ENERGI

FENESTRATION SOLUTIONS

Audit Committee Meeting – Quarter Ended June 30th, 2019

July 19th, 2019

Q2 2019 Audit Committee Agenda

- CFO Hot Buttons
- Controllership Matters:
  - Auditor Discussion / Update on FY18 & FY19 Audit
  - Management Governance Report – Q2 2019
- Financial Matters:
  - Q2 FY 2019 Operating Results Overview
  - Key Reserves
  - Debt Covenant Compliance
- 2019 Financial Outlook
- Special Topics and Executive Session
- Appendix

CFO Hot Buttons

- As a result of the conflict of interest issues with Grant Thornton being OGC’s auditors, ENERGI will need to find an alternative option for the 2019 tax support
- Need to finalize CEO’s 2018 tax returns and equalization payment calculations
- Need to determine 2019 payroll tax withholdings and remittances for US employees working in Canada

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Auditor Discussion / Update on FY18 & FY19 Audit

- 2018 Audit:
  - Consolidated financial statements approved by Board of Directors at Q1 2019 meeting held on April 22nd, 2019
  - Responses provided to GT-IT team regarding IT internal control deficiencies highlighted in the 2018 Audit Results report
  - 2018 Audit completed on time and on budget
- 2019 Audit Plan & Fees:
  - Develop 2019 audit plan in late summer
  - Continuity on the account – David & Mariya
  - PBC listing and preliminary field work timing TBD
  - 2019 audit fees proposal
- New accounting pronouncements:
  - Lease Accounting – effective date for ENERGI is 2020 fiscal year
  - No significant changes in accounting standards and auditing standards
- Other Matters to discuss
  - GT conflict of interest issues re: tax provision work for ENERGI

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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Q2 FY 2019 Overview

Highlights:

- EBITDA is ahead of the Prior Year on a YTD basis despite significantly lower sales revenues and volumes by $10.8 million and 13%
- Unfavorable impact from volume shortfall offset by continued focus on lower material cost inputs, alternative material usage, optimization of labor costs and lower overhead spending across the business
- EBITDA also benefiting from lower OPEX costs and a favorable F/X impact (offsetting a portion of the F/X expense recorded in December)
- Laval and Terrebonne improvement in EBITDA due to continued focus on production optimization and labor planning for the high season
- EBITDA also benefited from an out-of-period workers' compensation premium refund of $86K at Laval
- CDI Resin Index decreased by 2cpp in April and remained unchanged for the Quarter, but increased by 2cpp at the end of June. This resulted in favorable PPV on resin purchases for the Quarter. Industry consensus is that resin will remain flat for the remainder of the year
- Ti02 price increase announcement of 7cpp has been negotiated to 3cpp effective July 1st, which is below Plan expectations

Lowlights:

- Overall sales revenues and volumes were behind Plan 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
- EBITDA behind Plan by for the Quarter due to 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
- In late April, ENERGI received official notification of Ventana Windows filing for bankruptcy protection. Ventana was an Ontario customer for both the Woodbridge and Terrebonne plants and purchased approx. $900K annually in extrusions and patio doors from ENERGI. All inventory and A/R have been fully reserved

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, Fenergic, 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

YTD Opex Analysis

$'000

	YTD			Explanation of Variance				Variance Impact		
	Act	Bud	Variance (B) / W	One-Time / Non-recurring	Timing	Change in Run-rate	Other/FX	Total Variance (B) / W	YoY Impact (B) / W	Annualized (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	
	Act	AOP	Variance B / (W)	Change in Estimate	Timing	Other	Total Variance B / (W)	Total Change in Estimate 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 Act	Mar-19 Act	Apr-19 Act	May-19 Act	Jun-19 Act	Jun-19 Bud	Variance $	Variance %
Current Assets								
Cash and cash equivalents	$ 0	$ 3	$ 3	$ 3	$ 3	$ 3	$ 0	12.0%
Short term investments	–	–	–	–	–	–	–	N/A
Accounts receivable, gross	8,958	11,613	13,369	14,654	15,793	17,205	(1,413)	(8.2%)
Accounts receivable, reserves	(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%)
Inventory, gross	31,776	35,647	34,119	32,304	34,675	34,348	327	1.0%
Inventory, reserves	(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								
Property, plant & equipment, gross	64,977	66,818	67,503	67,826	69,761	71,660	(1,899)	(2.6%)
Accumulated depreciation	(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

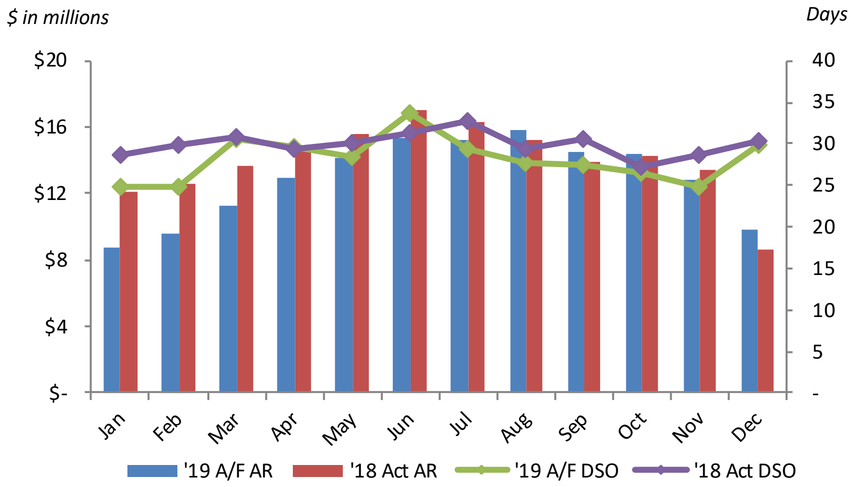
- Net A/R vs. Budget is lower by $1,213K (7.3%) largely due to reduction in QTD Sales by 14.8% vs Budget. Furthermore, there is an unfavorable F/X impact of $113K (actual rate of 1.3099 [or USD$ 0.76] vs. Budget rate of 1.30 [or USD$ 0.77])
- Slight increase in inventory levels vs Bud by $226K as a result 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

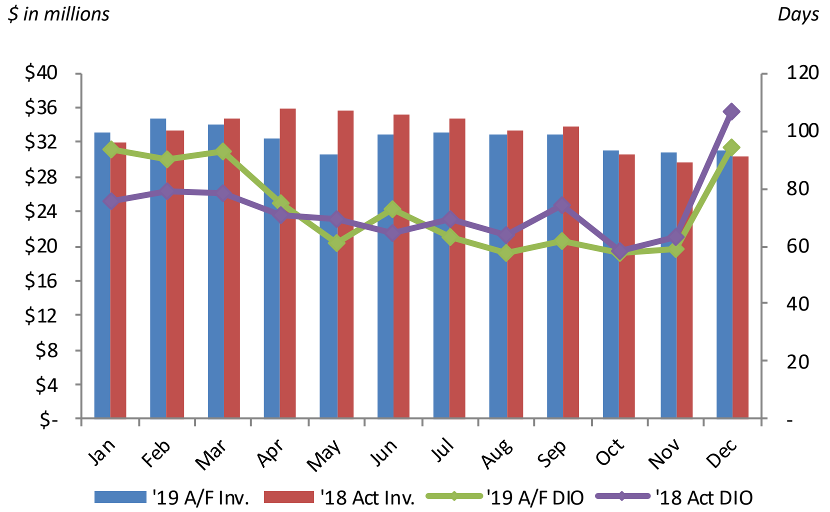
$'000	QTD Act	QTD Bud	Variance $	Variance %	PY-QTD Act	Variance $	Variance %	YTD Act	YTD Bud	Variance $	Variance %	PY YTD ACT	Variance $	Variance %
Cash flow from operations														
Net Income (Loss)	$ 441	$ 270	$ 172	63.7%	$ (768)	$ 1,210	(157.5%)	$ (1,996)	$ (2,530)	$ 534	(21.1%)	$ (2,668)	$ 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 liabilitie	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%**

Working Capital and Cash Conversion Cycle

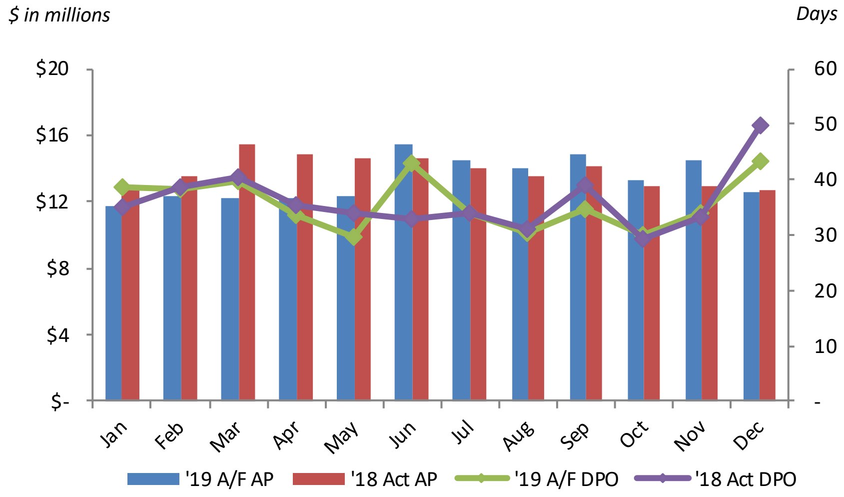
Accounts Receivable



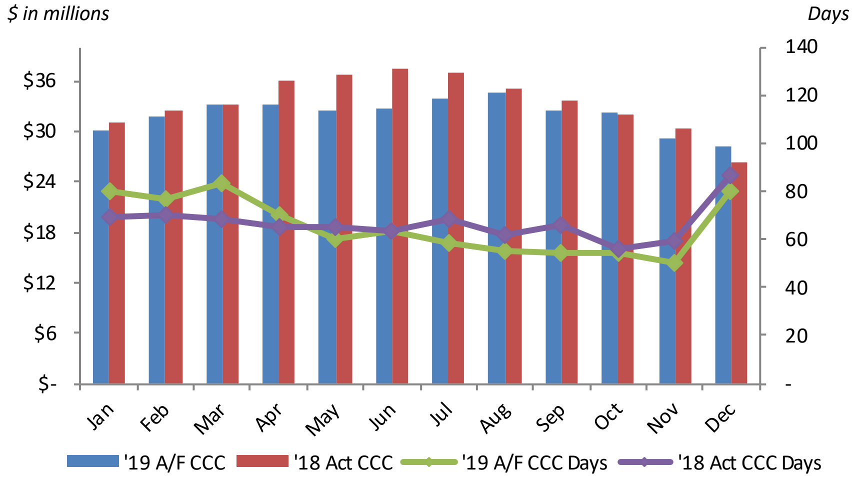
Inventory



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.

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**

Q2 2019 Audit Committee Agenda

- CFO Hot Buttons
- Controllership Matters:
  - Auditor Discussion / Update on FY18 & FY19 Audit
  - Management Governance Report – Q2 2019
- Financial Matters:
  - Q2 FY 2019 Operating Results Overview
  - Key Reserves
  - Debt Covenant Compliance
- 2019 Financial Outlook
- Special Topics and Executive Session
- Appendix

2018 Act to 2019 Bud - Summary Bridge

2018 Act	Change	Commentary	2019 Bud
Volume/Units **104.5 LBS**	**+4.9%**	• Increase in extrusion volumes by 4.3M LBS and external compound volume by 0.8M LBS. Market growth underlined by increases with PGT, Simonton, Quaker, Westech and Coeur d'Alene, together with Share growth from All Weather and Polaris, partially offset by customer losses & risk re: Solar Industries, JELD-WEN, KP Building, Lorendo, Thompson Creek, Panes and Okna	**Volume/Units** **109.6M LBS**
Revenue **$170.5M**	**+4.5%**	• Increase due to a net volume growth impact of $4.2M (organic, inorganic and external compound volume increases offset by customer losses & risk), a price increase impact & CDI resin impact of $2.8M and higher Patio Door sales of $0.9M. This is partially offset by an unfavorable F/X impact of $0.3M	**Revenue** **$178.2M**
Gross Margin **$27.9M** **16.4%**	**+110bps**	• Increase of $3.3M attributable to volume growth of $1.8M, price increases of $2.8M and operational initiative savings of $4.9M offsetting significant raw material cost increases of $4.0M and inflationary impacts from labor and overhead costs of $1.2M. Gross Margin is also negatively impacted by the bonus accrual for Direct & Indirect of $1.1M	**Gross Margin** **$31.2M** **17.5%**
OPEX **$17.6M** **10.3%**	**+80bps**	• Increase in OPEX of $2.2M due to a bonus accrual for the SG&A employees of $1.2M, higher IT costs of $0.5M due to increased security applications and inflationary impacts, higher payroll costs of $0.6M due to additions and wage/benefit inflation and higher travel & entertainment costs of $0.3M partially offset by a favorable F/X impact of $0.4M	**OPEX** **$19.8M** **11.1%**
EBITDA **$10.3M** **6.1%**	**+30bps**	• Increase in EBITDA by $1.1M driven by volume growth, price increases and operational initiative savings of $9.6M offsetting significant raw material cost increases of $4.0M, labor & overhead inflationary impacts of $1.5M, bonus accrual impact of $2.3M and additional OPEX costs of $0.7M	**EBITDA** **$11.4M** **6.4%**
Capex **$10.2M** **6.0%**	**-40bps**	• Continued significant investments in Customer Growth opportunities of $3.4M, Cost Reduction initiatives of $2.2M, maintenance projects of $1.7M and Health & Safety improvement initiatives of $0.6M • Investment in IT infrastructure enhancements and plant level systems of $2.1M	**Capex** **$10.0M** **5.6%**

2019 Bud Key Assumptions

Confidence Level	Key Assumptions
90%	**Revenue**

90% — Revenue

- Revenue projections based on a "bottom-up" approach with collaboration between the sales teams and plant managers and developed on a customer-by-customer basis.
  - Organic Growth (Market Growth with Existing Customers): +2.5% (+$2.7M, +2.6M LBS)
  - Inorganic Growth (Share Growth with Existing and New Customers): +4.1% (+$5.5M, +4.3M LBS)
  - ECS External Compound Sales: +6.7% (+$0.6M, +0.8M LBS)
  - Patio Door Sales: +4.6% (+$0.9M)
  - Customer Loss & Risk: -2.7% (-$4.6M, -3.5M LBS)
- Price increases on extrusion and patio door customers assumed @ $2.15M with an effective date of March 1st, 2018

80% — Gross Profit

- Material Cost:
  - PVC Resin cost increase of 6.9% Year-Over-Year based on latest CDI resin index and IHS Markit data
  - PVC Resin cost inflation impact ~$2.5M
  - Ti02/Additives/Stabilizers/Fillers impact ~$1.2M (2% - 14% YoY increases)
- Labor inflation of 3.0% effective April 1, 2019 for both Canadian and US operations
- Canadian benefits rate kept consistent with 2018 rates – 0% increase based on latest negotiations
- US benefits rate kept consistent with 2018 rates – 0% increase based on latest negotiation for Medical & Dental, but assumed 8% increase for Life & Disability
- Freight cost increase of 4.0% effective January 1, 2018 (inclusive of rate and surcharges)
- Energy cost increases in alignment with regional inflation (approx. 3.0%)
- 100% of bonus assumed for Direct & Indirect employees ($1.2M)

90% — OPEX

- 100% of bonus assumed for SG&A employees ($1.4M)

85% — Foreign Exchange

- Effective 2019 annual FX rate = 1.30 [or $0.7692 USD] vs. 2018 rate of 1.2961 [or $0.7715 USD]

90% — Capex

- Budget of $10.0M aligned with Strategic cost reduction initiatives, customer growth strategy and IT support

2019 Bud Summary P&L

Consolidated Statement of Operations
($ in Millions)

	2017 Act	2018 Act	Q1 19 Bud	Q2 19 Bud	Q3 19 Bud	Q4 19 Bud	2019 Bud	2019 vs 2018 $	2019 vs 2018 %
Gross Revenue	**$ 183.2**	**$ 180.2**	**$ 38.4**	**$ 52.1**	**$ 52.5**	**$ 45.0**	**$ 188.0**	**$ 7.8**	**4.3%**
Discounts	(2.1)	(2.1)	(0.4)	(0.6)	(0.6)	(0.5)	(2.2)	(0.1)	6.4%
Returns	(2.2)	(1.6)	(0.2)	(0.3)	(0.3)	(0.3)	(1.2)	0.4	-22.4%
Rebates	(6.5)	(6.1)	(1.2)	(1.8)	(1.8)	(1.6)	(6.4)	(0.4)	6.1%
Other	-	-	-	-	-	-	-	-	
Net Revenue	**$ 172.4**	**$ 170.5**	**$ 36.6**	**$ 49.3**	**$ 49.7**	**$ 42.6**	**$ 178.2**	**$ 7.7**	**4.5%**
YoY Growth									
Material	$ 84.5	$ 83.3	$ 18.1	$ 24.7	$ 24.7	$ 20.9	$ 88.4	$ 5.1	6.1%
Labor	39.1	38.5	9.0	9.9	10.0	9.5	38.4	(0.1)	-0.3%
Other COGS	21.4	20.8	3.8	5.6	5.5	5.3	20.3	(0.5)	-2.6%
Total COGS	**$ 145.0**	**$ 142.6**	**$ 31.0**	**$ 40.1**	**$ 40.2**	**$ 35.6**	**$ 147.0**	**$ 4.4**	**3.1%**
Gross Margin	**$ 27.4**	**$ 27.9**	**$ 5.6**	**$ 9.2**	**$ 9.5**	**$ 6.9**	**$ 31.2**	**$ 3.3**	**11.7%**
Gross Margin %	15.9%	16.4%	15.2%	18.6%	19.1%	16.3%	17.5%	1.1%	
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Sales & marketing	6.5	7.0	1.8	1.9	1.9	1.8	7.2	0.2	2.9%
Administrative	10.7	10.2	3.1	3.2	3.2	3.2	12.8	2.6	25.1%
Other	(1.1)	0.3	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	-175.6%
Total OPEX (excl D&A)	**$ 16.1**	**$ 17.6**	**$ 4.8**	**$ 5.0**	**$ 5.0**	**$ 4.9**	**$ 19.8**	**$ 2.2**	**12.7%**
Adjusted EBITDA	**$ 11.3**	**$ 10.3**	**$ 0.8**	**$ 4.2**	**$ 4.5**	**$ 2.0**	**$ 11.4**	**$ 1.0**	**10.1%**
AEBITDA Margin %	6.6%	6.1%	2.1%	8.5%	9.0%	4.7%	6.4%	0.3%	

Q2 2019 Audit Committee Agenda

- CFO Hot Buttons
- Controllership Matters:
  - Auditor Discussion / Update on FY18 & FY19 Audit
  - Management Governance Report – Q2 2019
- Financial Matters:
  - Q2 FY 2019 Operating Results Overview
  - Key Reserves
  - Debt Covenant Compliance
- 2019 Financial Outlook
- Special Topics and Executive Session
- Appendix

Special Topics

- M&A
- Quality of Earnings - KPMG

Q2 2019 Audit Committee Agenda

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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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		PY	Var	
$'000	**Act**	**Act**	**Act**	**Act**	**Act**	**Act**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Bud**	**$**	**%**	**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**
Variances:			
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	$	%
<u>Material</u>																			
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%)**
<u>Labor</u>																			
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%)**
<u>Other</u>																			
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

<u>Material COGS:</u> 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

<u>Labor COGS:</u> 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

<u>Other COGS:</u> 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

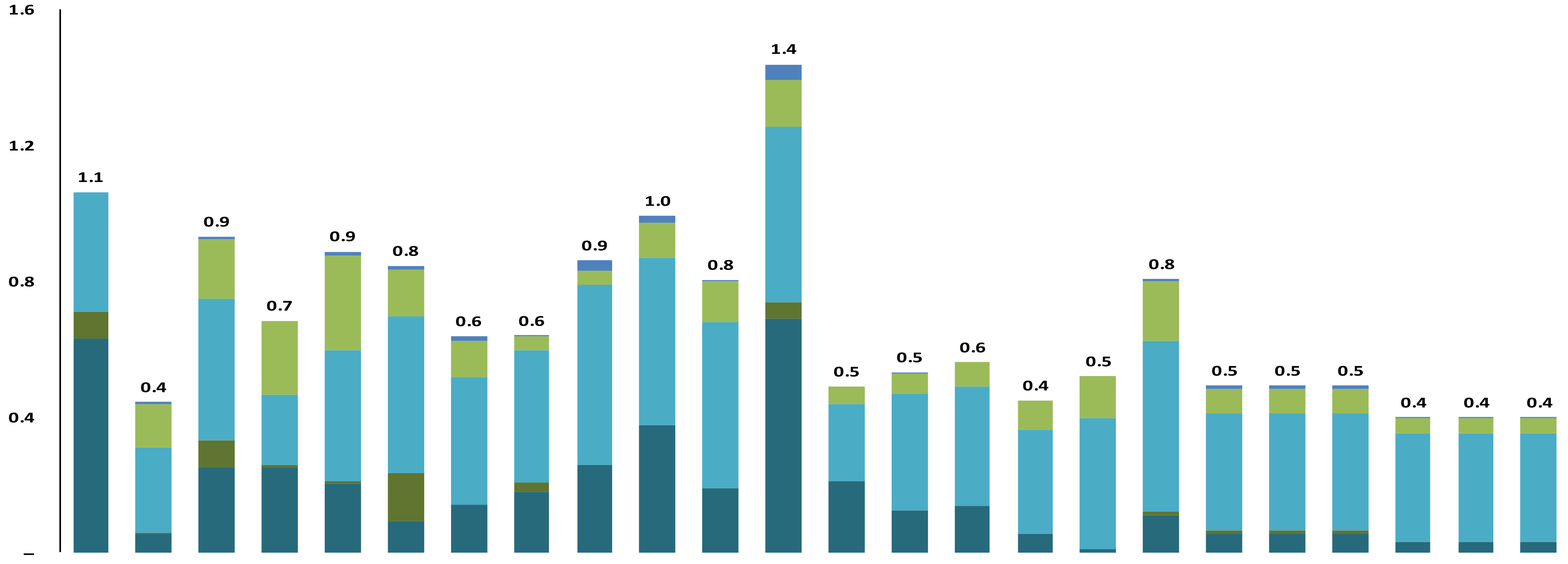
$'000	Jan-19 Act	Feb-19 Act	Mar-19 Act	Apr-19 Act	May-19 Act	Jun-19 Act	Jul-19 Fcst	Aug-19 Fcst	Sep-19 Fcst	Oct-19 Fcst	Nov-19 Fcst	Dec-19 Fcst	FY Fcst	FY Bud	Var $	Var %
Current Assets																
Cash and cash equivalents	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 2	$ 3	$ 3	$ 3	$ 3	$ 0	$ 3	739066.5%
Short term investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A
Accounts receivable, gross	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%
Accounts receivable, reserves	(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%
Inventory, gross	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%
Inventory, reserves	(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																
Property, plant & equipment, gross	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%
Accumulated depreciation	(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%**

Monthly Cash Flow

$'000	Jan-19 Act	Feb-19 Act	Mar-19 Act	Apr-19 Act	May-19 Act	Jun-19 Act	Jul-19 Fcst	Aug-19 Fcst	Sep-19 Fcst	Oct-19 Fcst	Nov-19 Fcst	Dec-19 Fcst	FY Fcst	FY Bud	Var $	Var %	PY Act	Var $	Var %
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%**

Capital Expenditures

$ in millions



$M	Jan 18 (A)	Feb 18 (A)	Mar 18 (A)	Apr 18 (A)	May 18 (A)	Jun 18 (A)	Jul 18 (A)	Aug 18 (A)	Sep 18 (A)	Oct 18 (A)	Nov 18 (A)	Dec 18 (A)	Jan 19 (A)	Feb 19 (A)	Mar 19 (A)	Apr 19 (A)	May 19 (A)	Jun 19 (A)	Jul 19 (F)	Aug 19 (F)	Sep 19 (F)	Oct 19 (F)	Nov 19 (F)	Dec 19 (F)
Health & Safety	–	0.0	0.0	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0	–	–	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance	–	0.1	0.2	0.2	0.3	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Market Growth	0.4	0.3	0.4	0.2	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.2	0.3	0.4	0.3	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3
Share Growth	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Innovation	0.1	0.0	0.1	0.0	0.0	0.1	–	0.0	–	–	–	0.1	–	–	–	–	–	0.0	0.0	0.0	0.0	–	–	–
Cost Reduction	0.6	0.1	0.3	0.3	0.2	0.1	0.1	0.2	0.3	0.4	0.2	0.7	0.2	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Total	$1.1	$0.4	$0.9	$0.7	$0.9	$0.8	$0.6	$0.6	$0.9	$1.0	$0.8	$1.4	$0.5	$0.5	$0.6	$0.4	$0.5	$0.8	$0.5	$0.5	$0.5	$0.4	$0.4	$0.4

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