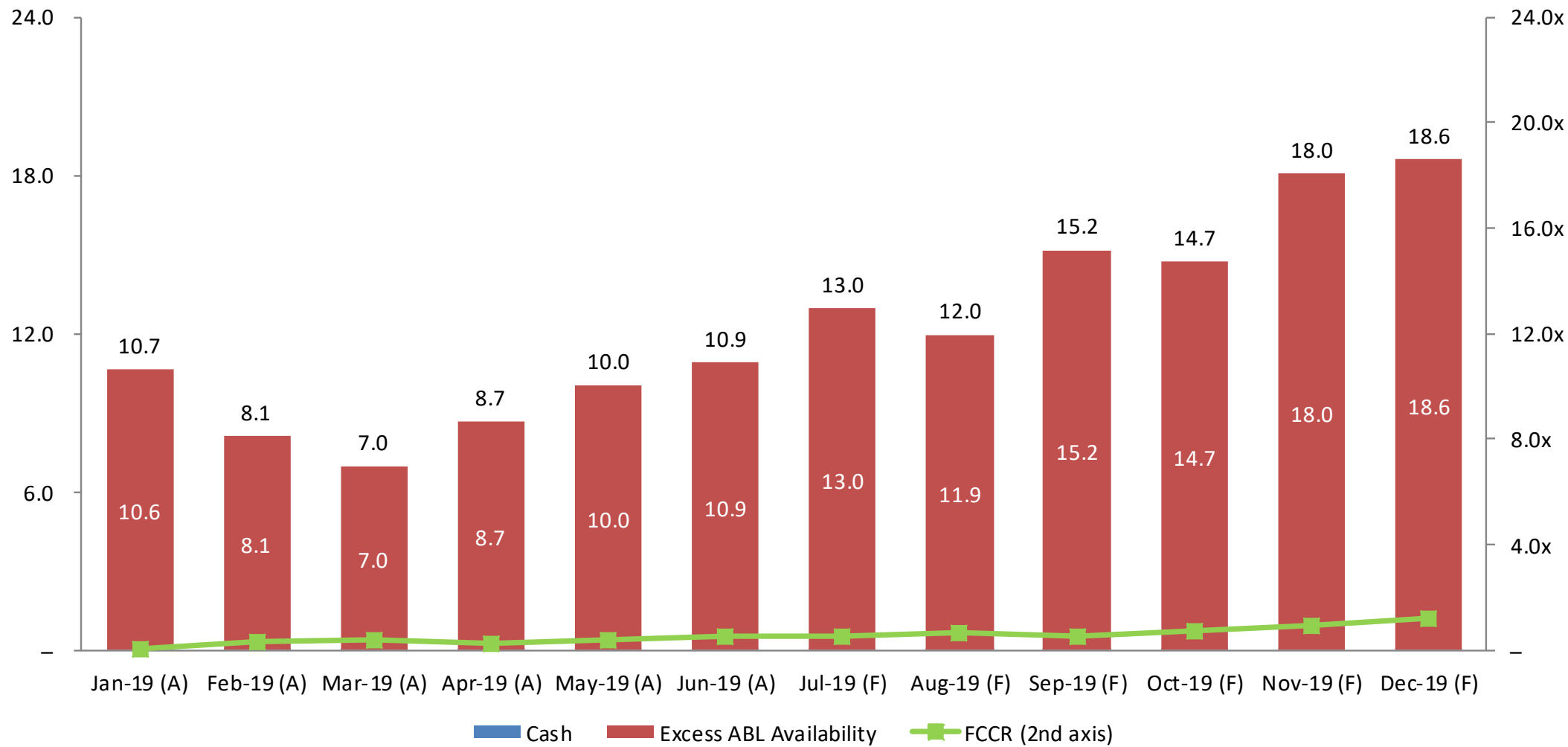
Functional Area	Start of Quarter	Hires	Transfers	Involuntary Term	Voluntary Term	QTD	Bud Headcount	Difference to Bud
Direct Labor	331	28	(2)	(8)	(21)	328	366	38
Indirect Labor - Hourly	160	8	(1)	(3)	(4)	160	164	4
Indirect Labor - Salary	81	1	(1)	–	(2)	79	88	9
Delivery & Dist.	36	–	1	(1)	–	36	38	2
Research & Development	13	1	–	(1)	–	13	15	2
Sales & Marketing	26	2	(1)	–	(3)	24	29	5
Administrative	62	–	1	–	–	63	59	(4)
Other	-	–	–	–	–	-	-	-
Agency FTE & Temps	36	96	2	(17)	(9)	108	73	(35)
Total	745	136	(1)	(30)	(39)	811	832	21

Management Discussion

- Net increase of 66 employees during the quarter (mainly temps)
- Increase primarily at Woodbridge, Delmont, Laval and Terrebonne in response to staff turnover, vacation replacement and production requirements
- HO – Hiring of Sales Account Manager for Quebec and Eastern region (Samuel St-Pierre) to replace Benoit Audette, who moved to the Terrebonne customer service department

Liquidity Forecast

\$ in millions



Executive Summary

Financial Review

Full Year Financial Outlook

Governance Reporting

Appendix

Business Unit Analysis

Woodbridge

Laval

Delmont

Everett

Terrebonne

Concord

Corporate

Plant Capacity Utilization

Woodbridge Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	8,081	10,046	(1,965)	(19.6%)	15,701	18,326	(2,625)	(14.3%)
Units Shipped ('000)	8,329	10,096	(1,767)	(17.5%)	14,896	17,976	(3,079)	(17.1%)
Bookings (\$'000)	\$ 10,978	\$ –	\$ 10,978	N/A	\$ 19,142	\$ –	\$ 19,142	N/A
Backlog ('\$000)	\$ 2,221	\$ –	\$ 2,221	N/A	\$ 2,221	\$ –	\$ 2,221	N/A
Gross Revenue	\$ 11,665	\$ 13,973	\$ (2,308)	(16.5%)	\$ 20,872	\$ 24,860	\$ (3,988)	(16.0%)
Adj. to Gross Revenue	(577)	(858)	281	(32.8%)	(1,121)	(1,435)	314	(21.9%)
Net Revenue	11,088	13,115	(2,027)	(15.5%)	19,751	23,425	(3,674)	(15.7%)
Material	7,217	8,280	(1,063)	(12.8%)	12,657	14,808	(2,151)	(14.5%)
Labor	2,455	2,614	(158)	(6.1%)	4,709	4,898	(189)	(3.9%)
Other COGS	629	451	178	39.5%	704	783	(79)	(10.1%)
Total COGS	10,301	11,344	(1,044)	(9.2%)	18,070	20,489	(2,419)	(11.8%)
Gross Margin	787	1,771	(983)	(55.5%)	1,681	2,936	(1,256)	(42.8%)
Gross Margin %	7.1%	13.5%			8.5%	12.5%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	49	71	(22)	(30.5%)	102	138	(36)	(26.0%)
Administrative	943	993	(50)	(5.0%)	1,885	1,971	(85)	(4.3%)
Other Opex	(30)	(61)	31	(50.6%)	(60)	(115)	55	(48.1%)
Total Opex	962	1,002	(40)	(4.0%)	1,928	1,994	(66)	(3.3%)
EBITDA	(174)	769	(943)	(122.7%)	(247)	943	(1,190)	(126.2%)
EBITDA %	(1.6%)	5.9%			(1.3%)	4.0%		
Net Income (Loss)	\$ (830)	\$ 74	\$ (904)	(1219.2%)	\$ (1,592)	\$ (437)	\$ (1,155)	264.1%
Capex	\$ (426)	\$ (734)	\$ 308	(41.9%)	\$ (940)	\$ (1,335)	\$ 395	(29.6%)
Opex Overview:								
Payroll	\$ 159	\$ 178	\$ (19)	(10.7%)	\$ 312	\$ 348	\$ (35)	(10.1%)
Bonus	–	–	–	N/A	–	–	–	N/A
Commissions	–	–	–	N/A	–	–	–	N/A
Marketing	13	30	(17)	(56.4%)	35	60	(25)	(41.3%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	1	0	0	3082.1%	1	0	0	1687.2%
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	10	13	(3)	(25.3%)	19	24	(4)	(18.6%)
Professional fees	3	8	(4)	(57.9%)	3	15	(12)	(78.9%)
Utilities, repair, maintenance, anc	10	7	2	32.8%	19	13	6	44.4%
Corporate OH Fees	797	822	(24)	(3.0%)	1,600	1,639	(39)	(2.4%)
Bad Debts	(0)	(1)	1	(68.4%)	(2)	(2)	1	(21.8%)
FX	37	–	37	N/A	42	–	42	N/A
JV Loss (Income)	(68)	(61)	(6)	10.1%	(101)	(115)	14	(11.9%)
Other Expenses	–	7	(7)	(100.0%)	–	12	(12)	(100.0%)
Total Opex	\$ 962	\$ 1,002	\$ (40)	(4.0%)	\$ 1,928	\$ 1,994	\$ (66)	(3.3%)

Management Discussion

Net Revenue – Q2-19: (\$2,027K):

- Sales volume down 17.5% or \$2,296k due to decreased demand from All Weather, Vinylbilt, Ventana (bankrupt), & Dashwood; offset by higher than expected levels with Windsor & Oran.
- Favorable rebates/accruals \$132k primarily due to lower sales volume with ATIS (Vinylbilt)
- Favorable product/customer mix of \$431k driven by price increase to the JV and customer/product mix (higher ASP from Quaker, Terrebonne, Windsor, Oran and PGT).
- Unfavorable F/X of \$293k (actual rate of 1.3375 [or \$USD 0.7477] vs. 1.30 [or \$USD 0.7692])

EBITDA – Q2-19: (\$943K):

- Material COGS:** Decreased costs by \$1,063k driven by lower sales volumes \$1,449k; offset by increased E&O Reserves \$172k (Ventana Bankrupt & Jeldwen/Panes/Okna exit business); finished goods scrap \$115k (Joint Venture Pitting; Quaker Dimension/Flex, AWW Dimension), lower yields 84.1% vs 86.0% \$59k driven by false starts, cold start after long weekend, power outage & Cellular material issues) and decrease regrind usage \$64k driven by mix.
- Labor COGS:** Decreased costs by \$158k driven by favorable F/X of \$73k, lower production volumes (-19.6%) \$297k and lower subcontracting (cellular regrind) \$24k; offset by inefficiencies due to poor yields, start-up and additional overtime to support tooling activities and weekend work \$236k.
- Other COGS:** Increased costs by \$178k driven by increased net absorption \$126k (lower demand), decreased tooling recovery \$48k, premise cost \$110k (four less line charge & lower sales volume) and warehouse costs \$35k (additional trailers for storage); Offset by lower factory & maintenance expenses \$75k (volume driven) and freight \$66k
- Sales and Marketing:** Decreased costs by \$22k due to lower royalties
- Administrative:** Decreased costs of \$50k driven by favorable F/X of \$28k and 1 less headcount than budgeted
- Other Opex:** Increased costs of \$31k driven by unfavorable F/X revaluation of working capital balances \$37k; offset by lower JV equity income \$6k (lower sales volume)

Key Customers – Gross Sales and Gross Margin %: Woodbridge

	Gross Sales (\$'000)														Gross Margin %																	
	QTD		Var		PY-QTD		Var		YTD		Var		PY-YTD		Var		QTD		Var		PY-QTD		Var		YTD		Var		PY-YTD		Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%	
Customer:																																
ROYAL VINYL BILT LIMITED	\$ 2,458	\$ 2,979	\$ (521)	(17.5%)	\$ 2,687	\$ (229)	(8.5%)	\$ 4,800	\$ 5,567	\$ (767)	(13.8%)	\$ 5,381	\$ (581)	(10.8%)	10.4%	10.4%	(0)	(0.0%)	7.9%	250	31.6%	10.8%	10.4%	36	3.4%	7.9%	286	36.1%				
QUAKER WINDOW PRODUCTS	1,510	1,573	(62)	(4.0%)	1,344	167	12.4%	2,641	3,018	(377)	(12.5%)	2,579	62	2.4%	11.0%	11.0%	–	0.0%	8.5%	250	29.3%	11.9%	11.0%	92	8.3%	8.5%	342	40.1%				
ALL WEATHER WIN. LTD-EDMO	775	1,365	(590)	(43.2%)	428	348	81.4%	1,439	2,754	(1,315)	(47.8%)	874	565	64.6%	19.7%	19.7%	–	0.0%	17.2%	250	14.6%	26.4%	19.7%	678	34.5%	17.2%	928	54.1%				
VINYL BILT WINDOWS & DOORS CC	565	1,064	(499)	(46.9%)	1,457	(892)	(61.2%)	931	1,637	(707)	(43.2%)	2,258	(1,327)	(58.8%)	(18.0%)	(18.0%)	–	0.0%	(20.5%)	250	(12.2%)	(20.8%)	(18.0%)	(287)	16.0%	(20.5%)	(37)	1.8%				
VINYL PRO WINDOW SYSTEMS	1,031	1,163	(132)	(11.4%)	1,190	(159)	(13.4%)	1,470	1,529	(59)	(3.9%)	1,573	(103)	(6.5%)	8.2%	8.2%	–	0.0%	5.7%	250	44.0%	7.9%	8.2%	(31)	(3.8%)	5.7%	219	38.5%				
WINDSOR WINDOW CO	1,101	995	106	10.6%	1,012	89	8.8%	1,862	1,667	195	11.7%	1,696	165	9.8%	23.8%	24.1%	(37)	(1.5%)	21.5%	225	10.5%	22.6%	23.9%	(132)	(5.5%)	20.7%	193	9.3%				
DASHWOOD INDUSTRIES LTD.	585	726	(141)	(19.4%)	766	(181)	(23.6%)	957	1,211	(254)	(20.9%)	1,280	(322)	(25.2%)	17.8%	17.8%	–	0.0%	15.3%	250	16.3%	19.4%	17.8%	152	8.5%	15.3%	402	26.2%				
OSTACO 2000 WINDOORS INC	282	317	(34)	(10.9%)	310	(28)	(8.9%)	549	765	(216)	(28.2%)	753	(204)	(27.1%)	13.8%	13.8%	0	0.0%	11.3%	250	22.0%	16.9%	13.8%	308	22.2%	11.3%	558	49.2%				
ALLSCO BLDG SUPPLIES LTD	447	468	(21)	(4.5%)	484	(37)	(7.7%)	719	692	27	3.8%	722	(3)	(0.4%)	(18.0%)	(18.0%)	(0)	0.0%	3.9%	(2,195)	(555.9%)	(17.1%)	(18.0%)	86	(4.8%)	3.9%	(2,108)	(534.0%)				
TERREBONNE	430	450	(21)	(4.6%)	499	(69)	(13.9%)	821	656	165	25.2%	935	(114)	(12.2%)	(6.3%)	(6.3%)	0	(0.0%)	(8.8%)	250	(28.5%)	(5.3%)	(6.3%)	96	(15.4%)	(8.8%)	346	(39.5%)				
PGT INDUSTRIES	271	294	(23)	(7.9%)	336	(66)	(19.5%)	575	542	33	6.0%	416	159	38.3%	0.0%	0.0%	–	N/A	6.3%	(626)	(100.0%)	0.0%	0.0%	–	N/A	6.3%	(626)	(100.0%)				
VENTANA WINDOWS & DOORS INC	–	227	(227)	(100.0%)	259	(259)	(100.0%)	59	419	(360)	(85.9%)	400	(341)	(85.3%)	#DIV/0!	15.9%	–	#VALUE!	13.4%	NA	#VALUE!	33.8%	15.9%	1,790	112.6%	13.4%	2,040	152.2%				
CLERA	73	122	(49)	(40.3%)	155	(82)	(53.0%)	276	390	(114)	(29.3%)	474	(198)	(41.7%)	18.9%	18.9%	(0)	(0.0%)	16.4%	250	15.3%	21.4%	18.9%	256	13.6%	16.4%	506	30.9%				
SEYMOUR WINDOWS LTD.	193	277	(84)	(30.4%)	290	(97)	(33.5%)	317	346	(29)	(8.4%)	365	(48)	(13.1%)	19.6%	19.6%	0	0.0%	17.1%	250	14.6%	17.1%	19.6%	(245)	(12.5%)	17.1%	5	0.3%				
WARDCO WINDOW & DOOR MFG INC	177	203	(26)	(12.9%)	227	(50)	(22.0%)	308	353	(45)	(12.8%)	398	(90)	(22.7%)	34.7%	34.7%	–	0.0%	32.2%	250	7.8%	36.2%	34.7%	149	4.3%	32.2%	399	12.4%				
CENTENNIAL WINDOWS LTD	173	122	50	40.9%	136	36	26.4%	263	368	(105)	(28.4%)	394	(131)	(33.2%)	39.6%	39.6%	0	0.0%	37.1%	250	6.7%	56.9%	39.6%	1,729	43.7%	37.1%	1,979	53.4%				
MASON WINDOWS	86	126	(41)	(32.4%)	128	(42)	(33.1%)	177	241	(65)	(26.9%)	247	(71)	(28.6%)	8.0%	8.0%	(0)	(0.0%)	8.0%	(0)	(0.0%)	8.7%	8.0%	71	8.9%	8.0%	71	8.9%				
GREAT LAKES WINDOW INC.	40	132	(92)	(69.8%)	93	(53)	(57.2%)	109	285	(176)	(61.9%)	201	(93)	(46.1%)	8.0%	8.0%	–	0.0%	8.0%	–	0.0%	11.8%	8.0%	380	47.5%	8.0%	380	47.5%				
ORAN LTD.	223	–	223	N/A	–	223	N/A	223	209	15	7.0%	217	6	2.8%	8.0%	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	15.5%	8.0%	747	93.4%	8.0%	747	93.4%				
INTEGRAL WINDOW SYSTEMS	99	82	17	20.1%	94	5	5.1%	149	145	4	2.8%	167	(18)	(10.6%)	8.0%	8.0%	–	0.0%	8.0%	–	0.0%	8.0%	8.0%	(0)	(0.0%)	8.0%	(0)	(0.0%)				
Other	1,147	1,287	(140)	(10.9%)	2,355	(1,208)	(51.3%)	2,227	2,067	161	7.8%	5,293	(3,065)	(57.9%)	(24.8%)	43.1%	(6,791)	(157.6%)	30.9%	(5,574)	(180.3%)	(5.4%)	(21.8%)	1,638	(75.2%)	(9.0%)	363	(40.2%)				
Total Gross	\$ 11,665	\$ 13,973	\$ (2,308)	(16.5%)	\$ 14,248	\$ (2,584)	(18.1%)	\$ 20,872	\$ 24,860	\$ (3,988)	(16.0%)	\$ 26,623	\$ (5,751)	(21.6%)	6.7%	12.7%	(592)	(46.7%)	10.7%	(394)	(36.9%)	11.0%	8.2%	277	33.7%	4.1%	686	166.5%				

Management Discussion

- All Weather – Sales picking up but still behind budget caused by a general slow sales seen in the market due to weather.
- Vinylbilt – loss of major customer
- Ventana – Business closing down
- Quaker – Improved Sales in June have helped catchup to budget.
- Royal Vinylbilt – Softer 2019 in line with market.

Key Performance Indicators - Woodbridge

ENERGI Woodbridge KPI Report	2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety								
<i>Recordable Incidents</i>	0	0	0	0	0	1	0	1
<i>TRIR (Total Recordable Incident Rate)</i>	<1	0.46	0.47	0.48	0.49	1	1.02	0.48
Quality Performance								
<i>Customer Complaints - per MLBS</i>	3.2	2.61	2.26	3.02	3.076923077	4.89089541	3.41	3
<i>Return as % of sales</i>	0.30%	1.49%	0.53%	0.25%	0.01%	0.11%	0.37%	0.42%
Delivery Performance								
<i>% on time in full</i>	95.00%	99.56%	98.80%	99%	98%	99%	95%	98%
<i>% by line items</i>	99.00%	99.56%	98.80%	99%	98%	99%	95.3%	98%
Costs								
<i>Yield</i>	85.7%	85%	85%	85%	84%	85%	86%	85%
<i>Alt/Regrind Compound Consumption Ratio</i>	19.9%	17%	20%	20%	18%	18%	19%	19%
<i>Direct Labour \$/lb produced</i>	\$0.167	\$ 0.173	\$ 0.175	\$ 0.161	\$ 0.202	\$ 0.183	\$ 0.167	\$ 0.176
Inventory								
<i>Days - TTM (Trailing 12 Months)</i>	54.1	57	59	62	64	64	65	58

Comments

Quality: Complaints related to escapes in quality check execution

Delivery: Good progress in back order reduction with increased plant output and resolution of JV back order root causes. Considerable back order activity to Terrebonne, Vinyl Pro due to problematic dies in Quadrant 4.

Costs: Combination of cold starts, problem tools, long overall change overs, higher scrap, capstock experimentation in Eclipse and power outages.

Inventory: Inventory has strategically been increase to address the upcoming surge demand without increasing head count and meeting customer delivery schedules

Full Year Woodbridge P&L Summary

\$'000	FY		Var		PY		Var	
	Fcst	Bud	\$	%	Act	\$	%	
Units Produced ('000)	34,656	37,280	(2,625)	(7.0%)	37,118	(2,463)	(6.6%)	
Units Shipped ('000)	34,151	37,230	(3,079)	(8.3%)	36,738	(2,587)	(7.0%)	
Bookings (\$'000)	\$ 44,311	\$ –	\$ 44,311	N/A	\$ 50,018	\$ (5,708)	(11.4%)	
Backlog ('\$000)	\$ 2,119	\$ –	\$ 2,119	N/A	\$ 3,634	\$ (1,515)	(41.7%)	
Gross Revenue	\$ 47,758	\$ 51,746	\$ (3,988)	(7.7%)	\$ 52,687	\$ (4,929)	(9.4%)	
Adj. to Gross Revenue	(2,869)	(3,183)	314	(9.9%)	(2,920)	51	(1.7%)	
Net Revenue	44,889	48,563	(3,674)	(7.6%)	49,767	(4,878)	(9.8%)	
Material	28,418	30,569	(2,151)	(7.0%)	32,620	(4,203)	(12.9%)	
Labor	9,771	9,960	(189)	(1.9%)	10,973	(1,202)	(10.9%)	
Other COGS	1,869	1,948	(79)	(4.1%)	1,960	(91)	(4.6%)	
Total COGS	40,058	42,476	(2,419)	(5.7%)	45,553	(5,495)	(12.1%)	
Gross Margin	4,831	6,087	(1,256)	(20.6%)	4,214	617	14.6%	
Gross Margin %	10.8%	12.5%			8.5%			
R&D	–	–	–	N/A	–	–	N/A	
Sales & Marketing	273	309	(36)	(11.6%)	291	(18)	(6.0%)	
Administrative	3,869	3,954	(85)	(2.2%)	4,006	(137)	(3.4%)	
Other Opex	(173)	(228)	55	(24.2%)	(165)	(8)	5.0%	
Total Opex	3,970	4,036	(66)	(1.6%)	4,133	(163)	(3.9%)	
EBITDA	861	2,051	(1,190)	(58.0%)	81	780	958.7%	
EBITDA %	1.9%	4.2%			0.2%			
Net Income (Loss)	\$ (1,893)	\$ (738)	\$ (1,155)	156.6%	\$ (2,405)	\$ 512	(21.3%)	
Capex	\$ (940)	\$ (1,365)	\$ 426	(31.2%)	\$ (3,745)	\$ 2,805	(74.9%)	
Opex Overview:								
Payroll	\$ 694	\$ 729	\$ (35)	(4.8%)	\$ 759	\$ (65)	(8.6%)	
Bonus	–	–	–	N/A	–	–	N/A	
Commissions	–	–	–	N/A	–	–	N/A	
Marketing	94	119	(25)	(20.7%)	115	(20)	(17.6%)	
Benefits	–	–	–	N/A	–	–	N/A	
Travel and entertainment	8	7	0	6.8%	10	(3)	(24.7%)	
Rent and facilities	–	–	–	N/A	–	–	N/A	
Insurance	45	49	(4)	(9.0%)	47	(2)	(5.0%)	
Professional fees	19	31	(12)	(39.5%)	36	(17)	(48.2%)	
Utilities, repair, maintenance, and security	32	27	6	21.4%	26	6	24.6%	
Corporate OH Fees	3,242	3,281	(39)	(1.2%)	3,299	(57)	(1.7%)	
Bad Debts	(4)	(5)	1	(10.9%)	(13)	9	(67.6%)	
FX	42	–	42	N/A	(82)	123	(150.7%)	
JV Loss (Income)	(214)	(228)	14	(6.0%)	(83)	(132)	159.1%	
Other Expenses	13	25	(12)	(48.3%)	21	(8)	(38.2%)	
Total Opex	\$ 3,970	\$ 4,036	\$ (66)	(1.6%)	\$ 4,136	\$ (166)	(4.0%)	

Key Customers – Full Year Woodbridge

	Gross Sales (\$'000)									Gross Margin %									
	FY		FY		Var		PY		Var		FY	FY	Var		PY	Var			
	Fcst	Bud	\$	%	Act	\$	%	BP	\$	%			Act	BP		\$	%		
Customer:																			
ROYAL VINYL BILT LIMITED	\$	10,290	\$	11,057	\$	(767)	(6.9%)	\$	10,577	\$	(288)	(2.7%)	10.5%	10.1%	42	4.2%	7.9%	261	33.0%
QUAKER WINDOW PRODUCTS		5,651		6,028		(377)	(6.3%)		5,345		305	5.7%	11.2%	10.8%	40	3.8%	8.5%	267	31.4%
ALL WEATHER WIN. LTD-EDMO		3,999		5,314		(1,315)	(24.7%)		2,047		1,952	95.3%	23.0%	19.4%	361	18.6%	17.2%	584	34.1%
VINYL BILT WINDOWS & DOORS CC		3,073		3,779		(707)	(18.7%)		4,689		(1,617)	(34.5%)	(16.9%)	(15.2%)	(172)	11.3%	(20.5%)	356	(17.4%)
VINYL PRO WINDOW SYSTEMS		3,528		3,587		(59)	(1.6%)		3,893		(365)	(9.4%)	6.0%	6.0%	4	0.6%	5.7%	33	5.8%
WINDSOR WINDOW CO		3,905		3,710		195	5.3%		3,491		414	11.9%	20.5%	21.3%	(73)	(3.4%)	19.0%	158	8.4%
DASHWOOD INDUSTRIES LTD.		2,638		2,891		(254)	(8.8%)		2,976		(339)	(11.4%)	16.6%	15.8%	80	5.0%	15.3%	130	8.5%
OSTACO 2000 WINDOORS INC		1,695		1,911		(216)	(11.3%)		1,810		(115)	(6.3%)	14.7%	13.7%	103	7.5%	11.3%	339	29.9%
ALLSCO BLDG SUPPLIES LTD		1,607		1,580		27	1.7%		1,520		86	5.7%	(14.4%)	(14.5%)	10	(0.7%)	3.9%	(1,832)	(464.0%)
TERREBONNE		1,363		1,197		165	13.8%		1,510		(147)	(9.7%)	(4.9%)	(5.2%)	27	(5.1%)	(8.8%)	387	(44.1%)
PGT INDUSTRIES		1,147		1,115		33	2.9%		954		193	20.2%	0.0%	0.0%	–	N/A	6.3%	(626)	(100.0%)
VENTANA WINDOWS & DOORS IN		501		861		(360)	(41.8%)		754		(253)	(33.5%)	21.8%	15.2%	665	43.8%	13.4%	844	63.0%
CLERA		707		821		(114)	(13.9%)		969		(262)	(27.0%)	22.5%	20.5%	201	9.8%	16.4%	619	37.9%
SEYMOUR WINDOWS LTD.		762		791		(29)	(3.7%)		822		(61)	(7.4%)	14.2%	14.0%	18	1.3%	17.1%	(286)	(16.8%)
WARDCO WINDOW & DOOR MFG		688		733		(45)	(6.1%)		874		(186)	(21.3%)	33.2%	32.1%	112	3.5%	32.2%	102	3.2%
CENTENNIAL WINDOWS LTD		528		633		(105)	(16.5%)		717		(189)	(26.4%)	56.3%	49.3%	695	14.1%	37.1%	1,920	51.8%
MASON WINDOWS		397		462		(65)	(14.0%)		449		(53)	(11.7%)	8.9%	8.1%	79	9.8%	8.0%	88	11.0%
GREAT LAKES WINDOW INC.		224		400		(176)	(44.1%)		364		(140)	(38.5%)	13.5%	9.1%	444	48.9%	8.0%	553	69.1%
ORAN LTD.		371		357		15	4.1%		517		(146)	(28.2%)	10.7%	11.0%	(28)	(2.5%)	8.0%	275	34.3%
INTEGRAL WINDOW SYSTEMS		312		308		4	1.3%		315		(3)	(0.9%)	8.0%	8.0%	0	0.0%	8.0%	(0)	(0.0%)
Other		4,373		4,212		161	3.8%		8,091		(3,718)	(46.0%)	10.0%	(30.4%)	4,045	(133.0%)	10.5%	(50)	(4.8%)
Total Gross	\$	47,758	\$	51,746	\$	(3,988)	(7.7%)	\$	52,687	\$	(4,929)	(9.4%)	11.8%	6.7%	510	76.3%	8.0%	378	47.3%

Laval Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	5,310	5,454	(145)	(2.7%)	9,805	9,719	87	0.9%
Units Shipped ('000)	5,298	5,919	(620)	(10.5%)	8,886	9,540	(654)	(6.9%)
Bookings (\$'000)	\$ 10,053	\$ —	\$ 10,053	N/A	\$ 16,203	\$ —	\$ 16,203	N/A
Backlog ('\$000)	\$ 3,897	\$ —	\$ 3,897	N/A	\$ 3,897	\$ —	\$ 3,897	N/A
Gross Revenue	\$ 9,680	\$ 10,976	\$ (1,296)	(11.8%)	\$ 16,068	\$ 17,687	\$ (1,619)	(9.2%)
Adj. to Gross Revenue	(879)	(882)	3	(0.3%)	(1,313)	(1,353)	41	(3.0%)
Net Revenue	8,801	10,094	(1,293)	(12.8%)	14,755	16,334	(1,579)	(9.7%)
Material	4,176	4,714	(538)	(11.4%)	6,802	7,612	(810)	(10.6%)
Labor	1,506	1,672	(166)	(9.9%)	2,916	3,113	(197)	(6.3%)
Other COGS	553	780	(227)	(29.1%)	673	958	(285)	(29.8%)
Total COGS	6,236	7,166	(931)	(13.0%)	10,391	11,683	(1,292)	(11.1%)
Gross Margin	2,565	2,927	(362)	(12.4%)	4,364	4,651	(287)	(6.2%)
Gross Margin %	29.1%	29.0%			29.6%	28.5%		
R&D	—	—	—	N/A	—	—	—	N/A
Sales & Marketing	472	498	(26)	(5.2%)	845	918	(73)	(8.0%)
Administrative	733	760	(27)	(3.5%)	1,472	1,518	(46)	(3.0%)
Other Opex	(3)	—	(3)	N/A	(9)	—	(9)	N/A
Total Opex	1,203	1,258	(56)	(4.4%)	2,308	2,436	(128)	(5.3%)
EBITDA	1,362	1,669	(307)	(18.4%)	2,056	2,215	(159)	(7.2%)
EBITDA %	15.5%	16.5%			13.9%	13.6%		
Net Income (Loss)	\$ 1,052	\$ 1,298	\$ (246)	(19.0%)	\$ 1,401	\$ 1,503	\$ (102)	(6.8%)
Capex	\$ (294)	\$ (541)	\$ 247	(45.7%)	\$ (551)	\$ (916)	\$ 365	(39.9%)
Opex Overview:								
Payroll	\$ 324	\$ 346	\$ (22)	(6.3%)	\$ 636	\$ 678	\$ (42)	(6.3%)
Bonus	—	—	—	N/A	—	—	—	N/A
Commissions	—	—	—	N/A	—	—	—	N/A
Marketing	200	234	(34)	(14.4%)	329	397	(69)	(17.3%)
Benefits	—	—	—	N/A	—	—	—	N/A
Travel and entertainment	12	8	4	50.5%	22	15	6	41.5%
Rent and facilities	—	—	—	N/A	—	—	—	N/A
Insurance	13	14	(2)	(11.3%)	29	28	0	0.6%
Professional fees	22	20	3	13.1%	38	39	(2)	(4.0%)
Utilities, repair, maintenance, anc	14	18	(4)	(24.3%)	35	39	(4)	(10.2%)
Corporate OH Fees	526	545	(18)	(3.4%)	1,056	1,089	(34)	(3.1%)
Bad Debts	—	—	—	N/A	—	—	—	N/A
FX	(3)	—	(3)	N/A	(9)	—	(9)	N/A
JV Loss (Income)	—	—	—	N/A	—	—	—	N/A
Other Expenses	95	74	20	27.6%	173	148	25	16.6%
Total Opex	\$ 1,203	\$ 1,258	\$ (56)	(4.4%)	\$ 2,308	\$ 2,436	\$ (128)	(5.3%)

Management Discussion

Net Revenue – Q2-19: (\$1,293K):

- Sales volume down 10.5% or \$1,058k due to decreased volume Laflamme, Gentek, Extreme, Atlantic, Dalmen, Doco & G.R. Theriault.
- Favorable rebates/discounts of \$9k driven by lower volumes to ATIS offset by new rebate program for Isothermic
- Favorable mix impact of \$23k primarily driven by increase volume in products purchased for resale.
- Unfavorable F/X of \$265k (actual rate of 1.3375 [or \$USD 0.7477] vs. 1.30 [or \$USD 0.7692])

EBITDA – Q2-19: (\$307K):

- Material COGS:** Decrease in costs by \$538k driven by decreased sales volume of \$494k and improved yields \$65k (87.5% vs 84%); offset by increased reserves \$11k and mix \$10k.
- Labor COGS:** Decrease in costs by \$166k driven by lower production volume \$119k and favorable F/X \$47k.
- Other COGS:** Decrease in cost by \$227k driven by favorable net absorption of \$165k, increased tool & die recovery \$15k, lower utility costs \$22k & lower freight costs \$36k (sales volume); offset by maintenance expenses \$11k (lift truck repairs and motor repairs on vacuum pumps)
- Sales and Marketing:** Decrease in cost by \$26k driven by favorable F/X \$14k and lower wages \$12k (timing of vacation)
- Administrative:** Decrease in cost by \$27k driven by favorable F/X \$21k and lower office supply expense \$6k
- Other Opex:** In line with budget.

Key Customers – Gross Sales and Gross Margin %: Laval

	Gross Sales (\$'000)														Gross Margin %													
	QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var		QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%
Customer:																												
SOLARIS QUEBEC P & F INC.	\$ 1,301	\$ 1,287	\$ 14	1.1%	\$ 1,313	\$ (12)	(0.9%)	\$ 2,256	\$ 2,036	\$ 220	10.8%	\$ 2,132	\$ 124	5.8%	24.3%	23.6%	63	2.7%	23.4%	87	3.7%	23.7%	23.5%	21	0.9%	22.5%	122	5.4%
ATLANTIC WINDOWS	915	1,073	(158)	(14.7%)	1,026	(111)	(10.8%)	1,480	1,761	(281)	(16.0%)	1,736	(256)	(14.7%)	15.2%	13.0%	222	17.1%	13.6%	153	11.2%	14.8%	11.6%	327	28.3%	11.2%	363	32.4%
SCHLUTER SYSTEMS L.P.	663	704	(41)	(5.8%)	701	(38)	(5.4%)	1,053	1,260	(207)	(16.5%)	1,255	(202)	(16.1%)	24.2%	19.9%	427	21.5%	20.3%	390	19.3%	24.2%	21.8%	235	10.8%	21.2%	293	13.8%
LAFLAMME PORTES	585	851	(266)	(31.3%)	837	(252)	(30.1%)	872	1,239	(367)	(29.6%)	1,225	(353)	(28.8%)	(13.5%)	(19.5%)	603	(30.9%)	(13.5%)	3	(0.2%)	(13.3%)	(19.4%)	608	(31.3%)	(13.9%)	61	(4.4%)
PTES & FEN ISOTHERMIC INC	618	611	7	1.2%	636	(18)	(2.8%)	956	970	(14)	(1.4%)	1,016	(60)	(5.9%)	20.6%	29.1%	(849)	(29.1%)	26.1%	(546)	(20.9%)	21.6%	29.0%	(747)	(25.7%)	26.4%	(479)	(18.2%)
PORTES & FENETRES ABRITEK	525	573	(48)	(8.3%)	558	(33)	(5.8%)	670	804	(134)	(16.6%)	825	(155)	(18.8%)	31.0%	31.9%	(95)	(3.0%)	31.5%	(55)	(1.7%)	30.3%	32.0%	(168)	(5.3%)	30.2%	8	0.3%
ATIS PORTES & FENETRES	526	448	78	17.4%	466	60	12.8%	823	668	155	23.2%	780	43	5.5%	(15.4%)	(25.7%)	1,024	(39.9%)	(14.2%)	(127)	8.9%	(16.6%)	(25.8%)	916	(35.5%)	(15.2%)	(146)	9.6%
EXTREME ENTRANCE SYSTEMS	381	525	(144)	(27.5%)	507	(126)	(24.9%)	632	805	(173)	(21.5%)	820	(188)	(22.9%)	15.9%	24.8%	(885)	(35.8%)	17.4%	(145)	(8.4%)	15.6%	24.7%	(913)	(36.9%)	16.1%	(49)	(3.0%)
FENERGIC INC	259	288	(29)	(10.0%)	314	(55)	(17.4%)	489	518	(29)	(5.6%)	615	(126)	(20.5%)	13.5%	25.3%	(1,182)	(46.6%)	19.4%	(590)	(30.4%)	16.8%	25.3%	(844)	(33.4%)	15.4%	144	9.3%
LES FENETRES CONCEPT.	403	457	(54)	(11.7%)	386	17	4.5%	625	605	20	3.3%	547	78	14.3%	15.2%	16.4%	(125)	(7.6%)	17.6%	(246)	(14.0%)	14.9%	16.3%	(143)	(8.7%)	17.2%	(232)	(13.5%)
P & C EDDY BOULET INC	94	52	42	81.5%	48	46	96.6%	420	374	46	12.4%	426	(6)	(1.4%)	25.4%	5.8%	1,961	340.0%	22.9%	247	10.8%	21.1%	6.2%	1,489	241.0%	17.5%	353	20.1%
PRODUITS DALMEN PRODUCTS	162	286	(124)	(43.4%)	218	(56)	(25.7%)	235	475	(240)	(50.6%)	395	(160)	(40.6%)	16.1%	16.1%	(2)	(0.1%)	11.5%	459	40.1%	18.9%	16.0%	294	18.4%	13.8%	509	36.9%
KENTO WINDOWS & DOORS	203	252	(49)	(19.4%)	251	(48)	(19.0%)	326	338	(12)	(3.6%)	338	(12)	(3.6%)	34.2%	31.0%	322	10.4%	31.9%	230	7.2%	31.7%	30.7%	108	3.5%	32.0%	(26)	(0.8%)
GENTEK BUILDING PROD. LTD	79	264	(185)	(70.2%)	207	(128)	(62.0%)	106	364	(258)	(70.9%)	289	(183)	(63.4%)	5.3%	12.1%	(684)	(56.4%)	12.6%	(728)	(58.0%)	6.8%	12.1%	(522)	(43.3%)	18.9%	(1,202)	(63.7%)
GOLDEN WINDOWS	185	110	75	68.5%	163	22	13.7%	307	174	133	76.2%	260	47	17.9%	(1.5%)	(2.7%)	126	(46.1%)	8.6%	(1,006)	(117.1%)	(1.4%)	(2.9%)	156	(53.1%)	5.0%	(642)	(127.4%)
ENTREPRISES DOCO INC.	119	202	(83)	(41.3%)	160	(41)	(25.9%)	222	311	(89)	(28.6%)	280	(58)	(20.7%)	22.5%	21.8%	72	3.3%	(5.6%)	2,813	(500.1%)	23.9%	21.9%	200	9.2%	(5.8%)	2,966	(515.8%)
FUTURA MANUFACTURIER	158	139	19	13.7%	153	5	3.3%	172	184	(12)	(6.7%)	204	(32)	(15.8%)	5.8%	20.9%	(1,506)	(72.2%)	22.2%	(1,642)	(73.9%)	5.8%	20.5%	(1,475)	(71.9%)	32.2%	(2,638)	(82.0%)
G.R. THÉRIAULT	82	160	(78)	(49.1%)	137	(55)	(40.5%)	146	179	(33)	(18.2%)	188	(42)	(22.1%)	20.0%	34.4%	(1,440)	(41.9%)	10.2%	976	95.5%	22.8%	33.8%	(1,107)	(32.7%)	8.4%	1,440	172.1%
PORTES ET FENETRES LGC	131	140	(9)	(6.1%)	142	(11)	(7.4%)	217	169	48	28.3%	211	6	2.8%	38.9%	55.0%	(1,606)	(29.2%)	21.1%	1,782	84.3%	39.2%	55.1%	(1,581)	(28.7%)	19.3%	1,995	103.5%
LAS ENTERPRISES	67	91	(24)	(26.6%)	95	(28)	(29.7%)	214	211	3	1.5%	218	(4)	(1.8%)	46.0%	51.6%	(568)	(11.0%)	56.8%	(1,087)	(19.1%)	49.3%	51.1%	(171)	(3.4%)	29.9%	1,943	65.0%
Other	2,223	2,463	(240)	(9.7%)	2,884	(661)	(22.9%)	3,848	4,242	(394)	(9.3%)	5,116	(1,267)	(24.8%)	63.4%	64.1%	(74)	(1.1%)	1.7%	6,162	3554.1%	61.9%	57.7%	414	7.2%	14.2%	4,762	334.4%
Total Gross	\$ 9,680	\$ 10,976	\$ (1,296)	(11.8%)	\$ 11,202	\$ (1,522)	(13.6%)	\$ 16,068	\$ 17,687	\$ (1,619)	(9.2%)	\$ 18,876	\$ (2,808)	(14.9%)	26.5%	26.7%	(17)	(0.6%)	24.9%	159	6.4%	27.4%	26.1%	132	5.1%	23.2%	423	18.2%

Management Discussion

- Atlantic, La Flamme, Extreme – lower than anticipated sales due to bad weather. Expected to pickup in Q3.
- Gentek – Customer switched part of sales to different supplier.

Key Performance Indicators - Laval

ENERGI Laval Extrusion KPI Report	2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety								
<i>Recordable Incidents</i>	0	1	1	0	0	0	1	3
<i>TRIR (Total Recordable Incident Rate)</i>	<1	4.95	4.95	4.12	4.3	4.31	4.31	4.12
Quality Performance								
<i>Customer Complaints - per MLBS</i>	22.5	16	23	33	36	44	23.45	29
<i>Return as % of sales</i>	0.78%	0.24%	0.38%	0.54%	0.68%	0.31%	0.77%	0.51%
Delivery Performance								
<i>% on time in full</i>	95.00%	99.73%	99.75%	99.58%	99.82%	99.81%	100%	100%
<i>% by line items</i>	99.00%	99.73%	99.75%	99.58%	99.82%	99.81%	100%	100%
Costs								
<i>Yield</i>	84.00%	85.48%	85.19%	87%	88%	87%	87%	87%
<i>Alt/Regrind Compound Consumption Ratio</i>	20.89%	20.18%	19.41%	18%	16%	20%	20%	19%
<i>Direct Labour \$/lb produced</i>	\$0.192	\$ 0.195	\$0.184	\$ 0.186	\$ 0.115	\$ 0.191	\$ 0.194	\$ 0.177
<i>Indirect Labour (incl D&D) \$/lb produced</i>	\$0.237	\$ 0.267	\$0.219	\$ 0.208	\$ 0.216	\$ 0.223	\$ 0.196	\$ 0.220
Inventory								
<i>Days - TTM (Trailing 12 Months)</i>	69.3	67	66.4	68	69	68	70	67

Comments:

Safety: 1 recordable, employee sprained ankle while rolling a cart.

Quality: 18 complaints by Solaris (small dollar value) cleanup every 2 months, 3 each by Extreme Entrance and Atis, 2 each by Futura, Preville, Isothermic and 1 important one by Fenêtres Côté .

Costs: Not enough scrap generated and alternative materials bought are not in sufficient quantities

Inventory: Lower than anticipated sales in June.

Full Year Laval P&L Summary

\$'000	FY		Var		PY	Var	
	Fcst	Bud	\$	%	Fcst	\$	%
Units Produced ('000)	19,124	19,038	87	0.5%	19,947	(823)	(4.1%)
Units Shipped ('000)	18,461	19,115	(654)	(3.4%)	19,803	(1,342)	(6.8%)
Bookings (\$'000)	\$ 31,818	\$ –	\$ 31,818	N/A	\$ 36,193	\$ (4,375)	(12.1%)
Backlog ('\$000)	\$ 1,897	\$ –	\$ 1,897	N/A	\$ 2,942	\$ (1,045)	(35.5%)
Gross Revenue	\$ 34,065	\$ 35,684	\$ (1,619)	(4.5%)	\$ 37,211	\$ (3,146)	(8.5%)
Adj. to Gross Revenue	(2,783)	(2,824)	41	(1.4%)	(3,256)	473	(14.5%)
Net Revenue	31,282	32,861	(1,579)	(4.8%)	33,956	(2,674)	(7.9%)
Material	14,400	15,210	(810)	(5.3%)	16,229	(1,828)	(11.3%)
Labor	6,052	6,249	(197)	(3.2%)	6,587	(536)	(8.1%)
Other COGS	1,789	2,074	(285)	(13.7%)	2,233	(444)	(19.9%)
Total COGS	22,241	23,533	(1,292)	(5.5%)	25,049	(2,808)	(11.2%)
Gross Margin	9,041	9,328	(287)	(3.1%)	8,907	134	1.5%
Gross Margin %	28.9%	28.4%			26.2%		
R&D	–	–	–	N/A	–	–	N/A
Sales & Marketing	1,780	1,853	(73)	(3.9%)	2,003	(222)	(11.1%)
Administrative	2,984	3,030	(46)	(1.5%)	3,071	(87)	(2.8%)
Other Opex	(9)	–	(9)	N/A	17	(26)	(153.6%)
Total Opex	4,755	4,883	(128)	(2.6%)	5,090	(336)	(6.6%)
EBITDA	4,286	4,445	(159)	(3.6%)	3,816	470	12.3%
EBITDA %	13.7%	13.5%			11.2%		
Net Income (Loss)	\$ 2,834	\$ 2,936	\$ (102)	(3.5%)	\$ 2,573	\$ 261	10.2%
Capex	\$ (551)	\$ (1,235)	\$ 685	(55.4%)	\$ (1,614)	\$ 1,064	(65.9%)
Opex Overview:							
Payroll	\$ 1,335	\$ 1,377	\$ (42)	(3.1%)	\$ 1,449	\$ (114)	(7.8%)
Bonus	–	–	–	N/A	–	–	N/A
Commissions	–	–	–	N/A	–	–	N/A
Marketing	730	799	(69)	(8.6%)	819	(89)	(10.8%)
Benefits	–	–	–	N/A	–	–	N/A
Travel and entertainment	38	31	6	20.5%	44	(7)	(15.0%)
Rent and facilities	–	–	–	N/A	–	–	N/A
Insurance	57	57	0	0.3%	51	6	12.1%
Professional fees	77	78	(2)	(2.0%)	95	(18)	(19.2%)
Utilities, repair, maintenance, and security	60	64	(4)	(6.3%)	71	(10)	(14.7%)
Corporate OH Fees	2,145	2,178	(34)	(1.5%)	2,180	(35)	(1.6%)
Bad Debts	–	–	–	N/A	3	(3)	(100.0%)
FX	(9)	–	(9)	N/A	17	(26)	(153.6%)
JV Loss (Income)	–	–	–	N/A	–	–	N/A
Other Expenses	322	297	25	8.3%	365	(44)	(12.0%)
Total Opex	\$ 4,755	\$ 4,883	\$ (128)	(2.6%)	\$ 5,093	\$ (339)	(6.6%)

Key Customers – Full Year Laval

	Gross Sales (\$'000)									Gross Margin %									
	FY		FY		Var		PY		Var		FY	FY	Var		PY	Var			
	Fcst	Bud	\$	%	\$	%	Act	\$	%	Fcst	Bud	BPs	%	Act	BPs	%			
<u>Customer:</u>																			
SOLARIS QUEBEC P & F INC.	\$	4,296	\$	4,075	\$	221	5.4%	\$	4,262	\$	34	0.8%	23.9%	23.7%	19	0.8%	22.9%	98	4.3%
ATLANTIC WINDOWS		3,354		3,635		(281)	(7.7%)		3,475		(121)	(3.5%)	13.8%	12.3%	155	12.6%	12.7%	118	9.3%
SCHLUTER SYSTEMS L.P.		2,350		2,557		(207)	(8.1%)		2,796		(446)	(15.9%)	24.4%	22.8%	159	7.0%	21.4%	294	13.7%
LAFLAMME PORTES		2,109		2,478		(369)	(14.9%)		2,426		(317)	(13.1%)	(16.6%)	(19.4%)	286	(14.7%)	(13.3%)	(328)	24.6%
PTES & FEN ISOTHERMIC INC		1,985		1,999		(14)	(0.7%)		2,163		(178)	(8.2%)	24.7%	29.0%	(430)	(14.8%)	21.9%	282	12.9%
PORTES & FENETRES ABRITEK		1,691		1,824		(133)	(7.3%)		1,742		(51)	(2.9%)	31.3%	32.0%	(69)	(2.2%)	31.2%	11	0.4%
ATIS PORTES & FENETRES		1,706		1,552		154	9.9%		1,669		37	2.2%	(20.4%)	(25.7%)	527	(20.5%)	(15.4%)	(500)	32.5%
EXTREME ENTRANCE SYSTEMS		1,414		1,587		(173)	(10.9%)		1,619		(205)	(12.7%)	20.3%	24.8%	(451)	(18.2%)	16.9%	333	19.7%
FENERGIC INC		1,076		1,105		(29)	(2.6%)		1,260		(184)	(14.6%)	20.3%	25.1%	(487)	(19.4%)	14.8%	543	36.6%
LES FENETRES CONCEPT.		1,251		1,231		20	1.6%		1,131		120	10.6%	15.5%	16.3%	(75)	(4.6%)	17.9%	(243)	(13.5%)
P & C EDDY BOULET INC		1,017		971		46	4.8%		849		168	19.8%	13.7%	6.1%	761	124.8%	21.3%	(761)	(35.7%)
PRODUITS DALMEN PRODUCTS		632		873		(241)	(27.6%)		692		(60)	(8.7%)	16.9%	16.0%	89	5.6%	14.5%	247	17.1%
KENTO WINDOWS & DOORS		682		694		(12)	(1.7%)		674		8	1.2%	31.7%	30.6%	113	3.7%	31.2%	56	1.8%
GENTEK BUILDING PROD. LTD		388		646		(258)	(39.9%)		528		(140)	(26.5%)	10.2%	12.0%	(175)	(14.6%)	12.5%	(228)	(18.3%)
GOLDEN WINDOWS		483		350		133	38.0%		512		(29)	(5.7%)	(1.9%)	(3.0%)	114	(37.4%)	5.3%	(718)	(136.1%)
ENTREPRISES DOCO INC.		488		576		(88)	(15.2%)		503		(15)	(2.9%)	22.7%	21.9%	85	3.9%	(3.2%)	2,591	(814.7%)
FUTURA MANUFACTURIER		463		475		(12)	(2.6%)		453		10	2.1%	14.1%	20.9%	(675)	(32.3%)	23.2%	(905)	(39.1%)
G.R. THÉRIAULT		417		449		(32)	(7.1%)		433		(16)	(3.7%)	29.3%	34.2%	(491)	(14.4%)	9.7%	1,956	201.7%
PORTES ET FENETRES LGC		433		384		49	12.7%		435		(2)	(0.6%)	46.2%	55.0%	(875)	(15.9%)	22.8%	2,346	103.1%
LAS ENTERPRISES		423		420		3	0.7%		423		(0)	(0.0%)	50.0%	51.3%	(125)	(2.4%)	37.6%	1,245	33.1%
Other		7,407		7,803		(396)	(5.1%)		9,166		(1,759)	(19.2%)	64.9%	63.2%	174	2.8%	2.4%	6,252	2616.7%
Total Gross	\$	34,065	\$	35,684	\$	(1,619)	(4.5%)	\$	37,211	\$	(3,146)	(8.5%)	27.0%	26.5%	48	1.8%	23.9%	307	12.8%

Delmont Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	5,102	6,489	(1,387)	(21.4%)	10,581	12,100	(1,519)	(12.6%)
Units Shipped ('000)	5,633	6,735	(1,102)	(16.4%)	10,960	12,256	(1,296)	(10.6%)
Bookings (\$'000)	\$ 10,183	\$ –	\$ 10,183	N/A	\$ 18,818	\$ –	\$ 18,818	N/A
Backlog (\$'000)	\$ 1,820	\$ –	\$ 1,820	N/A	\$ 1,820	\$ –	\$ 1,820	N/A
Gross Revenue	\$ 10,128	\$ 11,699	\$ (1,571)	(13.4%)	\$ 19,509	\$ 21,331	\$ (1,821)	(8.5%)
Adj. to Gross Revenue	(280)	(336)	56	(16.7%)	(506)	(615)	109	(17.7%)
Net Revenue	9,848	11,363	(1,515)	(13.3%)	19,003	20,716	(1,713)	(8.3%)
Material	4,867	5,550	(683)	(12.3%)	9,344	10,148	(804)	(7.9%)
Labor	1,834	2,108	(274)	(13.0%)	3,724	4,160	(435)	(10.5%)
Other COGS	991	952	39	4.1%	1,782	1,652	131	7.9%
Total COGS	7,692	8,611	(919)	(10.7%)	14,851	15,959	(1,108)	(6.9%)
Gross Margin	2,156	2,752	(596)	(21.7%)	4,152	4,756	(604)	(12.7%)
Gross Margin %	21.9%	24.2%			21.8%	23.0%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	34	45	(12)	(25.6%)	77	90	(13)	(14.6%)
Administrative	653	674	(21)	(3.1%)	1,302	1,344	(42)	(3.1%)
Other Opex	–	–	–	N/A	–	–	–	N/A
Total Opex	687	719	(32)	(4.5%)	1,379	1,434	(55)	(3.8%)
EBITDA	1,469	2,033	(564)	(27.7%)	2,773	3,322	(550)	(16.5%)
EBITDA %	14.9%	17.9%			14.6%	16.0%		
Net Income (Loss)	\$ 1,002	\$ 1,588	\$ (586)	(36.9%)	\$ 1,847	\$ 2,453	\$ (606)	(24.7%)
Capex	\$ (257)	\$ (366)	\$ 109	(29.8%)	\$ (542)	\$ (765)	\$ 223	(29.2%)
Opex Overview:								
Payroll	\$ 161	\$ 188	\$ (27)	(14.4%)	\$ 316	\$ 372	\$ (56)	(15.1%)
Bonus	–	–	–	N/A	–	–	–	N/A
Commissions	–	–	–	N/A	–	–	–	N/A
Marketing	–	–	–	N/A	0	–	0	N/A
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	0	–	0	N/A	1	–	1	N/A
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	–	–	–	N/A	–	–	–	N/A
Professional fees	–	–	–	N/A	–	–	–	N/A
Utilities, repair, maintenance, anc	9	11	(2)	(15.9%)	17	23	(5)	(22.6%)
Corporate OH Fees	495	496	(1)	(0.1%)	995	991	3	0.4%
Bad Debts	–	–	–	N/A	–	–	–	N/A
FX	–	–	–	N/A	–	–	–	N/A
JV Loss (Income)	–	–	–	N/A	–	–	–	N/A
Other Expenses	21	24	(3)	(13.7%)	50	48	2	4.3%
Total Opex	\$ 687	\$ 719	\$ (32)	(4.5%)	\$ 1,379	\$ 1,434	\$ (55)	(3.8%)

Management Discussion

Net Revenue – Q2-19: (\$1,515K)

- Sales volume down 16.4% or \$1,859k driven by decreased demand from PGT (\$859k), Comfortview, Brunswick and NewSouth.
- Rebates/returns/accruals in line with budget
- Positive mix impact of \$343k or \$0.06/lb primarily driven by product mix – increased PGT Dark Cap Sales (\$0.02/lb), Polaris new launch slower than expected (\$0.11/lb) and other customer sales not budgeted with ASP of \$1.98 (\$0.29/lb).

EBITDA – Q2-19: (\$564K)

- Material COGS:** Decrease in costs by \$683k primarily driven by decreased sales volumes \$863k; offset by decreased alt material/regrind usage \$57k, lower yields \$69k (82.77% vs 84.1%), increased inventory reserves \$29k (LCM on smaller accessory parts – PGT Glazing Beads) and Vytron price increase \$25k (3rd party).
- Labor COGS:** Decrease in cost by \$274K driven by lower headcount (20) due to reduced production volumes (21.4%).
- Other COGS:** Increase in cost by \$39k driven higher net absorption of \$212k (sold more from inventory); offset by higher tooling recovery \$32k, lower maintenance spend \$31k and lower freight expenses \$110k (driven by volume)
- Sales and Marketing:** Decrease in costs by \$12k, primarily driven by 1 less headcount (CSR temp layoff)
- Administrative:** Decrease in costs by \$21k, primarily driven by 1 less headcount (HR manager) and lower office supplies spend

Key Customers – Gross Sales and Gross Margin %: Delmont

	Gross Sales (\$'000)														Gross Margin %													
	QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var		QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%
Customer:																												
PGT Industries Inc	\$ 5,272	\$ 6,131	\$ (859)	(14.0%)	\$ 5,253	\$ 19	0.4%	\$ 10,619	\$ 10,818	\$ (199)	(1.8%)	\$ 10,244	\$ 375	3.7%	20.9%	20.0%	84	4.2%	13.9%	701	50.5%	20.2%	19.8%	46	2.3%	12.3%	789	64.0%
Polaris Technologies	1,627	1,610	17	1.1%	980	647	66.0%	2,597	2,953	(356)	(12.1%)	1,778	819	46.1%	15.0%	17.8%	(280)	(15.7%)	14.9%	13	0.9%	16.2%	16.9%	(75)	(4.4%)	13.6%	259	19.1%
Comfort View Products	547	777	(230)	(29.6%)	733	(186)	(25.4%)	1,010	1,631	(621)	(38.1%)	1,549	(539)	(34.8%)	18.8%	18.4%	38	2.1%	12.3%	651	53.0%	20.3%	14.4%	595	41.4%	11.1%	924	83.4%
Sierra Pacific Windows	649	705	(56)	(7.9%)	705	(56)	(7.9%)	1,262	1,334	(72)	(5.4%)	1,284	(22)	(1.7%)	9.2%	10.1%	(88)	(8.7%)	5.5%	366	66.1%	9.7%	9.1%	57	6.2%	5.1%	459	90.0%
Atrium Windows & Doors	403	347	56	16.1%	325	78	24.0%	746	813	(67)	(8.2%)	770	(24)	(3.1%)	38.3%	60.8%	(2,254)	(37.1%)	36.9%	134	3.6%	37.8%	41.0%	(329)	(8.0%)	35.9%	188	5.2%
Regency Plus, Inc.	593	585	8	1.4%	480	113	23.5%	1,056	978	78	8.0%	873	183	21.0%	22.0%	17.6%	440	25.0%	10.0%	1,201	120.1%	20.6%	18.9%	172	9.1%	12.5%	813	65.1%
Brunswick Bowling And Billiards	365	558	(193)	(34.6%)	558	(193)	(34.6%)	721	1,005	(284)	(28.3%)	1,005	(284)	(28.3%)	41.3%	44.6%	(330)	(7.4%)	40.7%	64	1.6%	40.3%	42.8%	(251)	(5.9%)	41.7%	(141)	(3.4%)
Qubicaamf Worlwide LCC	244	261	(17)	(6.5%)	261	(17)	(6.5%)	456	505	(49)	(9.7%)	505	(49)	(9.7%)	49.8%	53.6%	(384)	(7.2%)	47.1%	267	5.7%	44.8%	46.7%	(194)	(4.1%)	43.7%	113	2.6%
NewSouth Window Solutions, LLC	54	215	(161)	(74.9%)	212	(158)	(74.5%)	186	406	(220)	(54.2%)	482	(296)	(61.4%)	42.4%	36.3%	615	16.9%	24.5%	1,790	73.0%	33.5%	32.5%	103	3.2%	32.7%	82	2.5%
Great Day Improvement, LLC	121	187	(66)	(35.3%)	187	(66)	(35.3%)	168	267	(99)	(37.1%)	266	(98)	(36.8%)	35.2%	27.8%	744	26.7%	31.6%	369	11.7%	35.9%	37.5%	(158)	(4.2%)	31.6%	429	13.6%
Yoders Window & Siding	62	59	3	5.1%	9	53	588.9%	166	166	-	0.0%	216	(50)	(23.1%)	35.4%	64.4%	(2,899)	(45.0%)	33.3%	209	6.3%	25.6%	35.2%	(955)	(27.2%)	36.2%	(1,056)	(29.2%)
Fairway Building Products	-	66	(66)	(100.0%)	66	(66)	(100.0%)	60	82	(22)	(26.8%)	82	(22)	(26.8%)	#DIV/0!	18.2%	-	#VALUE!	19.7%	NA	#VALUE!	11.7%	26.5%	(1,480)	(55.8%)	21.4%	(970)	(45.3%)
Graber Manufacturing Llc	-	16	(16)	(100.0%)	16	(16)	(100.0%)	-	92	(92)	(100.0%)	92	(92)	(100.0%)	#DIV/0!	75.0%	-	#VALUE!	68.8%	NA	#VALUE!	#DIV/0!	19.0%	-	#VALUE!	39.9%	NA	#VALUE!
Columbia Industries, Inc.	-	-	-	N/A	-	-	N/A	53	-	53	N/A	-	53	N/A	#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!	NA	#DIV/0!	1.8%	#DIV/0!	-	#DIV/0!	#DIV/0!	NA	#DIV/0!
Jeld-Wen Windows & Doors	8	6	2	33.3%	6	2	33.3%	13	21	(8)	(38.1%)	26	(13)	(50.0%)	20.8%	50.0%	(2,920)	(58.4%)	16.7%	413	24.8%	21.4%	8.3%	1,304	156.5%	15.2%	616	40.5%
Constant Distribution LLC	-	-	-	N/A	1	(1)	(100.0%)	7	-	7	N/A	7	-	0.0%	#DIV/0!	#DIV/0!	-	#DIV/0!	(200.0%)	NA	#VALUE!	(12.3%)	#DIV/0!	-	#DIV/0!	(30.8%)	1,851	(60.2%)
CGI	31	15	16	106.7%	4	27	675.0%	44	18	26	144.4%	4	40	1000.0%	20.1%	0.0%	2,012	N/A	0.0%	2,012	N/A	(3.4%)	0.0%	(339)	N/A	0.0%	(339)	N/A
East Central Indiana Vinyl MFG, LLI	2	9	(7)	(77.8%)	12	(10)	(83.3%)	16	17	(1)	(5.9%)	22	(6)	(27.3%)	38.9%	33.3%	557	16.7%	33.3%	557	16.7%	6.6%	36.0%	(2,938)	(81.6%)	43.8%	(3,713)	(84.9%)
Lakeland Polymers, LLC	9	3	6	200.0%	10	(1)	(10.0%)	10	6	4	66.7%	31	(21)	(67.7%)	(91.6%)	(300.0%)	20,843	(69.5%)	(100.0%)	843	(8.4%)	(173.7%)	(255.6%)	8,184	(32.0%)	(30.8%)	(14,294)	464.6%
JP Industrial Products Inc	-	-	-	N/A	-	-	N/A	-	-	-	N/A	-	-	N/A	#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!	NA	#DIV/0!	#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!	NA	#DIV/0!
Other	141	149	(8)	(5.4%)	471	(330)	(70.1%)	319	218	101	46.2%	749	(430)	(57.4%)	2.2%	85.7%	(8,349)	(97.4%)	10.6%	(843)	(79.4%)	29.7%	70.2%	(4,051)	(57.7%)	6.6%	2,309	349.1%
Total Gross	\$ 10,128	\$ 11,699	\$ (1,571)	(13.4%)	\$ 10,289	\$ (161)	(1.6%)	\$ 19,509	\$ 21,331	\$ (1,821)	(8.5%)	\$ 19,985	\$ (476)	(2.4%)	21.3%	23.5%	(224)	(9.5%)	16.6%	474	28.6%	21.3%	21.8%	(55)	(2.5%)	16.1%	519	32.2%

Management Discussion

- PGT – Slower Q2 vs Q1 particularly in May and June.
- Brunswick – Softer sales vs budget and PY after a record 2018, due to less than anticipated demand.
- Comfort view – lower vs budget in line with market.
- New South Window – Dependent on project work. Strong in 2018 which has not repeated in the beginning of 2019.

Key Performance Indicators - Delmont

ENERGI Delmont Extrusion KPI Report	2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety								
<i>Recordable Incidents</i>	0	0	0	2	1	0	0	3
<i>TRIR (Total Recordable Incident Rate)</i>	<1	2.87	2.87	2.87	4.25	4.25	4.25	2.87
Quality Performance								
<i>Customer Complaints - per MLBS</i>	3.2	2.76	3.16	3.68	2.94	3.03	3.42	3
<i>Return as % of sales</i>	0.30%	0.15%	0.27%	0.40%	0.08%	0.18%	0.17%	0.08%
Delivery Performance								
<i>% on time in full</i>	95.00%	99.71%	99.80%	100%	100%	100%	100%	100%
<i>% by line items</i>	99.00%	99.50%	99.38%	99%	99%	99%	99%	99%
Costs								
<i>Yield</i>	85.7%	81.36%	82.71%	83%	83%	83%	82%	83%
<i>Alt/Regrind Compound Consumption Ratio</i>	17.1%	25.4%	19.8%	19.5%	23%	18%	21%	21%
<i>Direct Labour \$/lb produced</i>	\$0.167	\$0.178	\$0.174	\$ 0.165	\$ 0.181	\$ 0.178	\$ 0.180	\$ 0.176
<i>Indirect Labour (incl D&D) \$/lb produced</i>	\$0.176	\$0.151	\$0.177	\$ 0.163	\$ 0.181	\$ 0.187	\$ 0.171	\$ 0.171
Inventory								
<i>Days - TTM (Trailing 12 Months)</i>	58.7	62.0	62.1	65	67	67	70	65

Comments:

Quality: 6 Customer Concerns - 3 PGT, 2 SP, 1 Polaris (2 were weather-strip related)

Cost: Yield impacted by 2 plant restarts. Alt material consumption lower pounds produced in the month.

Inventory: Higher FG from inventory builds in Q4 2018 and YTD 2019.

Full Year Delmont P&L Summary

\$'000	FY		Var		PY		Var	
	Fcst	Bud	\$	%	Fcst	\$	%	
Units Produced ('000)	22,824	24,343	(1,519)	(6.2%)	20,561	2,263	11.0%	
Units Shipped ('000)	23,590	24,886	(1,296)	(5.2%)	21,921	1,668	7.6%	
Bookings (\$'000)	\$ 39,684	\$ –	\$ 39,684	N/A	\$ –	\$ 39,684	N/A	
Backlog ('\$000)	\$ 1,812	\$ –	\$ 1,812	N/A	\$ –	\$ 1,812	N/A	
Gross Revenue	\$ 41,278	\$ 43,100	\$ (1,821)	(4.2%)	\$ 38,138	\$ 3,140	8.2%	
Adj. to Gross Revenue	(1,133)	(1,242)	109	(8.7%)	(1,103)	(31)	2.8%	
Net Revenue	40,145	41,858	(1,713)	(4.1%)	37,036	3,109	8.4%	
Material	19,590	20,394	(804)	(3.9%)	18,975	616	3.2%	
Labor	7,938	8,373	(435)	(5.2%)	7,668	270	3.5%	
Other COGS	3,525	3,394	131	3.9%	3,615	(90)	(2.5%)	
Total COGS	31,053	32,161	(1,108)	(3.4%)	30,257	795	2.6%	
Gross Margin	9,092	9,697	(604)	(6.2%)	6,778	2,314	34.1%	
Gross Margin %	22.6%	23.2%			18.3%			
R&D	–	–	–	N/A	–	–	N/A	
Sales & Marketing	168	181	(13)	(7.3%)	121	46	38.1%	
Administrative	2,654	2,695	(42)	(1.5%)	2,623	31	1.2%	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	2,822	2,876	(55)	(1.9%)	2,745	77	2.8%	
EBITDA	6,271	6,820	(550)	(8.1%)	4,034	2,237	55.5%	
EBITDA %	15.6%	16.3%			10.9%			
Net Income (Loss)	\$ 4,400	\$ 5,006	\$ (606)	(12.1%)	\$ 2,400	\$ 2,000	83.3%	
Capex	\$ (542)	\$ (1,171)	\$ 629	(53.7%)	\$ (1,425)	\$ 883	(62.0%)	
Opex Overview:								
Payroll	\$ 697	\$ 753	\$ (56)	(7.5%)	\$ 639	\$ 58	9.1%	
Bonus	–	–	–	N/A	–	–	N/A	
Commissions	–	–	–	N/A	–	–	N/A	
Marketing	0	–	0	N/A	–	0	N/A	
Benefits	–	–	–	N/A	–	–	N/A	
Travel and entertainment	1	–	1	N/A	2	(1)	(68.5%)	
Rent and facilities	–	–	–	N/A	–	–	N/A	
Insurance	–	–	–	N/A	–	–	N/A	
Professional fees	–	–	–	N/A	–	–	N/A	
Utilities, repair, maintenance, and security	40	45	(5)	(11.3%)	43	(3)	(6.4%)	
Corporate OH Fees	1,986	1,983	3	0.2%	1,985	1	0.1%	
Bad Debts	–	–	–	N/A	3	(3)	(100.0%)	
FX	–	–	–	N/A	–	–	N/A	
JV Loss (Income)	–	–	–	N/A	–	–	N/A	
Other Expenses	98	96	2	2.2%	76	22	28.7%	
Total Opex	\$ 2,821	\$ 2,876	\$ (55)	(1.9%)	\$ 2,747	\$ 74	2.7%	

Key Customers – Full Year Delmont

	Gross Sales (\$'000)									Gross Margin %									
	FY		FY		Var		PY		Var		FY	FY	Var		PY	Var			
	Fcst	Bud	\$	%	Fcst	\$	%			Fcst	Bud	BPs	%	Fcst	BPs	%			
Customer:																			
PGT Industries Inc	\$	22,784	\$	22,984	\$	(199)	(0.9%)	\$	20,107	\$	2,677	13.3%	19.5%	19.2%	28	1.5%	15.4%	409	26.5%
Polaris Technologies		5,466		5,822		(356)	(6.1%)		3,577		1,889	52.8%	17.0%	17.7%	(69)	(3.9%)	16.2%	78	4.8%
Comfort View Products		2,514		3,135		(621)	(19.8%)		2,920		(406)	(13.9%)	18.5%	16.1%	236	14.6%	12.3%	618	50.1%
Sierra Pacific Windows		2,488		2,560		(72)	(2.8%)		2,632		(144)	(5.5%)	10.0%	9.9%	13	1.3%	6.3%	378	60.3%
Atrium Windows & Doors		1,513		1,580		(67)	(4.2%)		1,581		(68)	(4.3%)	43.4%	47.4%	(401)	(8.5%)	35.7%	764	21.4%
Regency Plus, Inc.		2,138		2,060		78	3.8%		1,662		476	28.6%	19.3%	17.9%	141	7.9%	15.0%	427	28.4%
Brunswick Bowling And Billiards		1,445		1,729		(284)	(16.4%)		1,751		(306)	(17.5%)	48.6%	48.9%	(29)	(0.6%)	40.9%	767	18.7%
Qubicaamf Worlwide LCC		843		892		(49)	(5.5%)		864		(21)	(2.4%)	54.0%	55.0%	(102)	(1.9%)	44.0%	1,001	22.8%
NewSouth Window Solutions, LLC		462		682		(220)	(32.3%)		769		(307)	(39.9%)	43.6%	39.6%	399	10.1%	35.2%	838	23.8%
Great Day Improvement, LLC		364		463		(99)	(21.4%)		482		(118)	(24.5%)	42.8%	40.1%	277	6.9%	30.5%	1,235	40.5%
Yoders Window & Siding		300		300		-	0.0%		259		41	15.8%	35.9%	43.5%	(769)	(17.6%)	35.5%	34	1.0%
Fairway Building Products		117		139		(22)	(15.8%)		121		(4)	(3.3%)	21.3%	26.9%	(559)	(20.8%)	19.8%	149	7.5%
Graber Manufacturing Llc		–		92		(92)	(100.0%)		92		(92)	(100.0%)	#DIV/0!	42.9%	–	#VALUE!	42.4%	NA	#VALUE!
Columbia Industries, Inc.		111		58		53	91.4%		63		48	76.2%	4.5%	17.2%	(1,278)	(74.1%)	19.0%	(1,459)	(76.6%)
Jeld-Wen Windows & Doors		19		27		(8)	(29.6%)		36		(17)	(47.2%)	37.5%	26.9%	1,061	39.4%	11.1%	2,642	237.8%
Constant Distribution LLC		7		–		7	N/A		7		-	0.0%	(12.3%)	#DIV/0!	–	#DIV/0!	(57.1%)	4,489	(78.6%)
CGI		74		48		26	54.2%		11		63	572.7%	6.0%	0.0%	603	N/A	0.0%	603	N/A
East Central Indiana Vinyl MFG, LL		21		22		(1)	(4.5%)		43		(22)	(51.2%)	25.6%	45.5%	(1,982)	(43.6%)	37.2%	(1,158)	(31.1%)
Lakeland Polymers, LLC		13		9		4	44.4%		53		(40)	(75.5%)	(201.3%)	(316.7%)	11,532	(36.4%)	(37.7%)	(16,361)	433.6%
JP Industrial Products Inc		–		–		-	N/A		–		-	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!
Other		599		498		101	20.3%		1,108		(509)	(45.9%)	49.0%	81.3%	(3,230)	(39.7%)	7.0%	4,195	595.7%
Total Gross	\$	41,278	\$	43,100	\$	(1,821)	(4.2%)	\$	38,138	\$	3,140	8.2%	22.1%	22.7%	(53)	(2.3%)	17.8%	436	24.5%

Everett Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	4,151	4,339	(188)	(4.3%)	8,121	8,540	(419)	(4.9%)
Units Shipped ('000)	3,985	4,536	(551)	(12.1%)	7,438	8,225	(788)	(9.6%)
Bookings (\$'000)	\$ 6,399	\$ –	\$ 6,399	N/A	\$ 11,935	\$ –	\$ 11,935	N/A
Backlog ('000)	\$ 1,164	\$ –	\$ 1,164	N/A	\$ 1,164	\$ –	\$ 1,164	N/A
Gross Revenue	\$ 6,439	\$ 7,815	\$ (1,376)	(17.6%)	\$ 12,047	\$ 14,103	\$ (2,056)	(14.6%)
Adj. to Gross Revenue	(288)	(416)	128	(30.7%)	(474)	(758)	284	(37.4%)
Net Revenue	6,151	7,399	(1,248)	(16.9%)	11,573	13,345	(1,772)	(13.3%)
Material	3,259	3,445	(186)	(5.4%)	5,938	6,227	(289)	(4.6%)
Labor	1,587	1,520	66	4.4%	3,074	3,012	61	2.0%
Other COGS	506	851	(345)	(40.5%)	1,014	1,299	(285)	(22.0%)
Total COGS	5,352	5,816	(464)	(8.0%)	10,026	10,539	(513)	(4.9%)
Gross Margin	799	1,583	(784)	(49.5%)	1,547	2,806	(1,259)	(44.9%)
Gross Margin %	13.0%	21.4%			13.4%	21.0%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	95	148	(54)	(36.2%)	165	218	(52)	(24.1%)
Administrative	774	783	(9)	(1.2%)	1,535	1,563	(28)	(1.8%)
Other Opex	(2)	–	(2)	N/A	(6)	–	(6)	N/A
Total Opex	866	932	(65)	(7.0%)	1,694	1,780	(86)	(4.9%)
EBITDA	(68)	651	(719)	(110.4%)	(147)	1,026	(1,173)	(114.3%)
EBITDA %	(1.1%)	8.8%			(1.3%)	7.7%		
Net Income (Loss)	\$ (412)	\$ 339	\$ (751)	(221.8%)	\$ (792)	\$ 406	\$ (1,197)	(295.0%)
Capex	\$ (713)	\$ (255)	\$ (458)	179.3%	\$ (1,237)	\$ (731)	\$ (505)	69.1%
Opex Overview:								
Payroll	\$ 206	\$ 209	\$ (3)	(1.3%)	\$ 396	\$ 410	\$ (14)	(3.5%)
Bonus	–	–	–	N/A	–	–	–	N/A
Commissions	–	–	–	N/A	–	–	–	N/A
Marketing	57	110	(53)	(48.2%)	93	141	(48)	(34.2%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	3	4	(1)	(28.7%)	3	7	(3)	(47.9%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	34	42	(8)	(18.3%)	72	80	(8)	(10.0%)
Professional fees	–	–	–	N/A	–	–	–	N/A
Utilities, repair, maintenance, anc	1	1	0	32.0%	3	5	(2)	(46.0%)
Corporate OH Fees	531	532	(0)	(0.1%)	1,067	1,064	3	0.3%
Bad Debts	0	–	0	N/A	0	–	0	N/A
FX	(2)	–	(2)	N/A	(6)	–	(6)	N/A
JV Loss (Income)	–	–	–	N/A	–	–	–	N/A
Other Expenses	36	34	1	3.5%	67	75	(8)	(10.3%)
Total Opex	\$ 866	\$ 932	\$ (65)	(7.0%)	\$ 1,694	\$ 1,780	\$ (86)	(4.9%)

Management Discussion

Net Revenue – Q2-19: (\$1,248K)

- Sales volume down 12.1% or \$899k driven by decreased volume from Simonton, CDA (delay capstock launch), Windor (exited business) & Westeck; offset by increased volume from AWW & Cascade.
- Lower rebates & accruals of \$77k primarily driven by platinum rebate clawback of \$27k, lower Simonton volume \$29k and improved quality returns \$22k.
- Lower ASP by \$427k primarily driven by delay in capstock sales, new agreements with lower ASP for Cascade (\$95k) and Intl Yellow Dog (\$43k), and overall customer sales mix.

EBITDA – Q2-19: (\$719K)

- Material COGS:** Decrease in costs by \$186k driven by sales volume decrease \$412k and improved yield (90.1% vs 89.69%) \$16k; offset by decreased regrind/alt material usage (16.1% vs 25%) \$207k & increased E&O & LCM Reserves (Cascade & ATI) \$35k;
- Labor COGS:** Increase in costs by \$66k driven by additional wages (reg/OT) to cover absences, vacation, tooling requirements and capstock training.
- Other COGS:** Decrease in cost by \$345k driven by favorable net absorption \$193k, tooling recovery \$83k, freight \$43k & true up of real estate and property tax adjustment \$23k.
- Sales and Marketing:** Increase in costs by \$54k driven by customer fabrication tooling support related to the West Coast Platform
- Administrative:** Increase in costs by \$9k primarily driven by higher WA State B&O Tax
- Other Opex:** In line with plan.

Key Customers – Gross Sales and Gross Margin %: Everett

	Gross Sales (\$'000)														Gross Margin %													
	QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var		QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	BP	%	Act	Bud	BP	%	Act	BP	%
Customer:																												
Simonton	\$ 2,479	\$ 2,896	\$ (416)	(14.4%)	\$ 2,724	\$ (245)	(9.0%)	\$ 4,620	\$ 5,257	\$ (637)	(12.1%)	\$ 5,313	\$ (693)	(13.0%)	10.8%	20.8%	(1,001)	(48.1%)	9.4%	135	14.3%	15.5%	20.2%	(463)	(23.0%)	8.0%	754	94.4%
Coeur d'Alene	816	1,097	(281)	(25.7%)	828	(12)	(1.5%)	1,485	1,783	(298)	(16.7%)	1,325	160	12.1%	3.1%	7.6%	(443)	(58.5%)	1.9%	121	62.8%	1.4%	7.6%	(619)	(81.3%)	2.7%	(132)	(48.1%)
Westeck	377	477	(100)	(21.0%)	368	9	2.5%	778	935	(157)	(16.8%)	845	(67)	(7.9%)	26.3%	26.8%	(46)	(1.7%)	20.4%	594	29.1%	23.7%	26.2%	(242)	(9.2%)	17.6%	612	34.7%
Cascade	480	390	90	23.1%	384	96	24.9%	1,050	733	317	43.3%	993	57	5.7%	(26.5%)	(2.0%)	(2,453)	1250.2%	(12.2%)	(1,425)	116.4%	(21.9%)	(2.0%)	(1,996)	1016.6%	(11.0%)	(1,087)	98.4%
All Weather	415	306	109	35.8%	299	116	38.8%	671	536	134	25.1%	614	57	9.2%	(5.5%)	1.1%	(661)	(601.5%)	(1.7%)	(384)	229.5%	(4.0%)	1.0%	(506)	(486.9%)	(1.0%)	(305)	314.7%
KGW	233	283	(50)	(17.8%)	273	(40)	(14.8%)	512	590	(78)	(13.2%)	559	(47)	(8.4%)	33.1%	13.7%	1,934	140.8%	28.2%	487	17.3%	33.4%	13.7%	1,965	143.3%	30.9%	247	8.0%
Lindsay	230	303	(73)	(24.0%)	298	(68)	(22.7%)	429	590	(161)	(27.3%)	544	(115)	(21.2%)	10.6%	15.6%	(493)	(31.7%)	9.1%	157	17.3%	12.2%	15.6%	(336)	(21.6%)	8.0%	423	53.1%
Solar	237	75	162	216.6%	537	(300)	(55.8%)	398	150	248	165.5%	937	(539)	(57.5%)	19.2%	13.0%	620	47.5%	6.3%	1,290	203.8%	13.4%	13.0%	40	3.1%	4.2%	926	221.0%
ATI	16	83	(67)	(80.8%)	103	(87)	(84.4%)	17	176	(159)	(90.4%)	272	(255)	(93.8%)	30.7%	12.3%	1,836	148.8%	11.7%	1,904	163.5%	(627.8%)	12.3%	(64,014)	(5207.6%)	14.1%	(64,191)	(4565.8%)
Win-Dor	2	239	(237)	(99.0%)	187	(185)	(98.8%)	9	532	(523)	(98.3%)	418	(409)	(97.9%)	598.6%	21.2%	57,740	2725.9%	3.2%	59,538	18555.9%	69.8%	19.6%	5,016	256.1%	9.2%	6,051	654.5%
Northerm - Yukon	111	192	(80)	(41.8%)	197	(86)	(43.4%)	206	340	(134)	(39.3%)	398	(192)	(48.2%)	42.4%	43.5%	(116)	(2.7%)	50.3%	(788)	(15.7%)	39.9%	42.9%	(304)	(7.1%)	42.2%	(237)	(5.6%)
Van Isle	103	189	(86)	(45.6%)	223	(120)	(54.0%)	299	349	(50)	(14.2%)	373	(74)	N/A	9.5%	24.4%	(1,487)	(61.0%)	65.9%	(5,641)	(85.6%)	12.5%	24.0%	(1,148)	(47.9%)	77.4%	(6,493)	(83.8%)
Whisper Walls	180	144	36	24.7%	171	9	5.1%	346	294	51	17.5%	377	(31)	(8.4%)	53.2%	47.2%	599	12.7%	49.1%	409	8.3%	50.3%	46.6%	370	7.9%	48.7%	154	3.2%
West Coast Designed	75	108	(32)	(30.0%)	104	(29)	(27.5%)	174	210	(36)	(17.2%)	195	(21)	(11.0%)	45.7%	44.3%	141	3.2%	38.5%	727	18.9%	45.5%	43.1%	243	5.6%	28.0%	1,751	62.6%
Hometime	75	144	(69)	(48.1%)	110	(35)	(32.1%)	83	241	(158)	(65.5%)	141	(58)	(41.1%)	29.5%	36.2%	(665)	(18.4%)	32.7%	(318)	(9.7%)	20.0%	34.8%	(1,483)	(42.6%)	31.4%	(1,138)	(36.2%)
Western	169	246	(77)	(31.3%)	115	54	47.2%	243	350	(106)	(30.4%)	196	47	24.2%	28.3%	44.1%	(1,577)	(35.8%)	34.8%	(648)	(18.6%)	30.0%	44.2%	(1,422)	(32.2%)	14.4%	1,552	107.4%
Coastal	71	97	(26)	(26.7%)	82	(11)	(12.9%)	126	191	(65)	(34.2%)	176	(50)	(28.7%)	57.0%	31.8%	2,520	79.3%	39.0%	1,795	46.0%	40.1%	31.4%	874	27.8%	32.6%	751	23.0%
Modern	62	107	(45)	(42.1%)	89	(27)	(30.5%)	94	192	(98)	(50.9%)	175	(81)	(46.2%)	20.0%	37.4%	(1,740)	(46.6%)	18.0%	198	11.0%	15.9%	36.7%	(2,084)	(56.8%)	13.8%	207	15.0%
Avanti	41	73	(32)	(43.3%)	60	(19)	(30.9%)	84	137	(52)	(38.4%)	171	(87)	(50.8%)	29.2%	41.5%	(1,232)	(29.7%)	35.0%	(585)	(16.7%)	37.1%	41.5%	(441)	(10.6%)	30.9%	620	20.1%
Oasis	19	49	(30)	(60.4%)	49	(30)	(60.4%)	30	91	(61)	(66.8%)	91	(61)	(67.0%)	21.8%	18.2%	364	20.0%	12.2%	958	78.2%	20.9%	17.1%	376	21.9%	4.5%	1,638	363.2%
Other	246	317	(71)	(22.4%)	309	(63)	(20.4%)	395	428	(33)	(7.8%)	401	(6)	(1.6%)	26.1%	31.9%	(581)	(18.2%)	66.9%	(4,080)	(61.0%)	34.9%	34.0%	86	2.5%	53.2%	(1,831)	(34.4%)
Total Gross	\$ 6,439	\$ 7,815	\$ (1,376)	(17.6%)	\$ 7,510	\$ (1,071)	(14.3%)	\$ 12,047	\$ 14,103	\$ (2,056)	(14.6%)	\$ 14,514	\$ (2,467)	(17.0%)	12.4%	20.3%	(785)	(38.8%)	14.3%	(187)	(13.1%)	13.0%	19.8%	(676)	(34.2%)	12.6%	37	2.9%

Management Discussion

- Coeur d’Alene – Slower Q2 following a strong Q1
- Simonton and Westeck – Weather affecting sales slow to start in 2019.
- Win-Dor and Van Isle - Lost business to competitor
- All Weather Cascade and Lindsay: Stronger sales after a slow Q1 being affected by weather.

Key Performance Indicators - Everett

ENERGI Everett Extrusion KPI Report	2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety								
<i>Recordable Incidents</i>	1	0	0	0	1	1	0	2
<i>TRIR (Total Recordable Incident Rate)</i>	<1	0	0	0	1	2.12	1.8	
Quality Performance								
<i>Customer Complaints - per MLBS</i>	8.0	1.38	2.70	3.5	2.2	3.59	4	3
<i>Return as % of sales</i>	0.30%	0.43%	0.32%	0.06%	0.40%	0.55%	0.42%	0.37%
Delivery Performance								
<i>% on time in full</i>	95.00%	100%	100%	100%	100%	100%	100%	100%
<i>% by line items</i>	99.00%	100%	100%	100%	100%	100%	100%	100%
Costs								
<i>Yield</i>	85.7%	91%	91%	91%	89%	91%	91%	91%
<i>Alt/Regrind Compound Consumption Ratio</i>	19.9%	32%	18%	21%	18%	17%	16%	21%
<i>Direct Labour \$/lb produced</i>	\$0.167	\$ 0.182	\$ 0.189	\$ 0.170	\$ 0.166	\$ 0.209	\$ 0.184	\$ 0.183
<i>Indirect Labour (incl D&D) \$/lb produced</i>	\$0.176	\$ 0.180	\$ 0.201	\$ 0.191	\$ 0.192	\$ 0.209	\$ 0.199	\$ 0.195
Inventory								
<i>Days - TTM (Trailing 12 Months)</i>	84.5	84	86	87	88	89	92	86

Comments

Cost: Good yield as Capstock not being captured yet (still in R&D phase). Regrind supply continues to be an issue however, increased focus to increase usage.

Labour: Additional Labour to cover absences, vacations and training.

Inventory: Strategic build up of inventory in response to anticipated Demand in Q2

Full Year Everett P&L Summary

\$'000	FY		Var		PY	Var	
	Fcst	Bud	\$	%	Act	\$	%
Units Produced ('000)	16,109	16,527	(419)	(2.5%)	18,519	(2,410)	(13.0%)
Units Shipped ('000)	16,476	17,263	(788)	(4.6%)	16,932	(457)	(2.7%)
Bookings (\$'000)	\$ 27,424	\$ —	\$ 27,424	N/A	\$ —	\$ 27,424	N/A
Backlog ('\$000)	\$ 2,601	\$ —	\$ 2,601	N/A	\$ —	\$ 2,601	N/A
Gross Revenue	\$ 27,392	\$ 29,448	\$ (2,056)	(7.0%)	\$ 28,090	\$ (698)	(2.5%)
Adj. to Gross Revenue	(1,284)	(1,568)	284	(18.1%)	(1,483)	198	(13.4%)
Net Revenue	26,108	27,880	(1,772)	(6.4%)	26,607	(499)	(1.9%)
Material	12,816	13,105	(289)	(2.2%)	13,359	(543)	(4.1%)
Labor	6,204	6,142	61	1.0%	6,705	(502)	(7.5%)
Other COGS	3,094	3,380	(285)	(8.4%)	2,876	218	7.6%
Total COGS	22,114	22,627	(513)	(2.3%)	22,941	(827)	(3.6%)
Gross Margin	3,994	5,253	(1,259)	(24.0%)	3,667	327	8.9%
Gross Margin %	15.3%	18.8%			13.8%		
R&D	—	—	—	N/A	—	—	N/A
Sales & Marketing	283	335	(52)	(15.6%)	247	36	14.4%
Administrative	3,091	3,119	(28)	(0.9%)	3,129	(37)	(1.2%)
Other Opex	(6)	—	(6)	N/A	11	(17)	(155.2%)
Total Opex	3,368	3,455	(86)	(2.5%)	3,387	(18)	(0.5%)
EBITDA	626	1,798	(1,173)	(65.2%)	280	346	123.4%
EBITDA %	2.4%	6.5%			1.1%		
Net Income (Loss)	\$ (657)	\$ 541	\$ (1,197)	(221.5%)	\$ (775)	\$ 118	(15.2%)
Capex	\$ (1,237)	\$ (752)	\$ (484)	64.4%	\$ (1,856)	\$ 619	(33.4%)
Opex Overview:							
Payroll	\$ 813	\$ 827	\$ (14)	(1.7%)	\$ 816	\$ (4)	(0.4%)
Bonus	—	—	—	N/A	—	—	N/A
Commissions	—	—	—	N/A	—	—	N/A
Marketing	132	180	(48)	(26.8%)	104	28	26.4%
Benefits	—	—	—	N/A	—	—	N/A
Travel and entertainment	14	17	(3)	(19.1%)	14	(1)	(3.9%)
Rent and facilities	—	—	—	N/A	—	—	N/A
Insurance	153	161	(8)	(5.0%)	162	(9)	(5.5%)
Professional fees	—	—	—	N/A	—	—	N/A
Utilities, repair, maintenance, and security	5	7	(2)	(32.0%)	7	(3)	(35.5%)
Corporate OH Fees	2,132	2,129	3	0.1%	2,129	3	0.2%
Bad Debts	0	—	0	N/A	(3)	3	(102.7%)
FX	(6)	—	(6)	N/A	11	(17)	(155.2%)
JV Loss (Income)	—	—	—	N/A	—	—	N/A
Other Expenses	126	134	(8)	(5.7%)	149	(23)	(15.3%)
Total Opex	\$ 3,368	\$ 3,455	\$ (86)	(2.5%)	\$ 3,390	\$ (21)	(0.6%)

Key Customers – Full Year Everett

	Gross Sales (\$'000)									Gross Margin %									
	FY		FY		Var		PY		Var		FY	FY		Var		PY	Var		
	Fcst	Bud	\$	%	Act	\$	%	Fcst	Bud	BPs	%	Act	BPs	%					
Customer:																			
Simonton	\$	10,222	\$	10,859	\$	(637)	(5.9%)	\$	10,221	\$	1	0.0%	16.3%	19.5%	(320)	(16.4%)	8.6%	771	89.4%
Coeur d'Alene		3,702		4,000		(298)	(7.5%)		2,804		898	32.0%	3.6%	6.4%	(279)	(43.4%)	3.3%	35	10.7%
Westeck		1,815		1,972		(157)	(8.0%)		1,791		24	1.3%	24.4%	25.4%	(105)	(4.1%)	18.3%	608	33.2%
Cascade		2,305		1,988		317	15.9%		2,083		222	10.7%	(14.2%)	(3.4%)	(1,082)	322.1%	(10.7%)	(352)	33.1%
All Weather		1,251		1,117		134	12.0%		1,309		(58)	(4.4%)	(2.9%)	0.2%	(314)	(1486.1%)	(3.1%)	20	(6.4%)
KGW		1,078		1,155		(78)	(6.7%)		1,081		(3)	(0.3%)	23.4%	12.8%	1,060	83.1%	29.3%	(596)	(20.3%)
Lindsay		1,117		1,278		(161)	(12.6%)		1,145		(28)	(2.5%)	12.4%	14.3%	(191)	(13.3%)	8.5%	395	46.6%
Solar		548		300		248	82.8%		1,651		(1,103)	(66.8%)	14.1%	11.9%	224	18.9%	7.6%	652	86.1%
ATI		227		387		(159)	(41.3%)		345		(118)	(34.2%)	(21.1%)	11.1%	(3,220)	(290.2%)	13.3%	(3,444)	(258.3%)
Win-Dor		248		771		(523)	(67.8%)		626		(378)	(60.4%)	24.2%	19.8%	444	22.4%	18.1%	619	34.3%
Northerm - Yukon		561		694		(134)	(19.2%)		789		(228)	(28.9%)	41.9%	43.0%	(109)	(2.5%)	39.4%	245	6.2%
Van Isle		645		694		(50)	(7.1%)		697		(52)	(7.5%)	17.0%	23.3%	(632)	(27.1%)	72.2%	(5,515)	(76.4%)
Whisper Walls		655		604		51	8.5%		681		(26)	(3.8%)	48.4%	45.8%	266	5.8%	46.0%	246	5.3%
West Coast Designed		403		439		(36)	(8.2%)		429		(26)	(6.0%)	44.1%	43.1%	101	2.3%	36.1%	797	22.1%
Hometime		245		402		(158)	(39.2%)		327		(82)	(25.2%)	30.9%	35.2%	(432)	(12.3%)	28.4%	243	8.5%
Western		565		671		(106)	(15.9%)		238		327	137.2%	35.2%	43.0%	(772)	(18.0%)	22.3%	1,298	58.3%
Coastal		301		366		(65)	(17.8%)		321		(20)	(6.3%)	36.5%	30.2%	631	20.9%	38.3%	(185)	(4.8%)
Modern		276		374		(98)	(26.1%)		351		(75)	(21.3%)	28.1%	36.4%	(825)	(22.7%)	18.2%	990	54.3%
Avanti		246		298		(52)	(17.6%)		249		(3)	(1.3%)	37.7%	40.5%	(276)	(6.8%)	35.7%	199	5.6%
Oasis		133		193		(61)	(31.4%)		188		(55)	(29.5%)	18.5%	17.5%	106	6.1%	9.6%	894	93.4%
Other		851		885		(33)	(3.8%)		764		87	11.4%	34.1%	34.6%	(50)	(1.4%)	41.5%	(740)	(17.9%)
Total Gross	\$	27,392	\$	29,448	\$	(2,056)	(7.0%)	\$	28,090	\$	(698)	(2.5%)	14.9%	18.6%	(367)	(19.7%)	13.1%	188	14.4%

Terrebonne Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	–	–	–	N/A	–	–	–	N/A
Units Shipped ('000)	–	–	–	N/A	–	–	–	N/A
Bookings (\$'000)	\$ 5,954	\$ –	\$ 5,954	N/A	\$ 9,674	\$ –	\$ 9,674	N/A
Backlog ('000)	\$ 1,862	\$ –	\$ 1,862	N/A	\$ 1,862	\$ –	\$ 1,862	N/A
Gross Revenue	\$ 5,205	\$ 6,085	\$ (881)	(14.5%)	\$ 8,897	\$ 9,886	\$ (990)	(10.0%)
Adj. to Gross Revenue	(128)	(285)	157	(55.1%)	(375)	(463)	88	(18.9%)
Net Revenue	5,077	5,800	(723)	(12.5%)	8,521	9,423	(902)	(9.6%)
Material	3,062	3,393	(331)	(9.7%)	5,347	5,536	(189)	(3.4%)
Labor	1,034	1,139	(105)	(9.2%)	1,810	2,125	(315)	(14.8%)
Other COGS	494	676	(182)	(26.9%)	880	1,143	(263)	(23.0%)
Total COGS	4,591	5,208	(617)	(11.9%)	8,038	8,805	(767)	(8.7%)
Gross Margin	486	592	(106)	(18.0%)	483	619	(135)	(21.9%)
Gross Margin %	9.6%	10.2%			5.7%	6.6%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	97	103	(5)	(5.2%)	197	199	(2)	(1.2%)
Administrative	575	597	(22)	(3.8%)	1,131	1,167	(36)	(3.1%)
Other Opex	28	–	28	N/A	27	–	27	N/A
Total Opex	700	700	(0)	(0.0%)	1,355	1,367	(11)	(0.8%)
EBITDA	(214)	(108)	(106)	98.0%	(872)	(748)	(124)	16.6%
EBITDA %	(4.2%)	(1.9%)			(10.2%)	(7.9%)		
Net Income (Loss)	\$ (233)	\$ (146)	\$ (87)	59.4%	\$ (910)	\$ (820)	\$ (90)	10.9%
Capex	\$ (33)	\$ (122)	\$ 89	(72.8%)	\$ (47)	\$ (287)	\$ 240	(83.5%)
Opex Overview:								
Payroll	\$ 253	\$ 264	\$ (10)	(4.0%)	\$ 488	\$ 518	\$ (30)	(5.9%)
Bonus	–	–	–	N/A	–	–	–	N/A
Commissions	–	–	–	N/A	–	–	–	N/A
Marketing	12	18	(6)	(34.2%)	23	36	(13)	(35.9%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	3	4	(1)	(21.9%)	4	7	(3)	(43.2%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	–	–	–	N/A	–	–	–	N/A
Professional fees	14	9	5	63.3%	22	14	8	54.0%
Utilities, repair, maintenance, anc	14	22	(7)	(34.0%)	32	35	(4)	(10.4%)
Corporate OH Fees	358	372	(14)	(3.8%)	718	735	(17)	(2.3%)
Bad Debts	–	–	–	N/A	–	–	–	N/A
FX	28	–	28	N/A	27	–	27	N/A
JV Loss (Income)	–	–	–	N/A	–	–	–	N/A
Other Expenses	18	12	6	45.3%	42	22	21	96.1%
Total Opex	\$ 700	\$ 700	\$ (0)	(0.0%)	\$ 1,355	\$ 1,367	\$ (11)	(0.8%)

Management Discussion

Net Revenue – Q2-19: (\$723K)

- Sales volume decreased \$564k due to decreased demand from Vaillancourt (\$442k), Concerto, Fennergic & Ventana (bankrupt); offset by increased demand from Abritek & Isothermic
- Favorable returns of \$46k due to improved quality
- Favorable rebates of \$70k driven by true up for Fenestra & Platinum rebate programs.
- Unfavorable ASP of \$148k due to customer/product mix
- Unfavorable F/X of \$127k (actual rate of 1.3375 [or \$USD 0.7477] vs. 1.30 [or \$USD 0.7692])

EBITDA – Q2-19: (\$106K)

- Material COGS:** Decrease in costs by \$331K driven by lower sales volume \$330k, product mix \$50k & Metalup Supplier Rebate \$40k; offset by increased glass material costs of \$36k and inventory reserves \$54k (Ostaco laminate stainable cherry & Ventana (bankrupt))
- Labor COGS:** Decrease in cost by \$105k driven by less headcount (6 employees) due to lower production volumes.
- Other COGS:** Decrease in cost by \$182k driven by favorable net absorption \$86k, lower freight \$49k (sales volume), maintenance/factory \$31k and utilities \$14k
- Sales and Marketing:** Decrease in cost by \$5k driven by lower advertising
- Administrative:** Decrease in costs by \$22k driven by favorable F/X \$17k and lower fringe benefits \$5k.
- Other Opex:** Increase in cost by \$28k driven by unfavorable F/X revaluation of working capital balances.

Key Customers – Gross Sales and Gross Margin %: Terrebonne

	Gross Sales (\$'000)														Gross Margin %													
	QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var		QTD		Var		PY-QTD	Var		YTD		Var		PY-YTD	Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%
Customer:																												
A.M.I.	\$ 1,053	\$ 1,048	\$ 5	0.4%	\$ 1,094	\$ (41)	(3.8%)	\$ 1,619	\$ 1,711	\$ (92)	(5.4%)	\$ 1,750	\$ (131)	(7.5%)	13.6%	0.0%	1,360	N/A	0.0%	1,360	N/A	3.3%	0.0%	326	N/A	0.0%	326	N/A
GOLDEN WINDOWS	513	570	(57)	(9.9%)	649	(136)	(20.9%)	923	930	(7)	(0.8%)	1,112	(189)	(17.0%)	(5.4%)	0.0%	(542)	N/A	0.0%	(542)	N/A	(19.5%)	0.0%	(1,954)	N/A	0.0%	(1,954)	N/A
OSTACO 2000 WINDOORS INC	439	526	(87)	(16.6%)	641	(202)	(31.5%)	821	859	(38)	(4.4%)	891	(70)	(7.8%)	4.3%	0.0%	426	N/A	0.0%	426	N/A	5.5%	0.0%	552	N/A	0.0%	552	N/A
PORTES & FENETRES ABRITEK	401	265	136	51.4%	314	87	27.8%	595	433	162	37.4%	580	15	2.6%	(8.7%)	0.0%	(869)	N/A	0.0%	(869)	N/A	(19.5%)	0.0%	(1,950)	N/A	0.0%	(1,950)	N/A
DASHWOOD INDUSTRIES INC	231	241	(10)	(4.3%)	236	(5)	(2.2%)	456	393	63	16.1%	428	28	6.6%	29.4%	0.0%	2,938	N/A	0.0%	2,938	N/A	15.6%	0.0%	1,556	N/A	0.0%	1,556	N/A
P & F ISOTHERMIC INC	236	155	81	52.3%	135	101	74.9%	342	252	90	35.7%	361	(19)	(5.3%)	(2.7%)	0.0%	(271)	N/A	0.0%	(271)	N/A	(10.3%)	0.0%	(1,026)	N/A	0.0%	(1,026)	N/A
VAILLANCOURT INC.	194	636	(442)	(69.4%)	173	21	12.4%	450	1,039	(589)	(56.7%)	446	4	0.8%	(0.6%)	0.0%	(60)	N/A	0.0%	(60)	N/A	(10.0%)	0.0%	(1,001)	N/A	0.0%	(1,001)	N/A
CANADIAN VINYLTEK WINDOWS C	90	99	(9)	(8.8%)	118	(28)	(23.5%)	189	162	27	16.5%	262	(73)	(27.9%)	50.5%	0.0%	5,047	N/A	0.0%	5,047	N/A	40.9%	0.0%	4,089	N/A	0.0%	4,089	N/A
FENERGIC INC	29	138	(109)	(78.9%)	132	(103)	(78.0%)	60	225	(165)	(73.2%)	165	(105)	(63.4%)	12.5%	0.0%	1,250	N/A	0.0%	1,250	N/A	11.9%	0.0%	1,192	N/A	0.0%	1,192	N/A
EXTREME WINDOW AND	91	155	(64)	(41.4%)	81	10	12.1%	168	252	(84)	(33.4%)	301	(133)	(44.2%)	7.5%	0.0%	753	N/A	0.0%	753	N/A	11.9%	0.0%	1,193	N/A	0.0%	1,193	N/A
VENTANA WINDOWS & DOORS INC	–	135	(135)	(100.0%)	127	(127)	(100.0%)	68	221	(153)	(69.2%)	269	(201)	(74.7%)	#DIV/0!	0.0%	–	N/A	0.0%	NA	N/A	(6.2%)	0.0%	(619)	N/A	0.0%	(619)	N/A
Fenêtres Concept	148	112	36	31.9%	137	11	7.9%	205	182	23	12.9%	193	12	6.5%	(5.8%)	0.0%	(576)	N/A	0.0%	(576)	N/A	(5.7%)	0.0%	(570)	N/A	0.0%	(570)	N/A
MASON WINDOWS LTD	120	85	35	41.2%	59	61	103.4%	195	139	56	40.1%	136	59	43.2%	(11.9%)	0.0%	(1,186)	N/A	0.0%	(1,186)	N/A	(12.8%)	0.0%	(1,282)	N/A	0.0%	(1,282)	N/A
CEN	109	83	26	31.5%	57	52	91.6%	218	137	81	58.8%	134	84	62.4%	22.4%	0.0%	2,235	N/A	0.0%	2,235	N/A	8.2%	0.0%	819	N/A	0.0%	819	N/A
TRI-STATE WINDOW FACTORY	101	47	54	115.8%	82	19	23.7%	200	99	101	101.8%	176	24	13.5%	30.9%	0.0%	3,093	N/A	0.0%	3,093	N/A	22.8%	0.0%	2,276	N/A	0.0%	2,276	N/A
FMC	86	67	19	28.8%	65	21	32.8%	145	89	56	62.7%	118	27	22.7%	(0.2%)	0.0%	(19)	N/A	0.0%	(19)	N/A	(4.2%)	0.0%	(419)	N/A	0.0%	(419)	N/A
ATLANTIC WINDOWS	95	80	15	18.2%	129	(34)	(26.7%)	122	131	(9)	(6.6%)	171	(49)	(28.5%)	26.8%	0.0%	2,679	N/A	0.0%	2,679	N/A	24.4%	0.0%	2,442	N/A	0.0%	2,442	N/A
YKK AP VINYL	84	90	(6)	(7.1%)	41	43	103.9%	175	141	34	24.2%	79	96	121.6%	46.1%	0.0%	4,608	N/A	0.0%	4,608	N/A	30.7%	0.0%	3,068	N/A	0.0%	3,068	N/A
LORENDO INC.	–	59	(59)	(100.0%)	61	(61)	(100.0%)	28	118	(90)	(76.1%)	105	(77)	(73.1%)	#DIV/0!	0.0%	–	N/A	0.0%	NA	N/A	(6.5%)	0.0%	(650)	N/A	0.0%	(650)	N/A
MAR	64	35	29	82.5%	72	(8)	(11.3%)	117	63	54	86.1%	118	(1)	(0.6%)	10.1%	0.0%	1,011	N/A	0.0%	1,011	N/A	(2.7%)	0.0%	(273)	N/A	0.0%	(273)	N/A
Other	1,120	1,459	(339)	(23.2%)	1,211	(90)	(7.5%)	1,801	2,310	(510)	(22.1%)	2,118	(318)	(15.0%)	15.0%	40.6%	(2,556)	(63.0%)	(3.2%)	1,819	(571.0%)	19.0%	511.9%	(49,288)	(96.3%)	8.7%	1,028	117.7%
Total Gross	\$ 5,205	\$ 6,085	\$ (881)	(14.5%)	\$ 5,614	\$ (409)	(7.3%)	\$ 8,897	\$ 9,886	\$ (990)	(10.0%)	\$ 9,913	\$ (1,016)	(10.3%)	9.3%	9.7%	(40)	(4.1%)	(0.7%)	1,002	(1458.3%)	3.8%	4.7%	(90)	(19.0%)	1.9%	195	104.7%

Management Discussion

- AMI – Good pick-up after a quieter Q1
- Vaillancourt– Soft sales no big projects at hand
- Ventana – Business closing down
- PF Arbitek and PF Isothermic performed better vs budget

Key Performance Indicators - Terrebonne

ENERGI Terrebonne Patio Door KPI Report	2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety								
<i>Recordable Incidents</i>	0	0	0	0	0	0	0	0
<i>TRIR (Total Recordable Incident Rate)</i>	<1	0	0	0	0	0	0	0
Quality Performance								
<i>Customer Complaints - per MLBS</i>	3.2	3.98	3.9	3.6	3.7	3.4	2	3
<i>Return as % of sales</i>	1.25%	1.57%	1.76%	0.58%	0.24%	0.53%	0.21%	0.72%
Delivery Performance								
<i>% on time in full</i>	95.00%	100%	96%	96%	78%	80%	74%	87%
<i>% by line items</i>	95.00%	95%	96%	96%	78%	80%	74%	87%
Costs								
<i>Alt/Regrind Compound Consumption Ratio</i>								
<i>Direct Labour \$/FPV</i>	\$0.174	\$ 0.143	\$0.148	\$ 0.159	\$ 0.165	\$ 0.185	\$ 0.198	\$ 0.169
<i>Indirect Labour (incl D&D) \$/FPV</i>	\$0.069	\$ 0.096	\$0.073	\$ 0.063	\$ 0.054	\$ 0.055	\$ 0.056	\$ 0.064
Inventory								
<i>Days - TTM (Trailing 12 Months)</i>	71.0	75	71.4	70	69	66	65	72

Comments:

Quality: Improvement in Quality with customer complaints decreasing

Delivery & Labour: Employee turnover and training, causing delays and higher labour expense.

Full Year Terrebonne P&L Summary

\$'000	FY		Var		PY	Var	
	Fcst	Bud	\$	%		\$	%
Units Produced ('000)	—	—	—	N/A	—	—	N/A
Units Shipped ('000)	—	—	—	N/A	—	—	N/A
Bookings (\$'000)	\$ 21,411	\$ —	\$ 21,411	N/A	\$ —	\$ 21,411	N/A
Backlog ('\$000)	\$ 3,301	\$ —	\$ 3,301	N/A	\$ —	\$ 3,301	N/A
Gross Revenue	\$ 21,018	\$ 22,008	\$ (990)	(4.5%)	\$ 20,687	\$ 332	1.6%
Adj. to Gross Revenue	(944)	(1,032)	88	(8.5%)	(1,023)	79	(7.7%)
Net Revenue	20,074	20,976	(902)	(4.3%)	19,664	411	2.1%
Material	12,139	12,328	(189)	(1.5%)	12,124	15	0.1%
Labor	4,087	4,402	(315)	(7.2%)	4,530	(443)	(9.8%)
Other COGS	2,066	2,329	(263)	(11.3%)	3,397	(1,330)	(39.2%)
Total COGS	18,293	19,059	(767)	(4.0%)	20,052	(1,759)	(8.8%)
Gross Margin	1,781	1,917	(135)	(7.1%)	(388)	2,169	(559.1%)
Gross Margin %	8.9%	9.1%			(2.0%)		
R&D	—	—	—	N/A	—	—	N/A
Sales & Marketing	421	424	(2)	(0.6%)	383	38	9.9%
Administrative	2,334	2,370	(36)	(1.5%)	2,381	(46)	(1.9%)
Other Opex	27	—	27	N/A	(63)	91	(142.7%)
Total Opex	2,783	2,794	(11)	(0.4%)	2,701	82	3.0%
EBITDA	(1,001)	(877)	(124)	14.1%	(3,089)	2,087	(67.6%)
EBITDA %	(5.0%)	(4.2%)			(15.7%)		
Net Income (Loss)	\$ (1,117)	\$ (1,027)	\$ (90)	8.7%	\$ (3,162)	\$ 2,045	(64.7%)
Capex	\$ (47)	\$ (287)	\$ 240	(83.5%)	\$ (517)	\$ 470	(90.9%)
Opex Overview:							
Payroll	\$ 1,027	\$ 1,058	\$ (30)	(2.9%)	\$ 1,029	\$ (1)	(0.1%)
Bonus	—	—	—	N/A	—	—	N/A
Commissions	—	—	—	N/A	—	—	N/A
Marketing	74	87	(13)	(14.8%)	57	17	30.1%
Benefits	—	—	—	N/A	—	—	N/A
Travel and entertainment	12	15	(3)	(19.5%)	15	(3)	(20.9%)
Rent and facilities	—	—	—	N/A	—	—	N/A
Insurance	—	—	—	N/A	0	(0)	(100.0%)
Professional fees	39	31	8	24.3%	59	(20)	(33.9%)
Utilities, repair, maintenance, and security	75	79	(4)	(4.7%)	70	5	7.5%
Corporate OH Fees	1,461	1,478	(17)	(1.1%)	1,484	(22)	(1.5%)
Bad Debts	—	—	—	N/A	3	(3)	(100.0%)
FX	27	—	27	N/A	(63)	91	(142.7%)
JV Loss (Income)	—	—	—	N/A	—	—	N/A
Other Expenses	67	46	21	44.8%	51	16	31.9%
Total Opex	\$ 2,783	\$ 2,794	\$ (11)	(0.4%)	\$ 2,704	\$ 79	2.9%

Key Customers – Full Year Terrebonne

	Gross Sales (\$'000)									Gross Margin %									
	FY		FY		Var		PY		Var		FY	FY		Var		PY	Var		
	Fcst	Bud	\$	%	Act	\$	%	Fcst	Bud	BPs	%	Act	BPs	%					
<u>Customer:</u>																			
A.M.I.	\$	3,708	\$	3,800	\$	(92)	(2.4%)	\$	3,511	\$	197	5.6%	3.4%	0.0%	335	N/A	0.0%	335	N/A
GOLDEN WINDOWS		2,060		2,067		(7)	(0.4%)		2,290		(230)	(10.1%)	(8.1%)	0.0%	(809)	N/A	0.0%	(809)	N/A
OSTACO 2000 WINDOORS INC		1,871		1,909		(38)	(2.0%)		1,906		(35)	(1.8%)	2.6%	0.0%	264	N/A	0.0%	264	N/A
PORTES & FENETRES ABRITEK		1,124		962		162	16.8%		1,147		(23)	(2.0%)	(9.5%)	0.0%	(949)	N/A	0.0%	(949)	N/A
DASHWOOD INDUSTRIES INC		936		873		63	7.2%		922		14	1.5%	10.6%	0.0%	1,062	N/A	0.0%	1,062	N/A
P & F ISOTHERMIC INC		648		558		90	16.1%		815		(167)	(20.5%)	(4.6%)	0.0%	(457)	N/A	0.0%	(457)	N/A
VAILLANCOURT INC.		1,720		2,309		(589)	(25.5%)		800		920	115.0%	(2.5%)	0.0%	(255)	N/A	0.0%	(255)	N/A
CANADIAN VINYLTEK WINDOWS C		387		360		27	7.4%		555		(168)	(30.3%)	24.1%	0.0%	2,410	N/A	0.0%	2,410	N/A
FENERGIC INC		337		502		(165)	(32.8%)		532		(195)	(36.6%)	2.7%	0.0%	270	N/A	0.0%	270	N/A
EXTREME WINDOW AND		477		561		(84)	(15.0%)		511		(34)	(6.7%)	4.5%	0.0%	449	N/A	0.0%	449	N/A
VENTANA WINDOWS & DOORS IN		337		490		(153)	(31.2%)		484		(147)	(30.4%)	(1.6%)	0.0%	(155)	N/A	0.0%	(155)	N/A
Fenêtres Concept		428		405		23	5.8%		437		(9)	(1.9%)	(3.1%)	0.0%	(315)	N/A	0.0%	(315)	N/A
MASON WINDOWS LTD		366		310		56	18.0%		328		38	11.5%	(7.5%)	0.0%	(753)	N/A	0.0%	(753)	N/A
CEN		384		303		81	26.6%		292		92	31.4%	7.4%	0.0%	745	N/A	0.0%	745	N/A
TRI-STATE WINDOW FACTORY		266		165		101	61.1%		356		(90)	(25.3%)	19.9%	0.0%	1,991	N/A	0.0%	1,991	N/A
FMC		305		249		56	22.4%		259		46	17.7%	(1.6%)	0.0%	(163)	N/A	0.0%	(163)	N/A
ATLANTIC WINDOWS		281		290		(9)	(3.0%)		274		7	2.7%	12.8%	0.0%	1,279	N/A	0.0%	1,279	N/A
YKK AP VINYL		363		329		34	10.4%		225		138	61.4%	19.0%	0.0%	1,897	N/A	0.0%	1,897	N/A
LORENDO INC.		115		205		(90)	(43.8%)		226		(111)	(49.0%)	(2.5%)	0.0%	(251)	N/A	0.0%	(251)	N/A
MAR		176		122		54	44.5%		250		(74)	(29.5%)	0.6%	0.0%	56	N/A	0.0%	56	N/A
Other		4,729		5,239		(510)	(9.7%)		4,567		163	3.6%	30.5%	207.1%	(17,659)	(85.3%)	(8.5%)	3,897	(458.6%)
Total Gross	\$	21,018	\$	22,008	\$	(990)	(4.5%)	\$	20,687	\$	332	1.6%	8.1%	8.4%	(29)	(3.4%)	(1.9%)	999	(532.8%)

ECS Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	26,008	27,496	(1,488)	(5.4%)	49,162	51,181	(2,020)	(3.9%)
Units Shipped ('000)	24,962	27,496	(2,534)	(9.2%)	48,339	51,181	(2,843)	(5.6%)
Bookings (\$'000)	\$ 2,230	\$ –	\$ 2,230	N/A	\$ 3,921	\$ –	\$ 3,921	N/A
Backlog ('\$000)	\$ 165	\$ –	\$ 165	N/A	\$ 165	\$ –	\$ 165	N/A
External Revenue	\$ 2,215	\$ 2,458	\$ (243)	(9.9%)	\$ 3,841	\$ 4,376	\$ (536)	(12.2%)
Affiliate Revenue	\$ 15,828	\$ 17,205	\$ (1,377)	(8.0%)	\$ 30,893	\$ 32,199	\$ (1,306)	(4.1%)
Gross Revenue	\$ 18,044	\$ 19,663	\$ (1,619)	(8.2%)	\$ 34,734	\$ 36,575	\$ (1,841)	(5.0%)
Adj. to Gross Revenue	4	(8)	12	(152.3%)	17	(15)	32	(208.7%)
Net Revenue	18,048	19,655	(1,608)	(8.2%)	34,751	36,560	(1,809)	(4.9%)
Material	14,790	17,190	(2,400)	(14.0%)	29,086	31,625	(2,539)	(8.0%)
Labor	456	507	(51)	(10.1%)	887	983	(96)	(9.8%)
Other COGS	1,319	1,569	(250)	(16.0%)	2,717	3,009	(293)	(9.7%)
Total COGS	16,565	19,266	(2,701)	(14.0%)	32,690	35,618	(2,928)	(8.2%)
Gross Margin	1,483	389	1,093	280.9%	2,061	942	1,119	118.7%
Gross Margin %	8.2%	2.0%			5.9%	2.6%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	43	42	0	0.3%	83	79	3	4.2%
Administrative	427	448	(21)	(4.8%)	859	891	(32)	(3.6%)
Other Opex	(133)	–	(133)	N/A	(240)	–	(240)	N/A
Total Opex	336	490	(155)	(31.5%)	701	970	(269)	(27.7%)
EBITDA	1,147	(101)	1,248	(1235.1%)	1,359	(28)	1,388	(4902.6%)
EBITDA %	6.4%	(0.5%)			3.9%	(0.1%)		
Net Income (Loss)	\$ 981	\$ (286)	\$ 1,267	(442.6%)	\$ 1,026	\$ (397)	\$ 1,423	(358.7%)
Capex	\$ (49)	\$ (194)	\$ 145	(74.7%)	\$ (49)	\$ (388)	\$ 339	(87.4%)
Opex Overview:								
Payroll	\$ 139	\$ 144	\$ (5)	(3.7%)	\$ 274	\$ 279	\$ (5)	(1.8%)
Bonus	–	–	–	N/A	–	–	–	N/A
Commissions	(0)	4	(4)	(100.7%)	1	6	(5)	(81.6%)
Marketing	–	–	–	N/A	–	–	–	N/A
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	3	2	1	63.9%	4	3	1	38.7%
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	16	17	(1)	(7.8%)	33	35	(2)	(6.3%)
Professional fees	1	–	1	N/A	1	–	1	N/A
Utilities, repair, maintenance, anc	2	6	(4)	(63.6%)	5	11	(6)	(51.1%)
Corporate OH Fees	308	317	(9)	(2.8%)	619	636	(17)	(2.7%)
Bad Debts	–	–	–	N/A	–	–	–	N/A
FX	(133)	–	(133)	N/A	(240)	–	(240)	N/A
JV Loss (Income)	–	–	–	N/A	–	–	–	N/A
Other Expenses	(0)	0	(0)	(114.6%)	5	1	4	614.6%
Total Opex	\$ 336	\$ 490	\$ (155)	(31.5%)	\$ 701	\$ 970	\$ (269)	(27.7%)

Management Discussion

Net Revenue – Q2-19: (\$1,608K)

- Sales volume down 9.2% or \$1,811k mainly driven by decreased demand from affiliate customers \$1,274k (Laval -6.7%, Woodbridge -8.1%, Delmont -14.7%, Everett +5.8%) and lower external customers demand (Vinyl Profiles) \$537k
- Favorable price/mix of \$516K driven by tolling business with Resin Tech \$318k, increased scrap sales \$41k and internal customer/product mix \$115k
- Unfavorable F/X of \$326k (actual rate of 1.3375 [or \$USD 0.7477] vs. 1.30 [or \$USD 0.7692])

EBITDA – Q2-19: +\$1,248K

- Material COGS:** Decrease in costs by \$2,400k due to decreased sales volume \$1,584k, product mix \$275k, improved scrap utilization & MUV \$185k, lower material prices \$428k (mainly driven by price decrease in resin); offset by increases in additive pricing \$68k and E&O reserves \$6k.
- Labor COGS:** Decrease in cost by \$51k driven by lower headcount due to lower production volumes (5.4%).
- Other COGS:** Decrease in cost by \$250k primarily driven by favorable freight expenses \$126k (lower volume & new PDI contract), favorable utilities \$92k (YTD true up), favorable net absorption of \$48k; offset by \$10k R&D costs (testing Polaris yellowing) & QC costs \$6k (brabender repair).
- Sales and Marketing:** In line with budget
- Administrative:** Decrease in cost by \$21k driven by fav F/X \$13k and lower wages \$8k (vacation utilization)
- Other Opex:** Decrease in cost by \$133k driven by favorable F/X revaluation of working capital balances

Key Customers – Gross Sales and Gross Margin %: ECS

	Gross Sales (\$'000)														Gross Margin %																	
	QTD		Var		PY-QTD		Var		YTD		Var		PY-YTD		Var		MTD		Var		PY-MTD		Var		YTD		Var		PY-YTD		Var	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	\$	%	Act	Bud	BPs	%	Act	BPs	%	Act	Bud	BPs	%	Act	BPs	%	
Customer:																																
Vinyl Profiles, LLC	\$ 663	\$ 1,065	\$ (402)	(37.7%)	\$ 760	\$ (97)	(12.7%)	\$ 1,241	\$ 1,893	\$ (652)	(34.5%)	\$ 1,322	\$ (81)	(6.1%)	23.5%	20.7%	274	13.2%	17.3%	613	35.4%	37.2%	48.4%	(1,125)	(23.2%)	13.6%	2,354	172.9%				
Nuform Building Technologies Inc	422	437	(15)	(3.5%)	768	(346)	(45.1%)	729	801	(72)	(9.0%)	1,436	(707)	(49.2%)	25.0%	27.8%	(278)	(10.0%)	19.8%	517	26.1%	15.7%	11.9%	374	31.4%	21.1%	(543)	(25.7%)				
The Vinyl Company Inc.	294	304	(10)	(3.3%)	625	(331)	(52.9%)	644	538	106	19.7%	962	(318)	(33.1%)	21.6%	17.9%	373	20.8%	26.6%	(496)	(18.6%)	16.8%	17.9%	(112)	(6.2%)	27.0%	(1,019)	(37.8%)				
Vinylume Products Inc	194	159	35	22.1%	159	35	22.2%	327	317	10	3.1%	340	(13)	(3.9%)	30.9%	21.3%	962	45.2%	20.7%	1,016	49.0%	25.2%	21.3%	395	18.6%	19.8%	540	27.2%				
Accord Plastics Corp.	174	168	6	3.4%	46	128	276.9%	330	288	42	14.4%	90	240	266.9%	19.2%	19.4%	(19)	(1.0%)	22.1%	(290)	(13.1%)	19.0%	19.4%	(41)	(2.1%)	6.1%	1,295	213.8%				
Window Seal Limited	–	133	(133)	(100.0%)	–	–	N/A	–	222	(222)	(100.0%)	7	(7)	(100.0%)	#DIV/0!	10.9%	–	#VALUE!	#DIV/0!	NA	#DIV/0!	0.0%	76.5%	(7,647)	(100.0%)	6.2%	(616)	(100.0%)				
New Customers (L.B. Plastics)	–	133	(133)	(100.0%)	32	(32)	(100.0%)	–	178	(178)	(100.0%)	77	(77)	(100.0%)	#DIV/0!	10.9%	–	#VALUE!	24.5%	NA	#VALUE!	0.0%	18.1%	(1,810)	(100.0%)	138.9%	(13,889)	(100.0%)				
Prasad Plastics Limited	2	36	(34)	(94.4%)	–	2	N/A	4	85	(81)	(95.3%)	12	(8)	(66.0%)	#DIV/0!	26.7%	–	#VALUE!	#DIV/0!	NA	#DIV/0!	0.0%	#DIV/0!	–	#DIV/0!	69.4%	(6,937)	(100.0%)				
Superior Extrusions Ltd	14	9	5	58.6%	10	4	46.0%	23	27	(4)	(13.4%)	26	(3)	(11.2%)	#DIV/0!	31.3%	–	#VALUE!	24.5%	NA	#VALUE!	#DIV/0!	6.2%	–	#VALUE!	8.4%	NA	#VALUE!				
Vytron Corporation	9	6	3	47.2%	17	(8)	(48.6%)	13	13	0	1.4%	29	(16)	(55.0%)	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	11.1%	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
Plastibec Ltee	3	–	3	N/A	3	(0)	(8.5%)	6	–	6	N/A	6	(0)	(5.3%)	66.7%	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	11.8%	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
Vinyl Profiles (2011)	20	–	20	N/A	–	20	N/A	38	–	38	N/A	6	32	559.5%	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	#DIV/0!	0.0%	–	N/A	47.6%	NA	#VALUE!				
Fence Outlet MDC, LLC	(3)	–	(3)	N/A	–	(3)	N/A	21	–	21	N/A	–	21	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	70.6%	0.0%	7,059	N/A	0.0%	7,059	N/A				
INFINITY EXTRUSIONS INC.	37	–	37	N/A	–	37	N/A	44	–	44	N/A	–	44	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	88.9%	#DIV/0!	–	#DIV/0!	0.0%	8,889	N/A				
Resin Technology, LLC	318	–	318	N/A	–	318	N/A	327	–	327	N/A	–	327	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!	53.0%	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
0	–	–	–	N/A	–	–	N/A	–	–	–	N/A	–	–	N/A	#DIV/0!	58.6%	–	#VALUE!	0.0%	NA	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
0	–	–	–	N/A	–	–	N/A	–	–	–	N/A	–	–	N/A	#DIV/0!	58.6%	–	#VALUE!	0.0%	NA	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
0	–	–	–	N/A	–	–	N/A	–	–	–	N/A	–	–	N/A	#DIV/0!	58.6%	–	#VALUE!	0.0%	NA	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
	–	–	–	N/A	–	–	N/A	–	–	–	N/A	–	–	N/A	#DIV/0!	58.6%	–	#VALUE!	0.0%	NA	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
	–	–	–	N/A	–	–	N/A	–	–	–	N/A	–	–	N/A	#DIV/0!	58.6%	–	#VALUE!	0.0%	NA	N/A	#DIV/0!	#DIV/0!	–	#DIV/0!	#DIV/0!	NA	#DIV/0!				
Other	15,897	17,212	(1,316)	(7.6%)	18,051	(2,154)	(11.9%)	30,987	32,214	(1,227)	(3.8%)	37,163	(6,176)	(16.6%)	8.5%	(2.7%)	1,126	(413.7%)	13.5%	(492)	(36.5%)	3.0%	0.4%	259	703.7%	8.8%	(582)	(66.3%)				
Total Gross	\$ 18,044	\$ 19,663	\$ (1,619)	(8.2%)	\$ 20,471	\$ (2,428)	(11.9%)	\$ 34,734	\$ 36,575	\$ (1,841)	(5.0%)	\$ 41,476	\$ (6,742)	(16.3%)	9.4%	0.2%	917	4376.6%	14.5%	(514)	(35.4%)	5.1%	2.8%	234	83.7%	9.9%	(474)	(48.0%)				

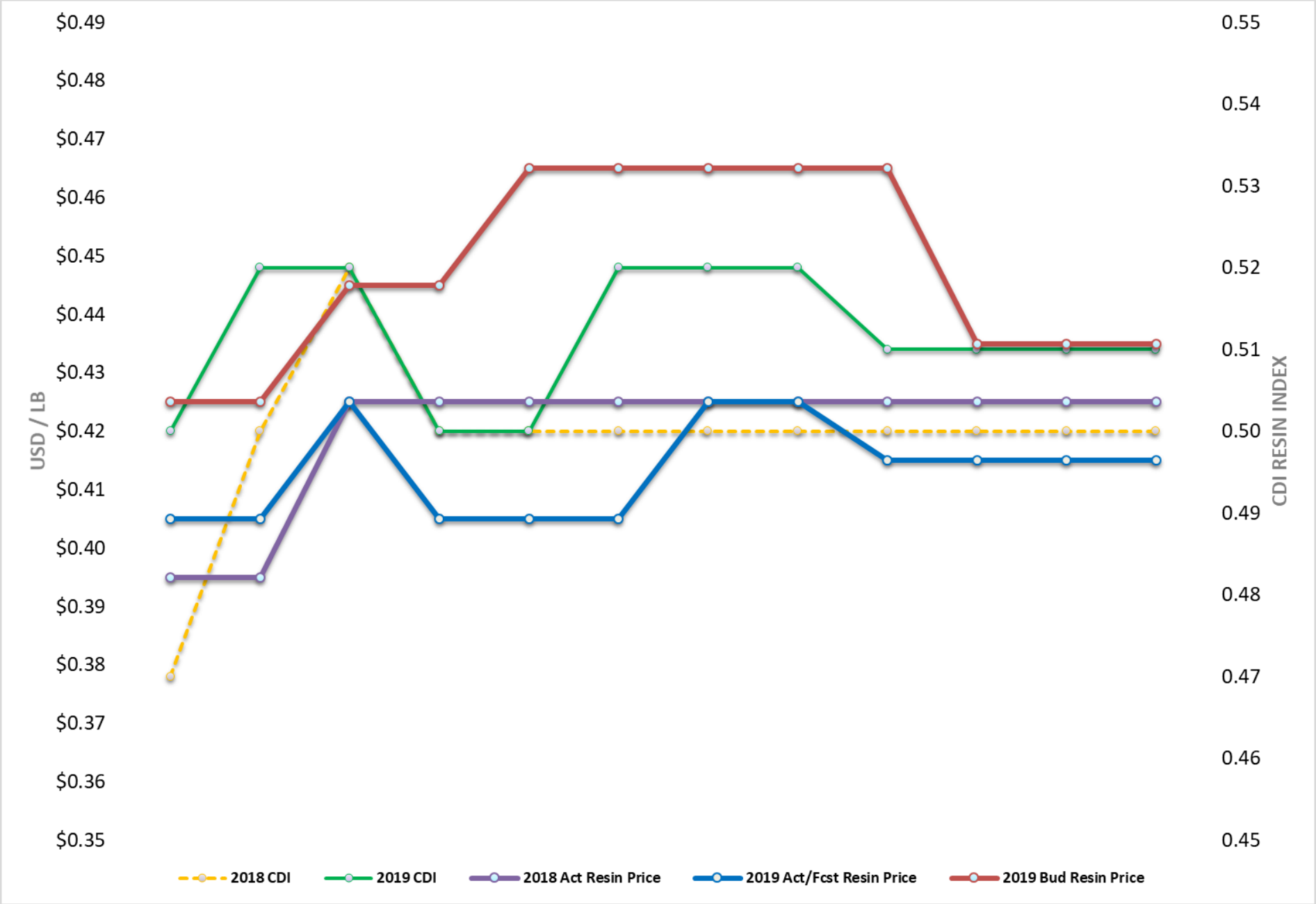
Management Discussion

- Vinyl Profiles – Market conditions impacting sales
- Resin Technology, Unbudgeted sales from new customer requiring resin conversion to pellets.

ECS Material Cost Summary

US \$'000	Apr-19	May-19	Jun-19	FY	Apr-19	May-19	Jun-19	FY	Apr-19	May-19	Jun-19	FY
Sales	Act	Act	Act	Act	AOP	AOP	AOP	AOP	Actual-AOP	Actual-AOP	Actual-AOP	Actual-AOP
Total Sales - Non-Patio & Doors - \$'000	\$ 5,300	\$ 6,216	\$ 6,531	\$ 34,751	\$ 6,357	\$ 6,668	\$ 6,630	\$ 72,396	\$ (1,057)	\$ (452)	\$ (99)	\$ (37,645)
Total Sales - Non-Patio & Doors - Lbs	7,417	8,516	9,029	48,339	8,885	9,352	9,259	101,346	(1,468)	(836)	(230)	(53,007)
Materials - units												
ADDITIVE	28	34	34	201	40	43	42	461	(13)	(8)	(9)	(260)
ADDITIVE (IMPACT MODIFIER)	284	311	322	1,795	324	341	338	3,697	(40)	(30)	(16)	(1,902)
ADDITIVE (PROCESSING AID)	43	53	60	312	57	60	60	652	(14)	(7)	0	(340)
FILLER	415	488	511	2,738	502	529	523	5,730	(87)	(41)	(12)	(2,992)
LUBRICANT	170	190	196	1,096	195	205	203	2,224	(25)	(15)	(7)	(1,128)
PIGMENT - C	0	1	—	1	1	1	1	12	(1)	0	(1)	(11)
PIGMENT - G	24	25	34	172	32	34	34	370	(8)	(9)	0	(198)
PIGMENT - HC	4	14	10	61	12	13	13	137	(8)	2	(3)	(76)
PIGMENT - PC	1	2	1	8	1	1	1	15	0	0	(0)	(7)
PKG	—	—	—	—	—	—	—	—	—	—	—	—
PLASTICIZER	20	25	34	166	34	35	35	383	(13)	(10)	(1)	(217)
RESIN	5,769	6,629	7,101	37,585	6,901	7,264	7,192	78,717	(1,132)	(635)	(91)	(41,132)
STABILIZER	91	102	103	589	109	114	113	1,239	(18)	(13)	(10)	(651)
TIO2	567	635	624	3,606	670	705	698	7,639	(103)	(70)	(74)	(4,033)
Material Other	—	—	—	0	—	—	—	—	—	—	—	0
Total Materials - Lbs	7,417	8,511	9,029	48,331	8,878	9,346	9,253	101,276				
Materials - ASP												
ADDITIVE	3.6282	3.6109	3.5858	\$ 3.62	3.5633	3.5633	3.5633	\$ 3.59	\$ 0.0649	\$ 0.0476	\$ 0.0224	
ADDITIVE (IMPACT MODIFIER)	1.5755	1.5657	1.4740	\$ 1.59	1.6650	1.6650	1.6650	\$ 1.67	\$ (0.0895)	\$ (0.0993)	\$ (0.1911)	
ADDITIVE (PROCESSING AID)	1.5840	1.5618	1.4898	\$ 1.62	1.7010	1.7010	1.7010	\$ 1.70	\$ (0.1170)	\$ (0.1392)	\$ (0.2113)	
FILLER	0.2115	0.2025	0.2080	\$ 0.20	0.2109	0.2109	0.2109	\$ 0.21	\$ 0.0006	\$ (0.0084)	\$ (0.0028)	
LUBRICANT	0.9306	0.9393	0.9220	\$ 0.93	0.9329	0.9329	0.9329	\$ 0.93	\$ (0.0023)	\$ 0.0064	\$ (0.0109)	
PIGMENT - C	2.8123	2.8123	2.8123		2.8123	2.8123	2.8123	\$ 2.81	\$ (0.0000)	\$ (0.0000)	\$ (0.0000)	
PIGMENT - G	2.9620	3.1557	2.7301	\$ 2.99	3.1592	3.1592	3.1592	\$ 3.16	\$ (0.1971)	\$ (0.0034)	\$ (0.4290)	
PIGMENT - HC	5.7519	5.5471	5.1929	\$ 5.47	5.8923	5.8923	5.8923	\$ 5.89	\$ (0.1404)	\$ (0.3452)	\$ (0.6994)	
PIGMENT - PC	6.6591	7.2315	7.4606	\$ 7.15	7.1296	7.1296	7.1296	\$ 7.13	\$ (0.4705)	\$ 0.1019	\$ 0.3311	
PKG					7.6761	7.6761	7.6761	\$ 7.68	\$ (7.6761)	\$ (7.6761)	\$ (7.6761)	
PLASTICIZER	0.8573	0.8618	0.8568	\$ 0.86	0.8993	0.8993	0.8993	\$ 0.90	\$ (0.0420)	\$ (0.0375)	\$ (0.0425)	
RESIN	0.4051	0.4053	0.4055	\$ 0.41	0.4454	0.4654	0.4654	\$ 0.45	\$ (0.0403)	\$ (0.0601)	\$ (0.0599)	
STABILIZER	3.4966	3.5406	3.3593	\$ 3.43	3.3188	3.3188	3.3188	\$ 3.32	\$ 0.1778	\$ 0.2218	\$ 0.0405	
TIO2	1.4110	1.4113	1.4118	\$ 1.41	1.4520	1.4520	1.4520	\$ 1.45	\$ (0.0410)	\$ (0.0407)	\$ (0.0402)	
Material Other									\$ —	\$ —	\$ —	
Materials - \$'000												
ADDITIVE	\$ 101	\$ 124	\$ 121	\$ 728	\$ 144	\$ 152	\$ 150	\$ 1,653	\$ (43)	\$ (27)	\$ (30)	\$ (925)
ADDITIVE (IMPACT MODIFIER)	\$ 448	\$ 487	\$ 475	\$ 2,846	\$ 540	\$ 568	\$ 562	\$ 6,156	\$ (92)	\$ (81)	\$ (88)	\$ (3,310)
ADDITIVE (PROCESSING AID)	\$ 69	\$ 83	\$ 89	\$ 505	\$ 97	\$ 102	\$ 101	\$ 1,109	\$ (28)	\$ (19)	\$ (13)	\$ (604)
FILLER	\$ 88	\$ 99	\$ 106	\$ 553	\$ 106	\$ 112	\$ 110	\$ 1,201	\$ (18)	\$ (13)	\$ (4)	\$ (648)
LUBRICANT	\$ 158	\$ 178	\$ 181	\$ 1,015	\$ 182	\$ 191	\$ 190	\$ 2,075	\$ (24)	\$ (13)	\$ (9)	\$ (1,060)
PIGMENT - C	\$ 1	\$ 4	\$ —	\$ 4	\$ 3	\$ 3	\$ 3	\$ 34	\$ (2)	\$ 0	\$ (3)	\$ (30)
PIGMENT - G	\$ 71	\$ 79	\$ 94	\$ 513	\$ 102	\$ 108	\$ 107	\$ 1,168	\$ (31)	\$ (28)	\$ (13)	\$ (654)
PIGMENT - HC	\$ 23	\$ 80	\$ 50	\$ 333	\$ 71	\$ 75	\$ 74	\$ 809	\$ (48)	\$ 5	\$ (24)	\$ (477)
PIGMENT - PC	\$ 10	\$ 11	\$ 8	\$ 54	\$ 9	\$ 10	\$ 9	\$ 104	\$ 1	\$ 2	\$ (2)	\$ (50)
PKG	\$ —	\$ —	\$ —	\$ —	\$ 29	\$ 26	\$ 35	\$ 353	\$ (29)	\$ (26)	\$ (35)	\$ (353)
PLASTICIZER	\$ 17	\$ 22	\$ 29	\$ 143	\$ 30	\$ 32	\$ 31	\$ 345	\$ (13)	\$ (10)	\$ (3)	\$ (202)
RESIN	\$ 2,337	\$ 2,687	\$ 3,041	\$ 15,530	\$ 3,108	\$ 3,417	\$ 3,383	\$ 35,868	\$ (771)	\$ (730)	\$ (342)	\$ (20,338)
STABILIZER	\$ 317	\$ 361	\$ 347	\$ 2,022	\$ 361	\$ 380	\$ 376	\$ 4,113	\$ (43)	\$ (19)	\$ (29)	\$ (2,091)
TIO2	\$ 800	\$ 897	\$ 930	\$ 5,140	\$ 972	\$ 1,024	\$ 1,013	\$ 11,057	\$ (172)	\$ (127)	\$ (83)	\$ (5,917)
Scrap	\$ 22	\$ 27	\$ 28	\$ 172	\$ —	\$ —	\$ —	\$ —	\$ 22	\$ 27	\$ 28	\$ 172
BOM Scrap (not in P&L and 2019 AOP)				\$ —				\$ —	\$ —	\$ —	\$ —	\$ —
PIP Savings	\$ (4)	\$ (8)	\$ (1)	\$ (20)	\$ (16)	\$ (16)	\$ (16)	\$ (212)	\$ 12	\$ 9	\$ 16	\$ 192
Kronos Rebates (\$0.075/lb)	\$ (36)	\$ (24)	\$ (54)	\$ (250)	\$ (50)	\$ (53)	\$ (52)	\$ (573)	\$ 15	\$ 29	\$ (1)	\$ 323
Resin Rebate & Discount	\$ (47)	\$ (62)	\$ (87)	\$ (424)	\$ (92)	\$ (96)	\$ (104)	\$ (1,102)	\$ 45	\$ 35	\$ 17	\$ 678
Amortization Timing	\$ (21)	\$ 19	\$ 30	\$ 154	\$ (175)	\$ (144)	\$ 46	\$ (129)	\$ 154	\$ 163	\$ (17)	\$ 283
Packaging	\$ 21	\$ 28	\$ 18	\$ 152	\$ 21	\$ 26	\$ 35	\$ 352	\$ —	\$ 2	\$ (17)	\$ (200)
					\$ 33	\$ (140)	\$ (115)	\$ (1,093)	\$ (9)	\$ 112	\$ 33	\$ 1,003
Total Material Costs	\$ 4,399	\$ 5,064	\$ 5,322	\$ 29,078	\$ 5,475	\$ 5,775	\$ 5,940	\$ 63,287	\$ (1,076)	\$ (711)	\$ (619)	\$ (34,209)

Historical Resin Price Chart



Key Performance Indicators - ECS

ENERGI Compound Solutions	2018 Actual	2019 Targets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD 2019
Health & Safety									
<i>Recordable(effects TRIR)</i>	0	0	0	0	0	0	0	0	0
<i>Near Misses</i>	25	2	0	0	0	0	0	0	0
Environmental									
<i>Recordable(effects TRIR)</i>	0	0	0	0	0	0	0	0	0
<i>Near Misses</i>	8	2	0	1	0	0	0	0	1
Quality Performance									
<i>Concerns per million Good Lbs</i>	0.2	0.3	0.3	0.1	0.0	0.1	0.0	0.0	0.1
<i>Return as % of sales (%)</i>	0.05	0.3	0.00%	0.02%	0.00%	0.00%	0%	0%	0%
Delivery Performance									
<i>% on time</i>	100%	100%	100%	100%	100%	100%	100%	100%	100%
Material Cost									
<i>Yield</i>	99%	99%	100%	100%	100%	100%	100%	100%	100%
<i>Production Scrap</i>	0.7%	1.00%	0.5%	0.4%	0.2%	0.2%	0.1%	0.5%	0%
<i>Total Material Usage Variance</i>	1.2%	2.00%	0.7%	0.7%	0.4%	0.5%	0	(0)	0%
<i>Direct Labour \$/lb produced</i>	0.008	0.009	0.009	0.008	0.007	0.008	0.009	0.005	0.007
<i>Indirect Labour (incl D&D) \$/lb produced</i>	0.015	0.017	0.020	0.018	0.015	0.018	0.018	0.014	0.017
Inventory									
<i>Days - TTM (Trailing 12 Months)</i>	47	46	50	49	42	41	32	31	41
Freight									
<i>Freight \$ as % of net sales</i>	3.7%	3.9%	3.2%	3.6%	4.0%	4%	3%	3%	4%

COMMENTS:

Indirect Labour: Clean up carryover vacation for the operator at long term disability

Full Year ECS P&L Summary

\$'000		FY		Var		PY		Var	
		Fcst	Bud	\$	%	Act	\$		%
Units Produced ('000)		99,326	101,346	(2,020)	(2.0%)	106,695	(7,369)		(6.9%)
Units Shipped ('000)		98,503	101,346	(2,843)	(2.8%)	106,807	(8,304)		(7.8%)
Bookings (\$'000)		\$ 8,384	\$ —	\$ 8,384	N/A	\$ —	\$ 8,384		N/A
Backlog ('\$000)		\$ 181	\$ —	\$ 181	N/A	\$ —	\$ 181		N/A
	External Revenue	\$ 8,316	\$ 8,852	\$ (536)	(6.1%)	\$ 8,388	\$ (72)		(0.9%)
	Affiliate Revenue	\$ 62,267	\$ 63,572	\$ (1,306)	(2.1%)	\$ 68,481	\$ (6,214)		(9.1%)
Gross Revenue		\$ 70,583	\$ 72,424	\$ (1,841)	(2.5%)	\$ 76,869	\$ (6,286)		(8.2%)
Adj. to Gross Revenue		4	(28)	32	(114.3%)	(14)	18		(127.7%)
Net Revenue		70,587	72,396	(1,809)	(2.5%)	76,854	(6,268)		(8.2%)
Material		60,748	63,287	(2,539)	(4.0%)	60,763	(15)		(0.0%)
Labor		1,912	2,009	(96)	(4.8%)	1,880	32		1.7%
Other COGS		5,740	6,032	(293)	(4.9%)	5,926	(186)		(3.1%)
Total COGS		68,400	71,328	(2,928)	(4.1%)	68,569	(169)		(0.2%)
Gross Margin		2,187	1,068	1,119	104.7%	8,286	(6,099)		(73.6%)
Gross Margin %		3.1%	1.5%			10.8%			
R&D		—	—	—	N/A	—	—		N/A
Sales & Marketing		166	163	3	2.0%	156	10		6.4%
Administrative		1,750	1,782	(32)	(1.8%)	1,765	(15)		(0.9%)
Other Opex		(240)	—	(240)	N/A	369	(609)		(165.1%)
Total Opex		1,676	1,945	(269)	(13.8%)	2,290	(614)		(26.8%)
EBITDA		511	(877)	1,388	(158.3%)	5,996	(5,485)		(91.5%)
EBITDA %		0.7%	(1.2%)			7.8%			
Net Income (Loss)		\$ (194)	\$ (1,616)	\$ 1,423	(88.0%)	\$ 5,305	\$ (5,499)		(103.6%)
Capex		\$ (49)	\$ (601)	\$ 552	(91.8%)	\$ (600)	\$ 551		(91.8%)
Opex Overview:									
Payroll		\$ 557	\$ 562	\$ (5)	(0.9%)	\$ 550	\$ 7		1.3%
Bonus		—	—	—	N/A	—	—		N/A
Commissions		8	13	(5)	(38.2%)	1	7		864.9%
Marketing		1	1	—	0.0%	—	1		N/A
Benefits		—	—	—	N/A	—	—		N/A
Travel and entertainment		10	9	1	11.1%	9	1		16.3%
Rent and facilities		—	—	—	N/A	—	—		N/A
Insurance		67	69	(2)	(3.2%)	68	(0)		(0.6%)
Professional fees		1	(0)	1	(297.3%)	—	1		N/A
Utilities, repair, maintenance, and security		14	20	(6)	(28.0%)	18	(4)		(20.9%)
Corporate OH Fees		1,254	1,271	(17)	(1.3%)	1,276	(22)		(1.8%)
Bad Debts		—	—	—	N/A	3	(3)		(100.0%)
FX		(240)	—	(240)	N/A	369	(609)		(165.1%)
JV Loss (Income)		—	—	—	N/A	—	—		N/A
Other Expenses		5	1	4	554.3%	0	5		11209.7%
Total Opex		\$ 1,676	\$ 1,945	\$ (269)	(13.8%)	\$ 2,293	\$ (617)		(26.9%)

Key Customers – Full Year ECS

	Gross Sales (\$'000)									Gross Margin %										
	FY		FY		Var		PY		Var		FY		FY		Var		PY		Var	
	Fcst	Bud	\$	%	Act	\$	%			Fcst	Bud	BPs	%	Act	BPs	%				
Customer:																				
Vinyl Profiles, LLC	\$	3,174	\$	3,826	\$	(652)	(17.0%)	\$	1,961	\$	1,213	61.9%	42.5%	49.6%	(710)	(14.3%)	16.2%	2,624	161.6%	
Nuform Building Technologies Inc		1,524		1,596		(72)	(4.5%)		2,950		(1,426)	(48.3%)	13.6%	11.6%	200	17.2%	20.0%	(636)	(31.8%)	
The Vinyl Company Inc.		1,205		1,099		106	9.6%		1,834		(628)	(34.3%)	17.0%	17.9%	(87)	(4.9%)	27.0%	(999)	(37.0%)	
Vinylume Products Inc		660		650		10	1.5%		688		(29)	(4.1%)	23.2%	21.3%	194	9.1%	20.7%	251	12.1%	
Accord Plastics Corp.		634		593		42	7.0%		378		257	67.9%	19.0%	19.4%	(42)	(2.2%)	16.1%	293	18.2%	
Window Seal Limited		252		474		(222)	(46.9%)		17		235	1412.6%	64.2%	124.7%	(6,050)	(48.5%)	27.9%	3,624	129.7%	
New Customers (L.B. Plastics)		244		422		(178)	(42.1%)		113		131	115.9%	81.4%	37.6%	4,377	116.3%	26.8%	5,464	204.2%	
Prasad Plastics Limited		30		111		(81)	(72.9%)		36		(6)	(17.4%)	14.9%	#DIV/0!	—	#DIV/0!	25.7%	(1,076)	(41.9%)	
Superior Extrusions Ltd		34		38		(4)	(9.5%)		46		(12)	(25.5%)	4.8%	3.1%	169	54.5%	25.5%	(2,074)	(81.3%)	
Vytron Corporation		17		17		0	1.1%		29		(12)	(40.3%)	21.9%	#DIV/0!	—	#DIV/0!	41.6%	(1,967)	(47.3%)	
Plastibec Ltee		6		—		6	N/A		6		(0)	(5.3%)	9.1%	#DIV/0!	—	#DIV/0!	24.0%	(1,491)	(62.1%)	
Vinyl Profiles (2011)		38		—		38	N/A		6		32	559.5%	4.7%	0.0%	468	N/A	57.5%	(5,282)	(91.9%)	
Fence Outlet MDC, LLC		21		—		21	N/A		—		21	N/A	39.7%	0.0%	3,968	N/A	#DIV/0!	NA	#DIV/0!	
INFINITY EXTRUSIONS INC.		44		—		44	N/A		20		24	123.6%	116.7%	#DIV/0!	—	#DIV/0!	13.8%	10,285	744.7%	
Resin Technology, LLC		327		—		327	N/A		—		327	N/A	52.6%	#DIV/0!	—	#DIV/0!	#DIV/0!	NA	#DIV/0!	
0		—		—		-	N/A		—		-	N/A	#DIV/0!	#DIV/0!	—	#DIV/0!	0.0%	NA	N/A	
0		—		—		-	N/A		—		-	N/A	#DIV/0!	#DIV/0!	—	#DIV/0!	0.0%	NA	N/A	
0		—		—		-	N/A		—		-	N/A	#DIV/0!	#DIV/0!	—	#DIV/0!	0.0%	NA	N/A	
0		—		—		-	N/A		—		-	N/A	#DIV/0!	#DIV/0!	—	#DIV/0!	0.0%	NA	N/A	
0		—		—		-	N/A		—		-	N/A	#DIV/0!	#DIV/0!	—	#DIV/0!	0.0%	NA	N/A	
Other		62,373		63,600		(1,227)	(1.9%)		68,786		(6,413)	(9.3%)	0.9%	(1.1%)	200	(186.7%)	9.6%	(868)	(90.4%)	
Total Gross	\$	70,583	\$	72,424	\$	(1,841)	(2.5%)	\$	76,869	\$	(6,286)	(8.2%)	3.4%	1.6%	184	115.6%	10.8%	(734)	(68.1%)	

Corporate Office Summary P&L

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	–	–	–	N/A	–	–	–	N/A
Units Shipped ('000)	–	–	–	N/A	–	–	–	N/A
Bookings (\$'000)	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	\$ –	N/A
Backlog ('000)	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	\$ –	N/A
Gross Revenue	\$ –	\$ 51	\$ (51)	(100.0%)	\$ –	\$ 67	\$ (67)	(100.0%)
Adj. to Gross Revenue	–	–	–	N/A	–	–	–	N/A
Net Revenue	–	51	(51)	(100.0%)	–	67	(67)	(100.0%)
Material	90	300	(210)	(70.0%)	525	850	(325)	(38.3%)
Labor	304	309	(5)	(1.5%)	609	618	(8)	(1.4%)
Other COGS	263	276	(13)	(4.7%)	504	552	(49)	(8.8%)
Total COGS	657	885	(228)	(25.7%)	1,638	2,020	(382)	(18.9%)
Gross Margin	(657)	(834)	176	(21.2%)	(1,638)	(1,953)	316	(16.2%)
Gross Margin %	(1624.2%)				(2921.5%)			
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	935	944	(8)	(0.9%)	1,887	1,960	(73)	(3.7%)
Administrative	(1,184)	(1,043)	(141)	13.6%	(2,379)	(2,128)	(251)	11.8%
Other Opex	(11)	–	(11)	N/A	20	–	20	N/A
Total Opex	(260)	(99)	(160)	161.4%	(472)	(167)	(305)	182.1%
EBITDA	(397)	(734)	337	(45.9%)	(1,165)	(1,786)	620	(34.7%)
EBITDA %	(1430.6%)				(2671.2%)			
Net Income (Loss)	\$ (1,927)	\$ (2,596)	\$ 669	(25.8%)	\$ (3,553)	\$ (5,238)	\$ 1,685	(32.2%)
Capex	\$ –	\$ (699)	\$ 699	(100.0%)	\$ 12	\$ (961)	\$ 973	(101.3%)
Opex Overview:								
Payroll	\$ 1,365	\$ 1,382	\$ (17)	(1.3%)	\$ 2,661	\$ 2,691	\$ (29)	(1.1%)
Bonus	335	340	(5)	(1.4%)	672	680	(8)	(1.2%)
Commissions	61	86	(26)	(29.9%)	113	173	(60)	(34.8%)
Marketing	52	94	(42)	(44.5%)	200	286	(86)	(30.2%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	262	376	(114)	(30.4%)	520	756	(236)	(31.2%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	–	–	–	N/A	–	–	–	N/A
Professional fees	98	105	(7)	(6.8%)	228	235	(7)	(2.9%)
Office Expense	17	11	6	60.7%	23	23	0	2.2%
IT	411	458	(47)	(10.2%)	809	892	(83)	(9.3%)
Bad Debts	65	–	65	N/A	99	–	99	N/A
FX	(11)	–	(11)	N/A	20	–	20	N/A
JV Loss (Income)	–	–	–	N/A	–	–	–	N/A
Other Expenses	(2,915)	(2,951)	36	(1.2%)	(5,816)	(5,902)	86	(1.5%)
Total Opex	\$ (260)	\$ (99)	\$ (160)	161.4%	\$ (472)	\$ (167)	\$ (305)	182.1%

Management Discussion

EBITDA – Q2 2019: +\$337K

- **Gross Revenue:** Represents Consolidated price increase adjustment not achieved
- **Material COGS:** Favorable intercompany profit elimination as a result of lower intercompany inventory levels
- **Other COGS:** Insurance cost slightly lower vs budget
- **Sales & Marketing:** Lower Commissions by \$25K due to revise in estimate, lower marketing expenditure of \$42K related to timing and lower Travel and Entertainment by \$34K due to less travel by Sales staff. Offset by increase in Bad Debt provision by \$65K to cover Ventana exposure at Woodbridge and Terrebonne and Deluxe Windows and Fence outlet at ECS and higher wages by \$22K during the quarter.
- **Administrative:** lower by \$141K due to lower Staff Travel costs by \$80K, lower Salaries by \$43K and lower IT costs by \$47K and miscellaneous expenses by \$26K offset by unfavorable FX on Corporate OH Recovery of \$56K
- **Other Opex:** represents FX Gain on CAD/US Cash Transactions

Full Year Corporate Office P&L Summary

\$'000	FY		Var		PY	Var	
	Fsct	Bud	\$	%	Act	\$	%
Units Produced ('000)	–	–	–	N/A	–	–	N/A
Units Shipped ('000)	–	–	–	N/A	–	–	N/A
Bookings (\$'000)	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	N/A
Backlog (\$'000)	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	N/A
Gross Revenue	\$ 98	\$ 164	\$ (67)	(40.6%)	\$ 0	\$ 97	62091.8%
Adj. to Gross Revenue	–	–	–	N/A	72	(72)	(100.0%)
Net Revenue	98	164	(67)	(40.6%)	72	26	36.0%
Material	(325)	–	(325)	N/A	(293)	(32)	11.0%
Labor	1,227	1,236	(8)	(0.7%)	159	1,068	672.1%
Other COGS	1,056	1,104	(49)	(4.4%)	802	254	31.7%
Total COGS	1,957	2,340	(382)	(16.3%)	668	1,290	193.1%
Gross Margin	(1,860)	(2,175)	316	(14.5%)	(596)	(1,264)	212.0%
Gross Margin %	(1905.0%)	(1322.6%)			(830.5%)		
R&D	–	–	–	N/A	–	–	N/A
Sales & Marketing	3,908	3,982	(73)	(1.8%)	3,842	66	1.7%
Administrative	(4,431)	(4,179)	(251)	6.0%	(6,735)	2,304	(34.2%)
Other Opex	20	–	20	N/A	134	(114)	(85.3%)
Total Opex	(503)	(198)	(305)	154.1%	(2,759)	2,257	(81.8%)
EBITDA	(1,357)	(1,978)	620	(31.4%)	2,163	(3,520)	(162.8%)
EBITDA %	(1390.3%)	(1202.4%)			3013.6%		
Net Income (Loss)	\$ (6,716)	\$ (8,401)	\$ 1,685	(20.1%)	\$ (3,324)	\$ (3,391)	102.0%
Capex	\$ 12	\$ (2,706)	\$ 2,718	(100.4%)	\$ (366)	\$ 378	(103.3%)
Opex Overview:							
Payroll	\$ 5,448	\$ 5,478	\$ (29)	(0.5%)	\$ 5,077	\$ 371	7.3%
Bonus	1,352	1,361	(8)	(0.6%)	159	1,193	750.7%
Commissions	285	345	(60)	(17.4%)	186	99	53.5%
Marketing	508	594	(86)	(14.5%)	584	(76)	(13.1%)
Benefits	–	–	–	N/A	–	–	N/A
Travel and entertainment	1,273	1,509	(236)	(15.7%)	1,137	135	11.9%
Rent and facilities	–	–	–	N/A	–	–	N/A
Insurance	–	–	–	N/A	2	(2)	(100.0%)
Professional fees	437	444	(7)	(1.5%)	395	42	10.6%
Office Expense	46	46	0	1.1%	53	(6)	(12.0%)
IT	1,747	1,830	(83)	(4.5%)	1,367	381	27.9%
Bad Debts	99	–	99	N/A	(58)	157	(270.4%)
FX	20	–	20	N/A	134	(114)	(85.3%)
JV Loss (Income)	–	–	–	N/A	–	–	N/A
Other Expenses	(11,718)	(11,805)	86	(0.7%)	(11,793)	75	(0.6%)
Total Opex	\$ (503)	\$ (198)	\$ (305)	154.1%	\$ (2,757)	\$ 2,255	(81.8%)

Plant Capacity Utilization

ENERGI Capacity Utilization: 2019

ENERGI Everett Monthly Capacity Utilization

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
*based on current plant speed and product mix												
Good lbs Produced(L)(lbs)	1,444,542	1,111,051	1,414,685	1,361,135	1,398,525	1,391,248	-	-	-	-	-	-
Monthly capacity utilization(L/K)%(No seasonal adjustment)	60%	46%	59%	56%	58%	58%	0%	0%	0%	0%	0%	0%

ENERGI Delmont Monthly Capacity Utilization

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
*based on current plant speed and product mix												
Good lbs Produced(L)(lbs)	1,809,686	1,765,002	1,904,176	1,699,937	1,649,127	1,753,097	-	-	-	-	-	-
Monthly capacity utilization(L/K)%(No seasonal adjustment)	57%	56%	60%	54%	52%	55%	0%	0%	0%	0%	0%	0%

ENERGI Woodbridge Monthly Capacity Utilization

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
*based on current plant speed and product mix												
Good lbs Produced(L)(lbs)	2,601,062	2,268,000	2,750,274	2,196,896	2,658,445	3,225,935	-	-	-	-	-	-
Monthly capacity utilization(L/K)%(No seasonal adjustment)	50%	44%	53%	43%	52%	63%	0%	0%	0%	0%	0%	0%

ENERGI Laval Capacity Utilization

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
*based on current plant speed and product mix												
Good lbs Produced(L)(lbs)	1,327,474	1,510,928	1,657,493	1,701,406	1,816,951	1,791,200	-	-	-	-	-	-
Monthly capacity utilization(L/K)%	36%	41%	45%	46%	49%	48%	0%	0%	0%	0%	0%	0%

ECS Capacity utilization

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Total available capacity lbs/month (A)*	13,227,720											
Actual Good Lbs produced(B)	7,187,792	7,248,608	8,717,783	7,717,344	8,754,525	9,535,934	-	-	-	-	-	-
Monthly Capacity utilization % (B/A)%	54%	55%	66%	58%	66%	72%	0%	0%	0%	0%	0%	0%

Terrebonne Capacity Utilization

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Available Shift Capacity(based on One 10Hr shift)(\$)(000)	\$3,000											
Actual Gross Sales (000)(\$CAD)	\$ 1,533	\$ 1,646	\$ 1,728	\$ 2,093	\$ 2,448	\$ 2,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capacity utilization based on NO seasonal adjustment and one 10hr shift	51%	55%	58%	70%	82%	81%	0%	0%	0%	0%	0%	0%