



Audit Committee Meeting – Quarter Ended December 31st, 2019

January 29th, 2020



Q4 2019 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q4 2019

➔ Financial Matters:

Q4 FY 2019 Operating Results Overview

Key Reserves

Debt Covenant Compliance

➔ 2020 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 provision support
- Following up with a couple of recommended sources to complete the work for 2019
- Canada Revenue Agency issued refund to CEO regarding 2018 Canadian income tax return
- Need to finalize 2019 payroll tax withholdings and remittances for US employees working in Canada (working with Teli from GT)

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Auditor Discussion / Update on FY19 Audit

- 2019 Audit Plan & Fees:
 - Develop 2019 audit plan
 - Continuity on the account
 - Steve Bishop (Partner)
 - Michael Crosbie is the new Manager on our audit
 - David Irwin (Senior Manager) has transitioned to a new role effective Jan. 1st
 - PBC listing issued to controllers – data uploads due in GT Portal by February 7th
 - Preliminary field work completed in November 18th
 - Year end field work to commence on February 10th for 4 weeks
 - GT attended year-end physical inventory counts at Woodbridge, ECS, Laval and Everett
 - 2019 audit fees proposal (Refer to GT Planning and Communication presentation)
- New accounting pronouncements:
 - Refer to GT Planning and Communication presentation
- Other Matters to discuss
 - None

Management Governance Report

Disclosure Committee:

- Members include: CEO, CFO, VP Sales, VP Manufacturing & VP Supply Chain
- Meeting held on January 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 Phone call received on January 15th, 2019 from an anonymous Delmont employee
 - Individual has issued a misconduct/inappropriate behavior complaint against the Delmont Quality Control Manager, indicating that the employees exhibited unprofessional behavior
 - Quality Control Manager is a 15 year employee and has never been disciplined for this type of behavior (some attendance issues from time to time)
 - Individual has been suspended without pay for 10 days
 - Plant Manager will conduct townhall meetings during the week of Jan. 27th to address harassment and violence in the workplace and reiterate that ENERGI will not tolerate this type of behavior

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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Q4 FY 2019 Overview

→ Highlights:

- Unfavorable impact from volume shortfall offset by improved yields at Laval, optimization of labor costs and lower overhead spending across the business
- EBITDA also benefiting from lower OPEX costs including labor and all discretionary spending
- EBITDA has improved at Laval, Terrebonne and ECS year-over-year with improvements in margins, quality, delivery and continued focus on production optimization and labor planning
- CDI Resin Index decreased by 1cpp in November and remained consistent in December. This resulted in favorable PPV on resin purchases for the Quarter versus the original Plan forecasts but were offset by increases in other materials such as glass, aluminum, steel and other compound additives. The January CDI Resin Index increased by 3cpp despite ethylene prices down, continued soft demand and inventory builds in December. Westlake did confirm a market rate adjustment to ENERGI's invoice price down 2cpp effective Jan. 1st, which helps offset the January resin index increase. tiated price increase of 3cpp effective July 1st, which is below Plan expectations, is expected to remain flat for the remainder of the year

→ Lowlights:

- Overall sales revenues and volumes were behind Plan for the Quarter due to lower than anticipated demand at Woodbridge, Delmont and Everett from both Canadian and US customers impacted by continued slowdown in most Canadian regions, US West and US South regions, continued high inventory levels and customers' inability to find and maintain skilled labor (ie. installers) and planning for year-end shutdown
- EBITDA is ahead of Plan for the Quarter but behind Plan when you exclude the impacts of bonus expense. EBITDA impacted by lower sales volumes than Plan at the extrusion plants, lower production volumes resulting in higher inefficiencies and unfavorable absorption. EBITDA also impacted by production challenges at Woodbridge resulting in lower production yields and higher scrap
- Terrebonne had negotiated the purchase of capital equipment from a local Montreal distributor of a well-known and reputable equipment manufacturer (Sturtz Machinery) in 2018. An initial deposit to the distributor was made in 2018 and after further reviews and modifications to the equipment, the second payment was made in early 2019, at the time it was ready for shipment. The equipment was never shipped to ENERGI and the distributor filed for bankruptcy shortly thereafter. ENERGI's legal representation attended the bankruptcy hearing and learned that Sturtz only received a portion of the funds from the distributor for the ENERGI equipment, which they still have in their possession. There is no claim against the distributor due to secured debt obligations having preference over remaining funds & assets. Final negotiations with Sturtz were completed successfully in November as they have concluded to provide ENERGI with the equipment for no additional cost. ENERGI will need to run some tests on the unit in Sturtz's Ohio facility before arranging for the shipment to the Terrebonne plant. This will occur in Q1 2020

Consolidated Summary P&L – Q4 2019

\$'000	QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Units Produced ('000)	22,517	24,551	(2,034)	(8.3%)	97,151	108,274	(11,122)	(10.3%)
Units Shipped ('000)	23,778	25,747	(1,969)	(7.6%)	96,500	109,580	(13,079)	(11.9%)
Bookings (\$'000)	\$ 38,217	\$ 42,941	\$ (4,724)	(11.0%)	\$ 162,586	\$ 180,948	\$ (18,362)	(10.1%)
Backlog (\$'000)	\$ 8,430	\$ 11,911	\$ (3,481)	(29.2%)	\$ 8,430	\$ 11,911	\$ (3,481)	(29.2%)
Gross Revenue	\$ 41,827	\$ 45,001	\$ (3,174)	(7.1%)	\$ 166,852	\$ 188,036	\$ (21,184)	(11.3%)
Adj. to Gross Revenue	(2,336)	(2,441)	105	(4.3%)	(8,554)	(9,876)	1,322	(13.4%)
Net Revenue	39,492	42,561	(3,069)	(7.2%)	158,298	178,160	(19,862)	(11.1%)
Material	19,912	20,858	(947)	(4.5%)	77,752	88,355	(10,604)	(12.0%)
Labor	8,263	9,450	(1,187)	(12.6%)	35,618	38,371	(2,752)	(7.2%)
Other COGS	5,443	5,319	123	2.3%	18,911	20,261	(1,350)	(6.7%)
Total COGS	33,618	35,628	(2,010)	(5.6%)	132,281	146,986	(14,706)	(10.0%)
Gross Margin	5,874	6,933	(1,059)	(15.3%)	26,017	31,173	(5,157)	(16.5%)
Gross Margin %	14.9%	16.3%			16.4%	17.5%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	1,580	1,794	(214)	(11.9%)	6,644	7,247	(603)	(8.3%)
Administrative	2,087	3,209	(1,122)	(35.0%)	10,880	12,772	(1,892)	(14.8%)
Other Opex	(39)	(56)	17	(29.8%)	(291)	(228)	(63)	27.6%
Total Opex	3,628	4,947	(1,319)	(26.7%)	17,234	19,791	(2,557)	(12.9%)
EBITDA	2,246	1,986	261	13.1%	8,783	11,382	(2,600)	(22.8%)
EBITDA %	5.7%	4.7%			5.5%	6.4%		
Net Income (Loss)	\$ (899)	\$ (1,379)	\$ 480	(34.8%)	\$ (3,946)	\$ (3,300)	\$ (646)	19.6%
Capex	\$ (1,808)	\$ (1,194)	\$ (615)	51.5%	\$ (6,807)	\$ (8,000)	\$ 1,193	(14.9%)
Opex Overview:								
Payroll	\$ 2,338	\$ 2,736	\$ (398)	(14.6%)	\$ 9,929	\$ 10,783	\$ (855)	(7.9%)
Bonus	(393)	340	(733)	(215.6%)	616	1,361	(744)	(54.7%)
Commissions	60	90	(30)	(33.4%)	247	358	(111)	(31.0%)
Marketing	457	413	44	10.6%	1,583	1,780	(197)	(11.1%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	243	390	(146)	(37.6%)	1,069	1,587	(518)	(32.7%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	77	79	(3)	(3.8%)	317	336	(20)	(5.9%)
Professional fees	182	140	42	30.0%	665	584	81	13.8%
Office Expenses	62	72	(10)	(14.5%)	254	287	(34)	(11.7%)
IT	448	541	(93)	(17.2%)	1,859	2,092	(233)	(11.1%)
Bad Debts	50	(1)	51	(4457.6%)	174	(5)	178	(3861.5%)
FX	(15)	–	(15)	N/A	(145)	–	(145)	N/A
JV Loss (Income)	(24)	(56)	32	(56.7%)	(146)	(228)	82	(36.1%)
Other Expenses	145	204	(59)	(28.8%)	812	853	(42)	(4.9%)
Total Opex	\$ 3,628	\$ 4,947	\$ (1,319)	(26.7%)	\$ 17,234	\$ 19,791	\$ (2,557)	(12.9%)

Management Discussion

Net Revenue – Q4-19 -\$3,069K:

- Extrusion external sales volume unfavorable by 9.5% or \$3,361K due to lower demand from both Canadian and US customers; with lower sales out of Woodbridge by \$2,075K, Delmont by \$1,016K and Everett by \$607K; partially offset by higher sales out of Laval by \$338K
- Patio Door gross sales were behind Budget by \$440K mainly driven by decreased demand from Vaillancourt and AMI. External compound sales were ahead of Budget by \$92K due to higher sales from Nuform (PVC panels increase), The Vinyl Company and Delcan (fencing industry)
- Favorable product/customer mix impact of \$947K from Woodbridge, Laval and Delmont, partially offset by Everett; Favorable rebates & discounts variance of \$176K driven by lower volumes partially offset by rebate adjustment for Schluter; and higher returns & allowances by \$95K
- Unfavorable F/X impact of \$388K (actual rate of 1.32 [or \$USD 0.7576] vs. Budget rate of 1.30 [or \$USD 0.7692])

EBITDA – Q4-19 +\$261K (-\$1,139K excluding bonus):

- Material COGS:** Decrease of \$947K primarily due to the volume and mix impact of \$1,651K from lower sales; favorable resin material prices (net of higher TiO2, cellular, glass, steel and aluminum pricing) of \$299K and favorable scrap at ECS of \$109K; offset by unfavorable yields and lower regrind usage of \$841K at Woodbridge, Delmont and Everett (net of improved yields at Laval) due to tool trials, dark capstock launch and customer returns; and higher inventory reserves at Woodbridge, Delmont, Everett and Terrebonne of \$271K
- Labor COGS:** Decrease of \$1,187K due to a volume impact of \$195K, a favorable impact of \$181K from headcount reduction initiatives and improved labor efficiency at Laval, Delmont, Everett and ECS, a non-recurring WSIB claim refund of \$68K at Laval & Terrebonne, the reversal of a portion of the bonus accrued for DL & IDL employees of \$666K and a favorable F/X impact of \$77K
- Other COGS:** Increase of \$123K comprised of: an unfavorable absorption impact of \$596K as a result of selling more out of inventory than Plan; warranty accruals for field issues of \$76K; partially offset by lower freight costs due to sales volume and customer mix of \$210K; higher tool & die overhead recovery of \$250K, lower overhead spending of \$50K and a favorable F/X impact of \$39K
- Sales and Marketing:** Lower payroll costs of \$166K due to lower headcount, lower T&E costs of \$39K and a favorable F/X impact of \$21K; partially offset by marketing costs and bad debts reserve
- Administrative:** reversal of a portion of the bonus accrual of \$732K, lower payroll costs of \$201K due to lower headcount, lower T&E spend of \$107K and a favorable F/X impact of \$22K
- Other Opex:** Favorable realized F/X re-valuation impact of \$15K due to net USD working capital held by the Canadian entity (change in F/X from 1.3246 on September 30th, 2019 to 1.3024 on December 31st, 2019) and unfavorable JV equity income due to lower sales

Consolidated Summary P&L (vs PY) – Q4 2019

\$'000	QTD		Var		YTD		Var	
	Act	PY-Act	\$	%	Act	PY-Act	\$	%
Units Produced ('000)	22,517	20,914	1,603	7.7%	97,151	96,146	1,006	1.0%
Units Shipped ('000)	23,778	23,766	12	0.1%	96,500	104,464	(7,964)	(7.6%)
Bookings (\$'000)	\$ 38,217	\$ 38,616	\$ (398)	(1.0%)	\$ 162,586	\$ 173,588	\$ (11,003)	(6.3%)
Backlog ('\$000)	\$ 8,430	\$ 8,368	\$ 62	0.7%	\$ 8,430	\$ 8,368	\$ 62	0.7%
Gross Revenue	\$ 41,827	\$ 41,521	\$ 307	0.7%	\$ 166,852	\$ 180,283	\$ (13,431)	(7.4%)
Adj. to Gross Revenue	(2,336)	(2,376)	41	(1.7%)	(8,554)	(9,708)	1,154	(11.9%)
Net Revenue	39,492	39,144	347	0.9%	158,298	170,574	(12,277)	(7.2%)
Material	19,912	19,909	3	0.0%	77,752	83,420	(5,668)	(6.8%)
Labor	8,263	8,457	(194)	(2.3%)	35,618	38,503	(2,885)	(7.5%)
Other COGS	5,443	4,929	514	10.4%	18,911	20,885	(1,974)	(9.5%)
Total COGS	33,618	33,295	323	1.0%	132,281	142,807	(10,526)	(7.4%)
Gross Margin	5,874	5,849	25	0.4%	26,017	27,767	(1,750)	(6.3%)
Gross Margin %	14.9%	14.9%			16.4%	16.3%		
R&D	–	–	–	N/A	–	–	–	N/A
Sales & Marketing	1,580	1,535	45	2.9%	6,644	7,045	(400)	(5.7%)
Administrative	2,087	2,468	(381)	(15.4%)	10,880	10,240	640	6.2%
Other Opex	(39)	305	(345)	(112.9%)	(291)	302	(593)	(196.4%)
Total Opex	3,628	4,309	(681)	(15.8%)	17,234	17,587	(353)	(2.0%)
EBITDA	2,246	1,540	706	45.8%	8,783	10,180	(1,397)	(13.7%)
EBITDA %	5.7%	3.9%			5.5%	6.0%		
Net Income (Loss)	\$ (899)	\$ (2,218)	\$ 1,319	(59.5%)	\$ (3,946)	\$ (3,490)	\$ (455)	13.0%
Capex	\$ (1,808)	\$ (3,232)	\$ 1,424	(44.0%)	\$ (6,807)	\$ (10,215)	\$ 3,408	(33.4%)
Opex Overview:								
Payroll	\$ 2,338	\$ 2,410	\$ (72)	(3.0%)	\$ 9,929	\$ 10,318	\$ (390)	(3.8%)
Bonus	(393)	–	(393)	N/A	616	159	457	287.7%
Commissions	60	40	20	49.7%	247	187	60	32.4%
Marketing	457	339	118	34.6%	1,583	1,679	(96)	(5.7%)
Benefits	–	–	–	N/A	–	–	–	N/A
Travel and entertainment	243	276	(33)	(11.8%)	1,069	1,231	(162)	(13.2%)
Rent and facilities	–	–	–	N/A	–	–	–	N/A
Insurance	77	76	0	0.3%	317	328	(11)	(3.5%)
Professional fees	182	145	37	25.2%	665	585	80	13.7%
Office Expenses	62	61	0	0.6%	254	287	(33)	(11.6%)
IT	448	401	47	11.6%	1,859	1,634	226	13.8%
Bad Debts	50	(11)	61	(575.6%)	174	(80)	253	(317.8%)
FX	(15)	225	(240)	(106.7%)	(145)	384	(530)	(137.7%)
JV Loss (Income)	(24)	80	(105)	(130.2%)	(146)	(83)	(63)	76.2%
Other Expenses	145	266	(121)	(45.4%)	812	956	(144)	(15.1%)
Total Opex	\$ 3,628	\$ 4,309	\$ (681)	(15.8%)	\$ 17,234	\$ 17,586	\$ (353)	(2.0%)

Management Discussion

Net Revenue – Q4 +\$347K:

- Extrusion external sales volume unfavorable by 2.5% or \$822K due to lower demand from Canadian customers and impacts from lost business (Ventana, J-W, KP, Thompson Creek); with lower sales out of Woodbridge by \$1,462K, Laval by \$118K and Everett by \$69K, partially offset by higher sales out of Delmont by \$827K (PGT, Polaris, Sierra Pacific)
- Patio Door gross sales were ahead of Prior Year by \$437K mainly driven by increased demand from Abritek, Vaillancourt and Isothermic. External compound sales were ahead of Prior Year by \$421K due to increases from Nuform, The Vinyl Company and Delcan
- Favorable product/customer mix impact of \$339K primarily from Delmont and Terrebonne; Unfavorable rebates & discounts variance of \$5K driven by rebate adjustment at Laval for Schluter offset by lower volumes at Woodbridge; and lower returns & allowances by \$39K due to improved quality at Woodbridge and Everett
- Unfavorable F/X impact of \$62K (actual rate of 1.32 [or \$USD 0.7576] vs. Prior Year rate of 1.3214 [or \$USD 0.7567])

EBITDA – Q4 +\$706K (-\$45K excluding bonus):

- Material costs in line with prior year but impacted by higher material cost PPV (TiO2, Tin Stabilizers, glass, aluminum, steel) impact of \$99K and higher inventory reserves at Woodbridge, Delmont, Everett and Terrebonne of \$172K; offset by a favorable count adjustment variance at Terrebonne (write-off in PY) of \$104K and higher yields at Laval, Delmont and ECS (offsetting lower yields and regrind usage at Woodbridge and Everett) of \$164K
- Labor costs were lower by \$194K due to the reversal of a portion of the 2019 bonus accrual of \$357K, headcount reduction initiatives & improved labor efficiency of \$113K, a WSIB claim refund of \$54K at Laval & Terrebonne; partially offset by a production volume impact of \$330K
- Other COGS higher than the Prior Year as a result of an unfavorable absorption impact of \$405K as a result of selling more out of inventory at Delmont and Woodbridge, higher warranty costs for field issues of \$55K, a gain on sale of tools & dies to Atis in the prior year of \$187K and higher overhead spending of \$216K (maintenance); partially offset by lower freight costs of \$349K due to lower volumes and mix
- Sales and Marketing expenses increased as a result of higher marketing costs due to timing of the Concerto program and higher bad debts reserve, partially offset by lower headcount, lower T&E costs and lower product development costs (testing, certifications)

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	\$ 9,929	\$ 10,783	\$ (855)	\$ (85)	\$ (15)	\$ (616)	\$ (139)	\$ (855)	\$ (390)	\$ -	
Bonus	\$ 616	\$ 1,361	\$ (744)	\$ (737)	\$ -	\$ -	\$ (7)	\$ (744)	\$ 457	\$ -	
Commissions	\$ 247	\$ 358	\$ (111)	\$ (13)	\$ -	\$ (94)	\$ (4)	\$ (111)	\$ 60	\$ -	
Marketing	\$ 1,583	\$ 1,780	\$ (197)	\$ -	\$ -	\$ (169)	\$ (28)	\$ (197)	\$ (96)	\$ -	
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Travel and entertainment	\$ 1,069	\$ 1,587	\$ (518)	\$ (93)	\$ (50)	\$ (362)	\$ (13)	\$ (518)	\$ (162)	\$ -	
Rent and facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Insurance	\$ 317	\$ 336	\$ (20)	\$ -	\$ (12)	\$ (8)	\$ (0)	\$ (20)	\$ (11)	\$ -	
Professional fees	\$ 665	\$ 584	\$ 81	\$ 18	\$ -	\$ 75	\$ (12)	\$ 81	\$ 80	\$ -	
Office expense	\$ 254	\$ 287	\$ (34)			\$ (29)	\$ (4)	\$ (34)	\$ (33)	\$ -	
IT	\$ 1,859	\$ 2,092	\$ (233)	\$ 125	\$ (84)	\$ (239)	\$ (36)	\$ (233)	\$ 226	\$ -	
Bad Debts	\$ 174	\$ (5)	\$ 178	\$ 183	\$ -	\$ -	\$ (4)	\$ 178	\$ 253	\$ -	
FX	\$ (145)	\$ -	\$ (145)	\$ -	\$ -	\$ -	\$ (145)	\$ (145)	\$ (530)	\$ -	
JV Loss (Income)	\$ (146)	\$ (228)	\$ 82	\$ (2)	\$ 20	\$ 69	\$ (4)	\$ 82	\$ (63)	\$ -	
Other Expenses	\$ 812	\$ 853	\$ (42)	\$ (4)	\$ -	\$ (16)	\$ (21)	\$ (42)	\$ (144)	\$ -	
Total Opex	\$ 17,234	\$ 19,791	\$ (2,557)	\$ (609)	\$ (140)	\$ (1,390)	\$ (418)	\$ (2,557)	\$ (353)	\$ -	

Management Discussion

- Lower payroll largely due to lower headcount, delays in hiring for open positions and staff exits and lower benefits costs coupled with a positive Canadian FX impact
- Bonus accrual reversal of \$624k in November and nil accrual for December
- Lower commissions as a result of revised estimates for accrual based on current sales which has also resulted in lower Travel and entertainment.
- Marketing expenses lower due to selective spending
- Higher professional fee on account of Syteline and Paytech consultants for IT and Payroll in HO and CSST consultant at Laval and Terrebonne
- Lower IT due to a combination of discontinuation as well as lower than anticipated pricing on certain services, and timing of contract negotiations as part of cost management and a positive Canadian FX impact offset by unbudgeted expense for Spend HQ and DSI MEP software subscriptions.
- Top up of Bad Debts provision to cover Quebec exposures with Enterprises Doco, West Coast Designs, Custom Quality and SDO Renovation.

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	\$ 120	\$ 70	\$ (50)	\$ (34)	\$ -	\$ (16)	(50)	\$ (34)
Legal Fees	\$ 30	\$ -	\$ (30)	\$ -	\$ -	\$ (30)	(30)	\$ -
Professional Fees	\$ 673	\$ 117	\$ (556)	\$ (507)	\$ (4)	\$ (44)	(556)	\$ (507)
Mgmt Incentive	\$ 245	\$ 342	\$ 97	\$ 97	\$ -	\$ -	97	\$ 97
Laval Water Damage	\$ 90	\$ -	\$ (90)	\$ -	\$ -	\$ (90)	(90)	\$ -
Profit Velocity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAD Transfer Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TSA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Restructuring Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 3	\$ -	\$ (3)	\$ -	\$ -	\$ (3)	(3)	\$ -
Total 1X Costs	\$ 1,161	\$ 529	\$ (632)	\$ (444)	\$ (4)	\$ (184)	\$ (632)	\$ (444)

Management Discussion

- IT Costs relate to Terrebonne ERP Syteline Project to set up certain modules and perform an upgrade to the system (\$64K), Disaster Recovery testing for JDE (\$40K) and DDL Consultant for ITSM Project (\$16K)
- Legal Costs of \$23K for Corporate Management Services and \$7K for Project ICE
- Professional Fees include costs incurred for the Quality of Earnings study with KPMG (\$181K), OBI projects with The Practical Approach (\$102K), Project Monaco costs (\$16K), Management Tools Inc (\$22K), Smart Ventures (\$239K), Process feasibility and efficiency Consultants (\$115K)
- Management staff incentive (\$245K)
- Laval Water Damage costs relate to water clean-up services performed by Qualinet (\$90K, not planned)

Balance Sheet

\$'000	Dec-18	Sep-19	Oct-19	Nov-19	Dec-19		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 0	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	10.4%
Short term investments	—	—	—	—	—	—	—	N/A
<i>Accounts receivable, gross</i>	8,958	13,915	14,965	14,538	9,267	10,358	(1,091)	(10.5%)
<i>Accounts receivable, reserves</i>	(363)	(501)	(504)	(534)	(561)	(679)	118	(17.4%)
Accounts receivable, net	8,594	13,414	14,460	14,004	8,707	9,680	(973)	(10.0%)
<i>Inventory, gross</i>	31,776	34,529	33,944	32,086	31,428	32,705	(1,277)	(3.9%)
<i>Inventory, reserves</i>	(1,467)	(1,764)	(1,801)	(1,840)	(2,031)	(1,706)	(325)	19.1%
Inventory, net	30,309	32,765	32,143	30,246	29,397	30,999	(1,602)	(5.2%)
Prepaid expenses and other current assets	2,942	3,848	3,866	3,405	3,221	2,832	388	13.7%
Other current assets	901	911	894	958	835	682	153	22.4%
Total Current Assets	42,746	50,941	51,367	48,617	42,162	44,196	(2,034)	(4.6%)
Non-Current Assets								
<i>Property, plant & equipment, gross</i>	64,977	70,962	71,741	71,977	73,423	74,303	(879)	(1.2%)
<i>Accumulated depreciation</i>	(17,639)	(24,601)	(25,492)	(26,136)	(27,272)	(24,569)	(2,703)	11.0%
Property, plant & equipment, net	47,338	46,361	46,249	45,842	46,151	49,734	(3,582)	(7.2%)
Deferred financing cost	548	435	423	407	399	395	4	1.0%
Deferred tax asset	2,879	2,947	2,963	2,940	2,987	1,367	1,620	118.6%
Other non-current assets	2,616	2,791	2,825	2,813	2,863	3,331	(468)	(14.1%)
Total Non-Current Assets	53,382	52,534	52,461	52,002	52,399	54,826	(2,426)	(4.4%)
Total Assets	\$ 96,127	\$ 103,475	\$ 103,828	\$ 100,618	\$ 94,562	\$ 99,022	\$ (4,460)	(4.5%)
Current Liabilities								
Bank Debt	\$ 10,222	\$ 16,663	\$ 17,396	\$ 14,798	\$ 14,452	\$ 13,778	\$ 674	4.9%
Current Portion - Long Term Debt	1,628	1,667	1,677	1,663	1,690	1,800	(110)	(6.1%)
Accounts payable	12,709	14,476	13,366	13,935	12,946	12,627	319	2.5%
Accrued liabilities	3,343	3,707	3,923	3,625	2,708	2,808	(100)	(3.6%)
Accrued compensation	2,521	4,303	4,461	3,591	2,802	5,149	(2,347)	(45.6%)
Income taxes payable	(246)	192	419	572	(226)	1,710	(1,935)	(113.2%)
Contingent consideration	1,301	1,301	1,301	1,301	—	—	—	N/A
Other current liabilities	97	116	115	84	111	107	4	3.6%
Total Current Liabilities	31,576	42,425	42,657	39,568	34,485	37,980	(3,495)	(9.2%)
Long-term liabilities								
Long-term debt less current maturities	12,006	11,060	10,985	10,753	10,799	10,428	372	3.6%
Deferred income taxes	9,610	9,729	9,757	9,716	9,799	7,785	2,014	25.9%
Other non-current liabilities	1,468	1,585	1,598	1,584	1,618	1,486	132	8.9%
Total Long-Term Liabilities	23,084	22,374	22,340	22,053	22,216	19,699	2,518	12.8%
Total Liabilities	54,660	64,799	64,997	61,622	56,701	57,679	(977)	(1.7%)
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	26,982	27,099	27,319	26,083	29,263	(3,179)	(10.9%)
Accumulated other comprehensive income	(1,181)	(916)	(878)	(933)	(833)	(530)	(303)	57.3%
Total Shareholders' Equity	41,467	38,676	38,831	38,997	37,860	41,343	(3,483)	(8.4%)
Total Liabilities and Shareholders' Equity	\$ 96,127	\$ 103,475	\$ 103,828	\$ 100,618	\$ 94,562	\$ 99,022	\$ (4,460)	(4.5%)

Management Discussion

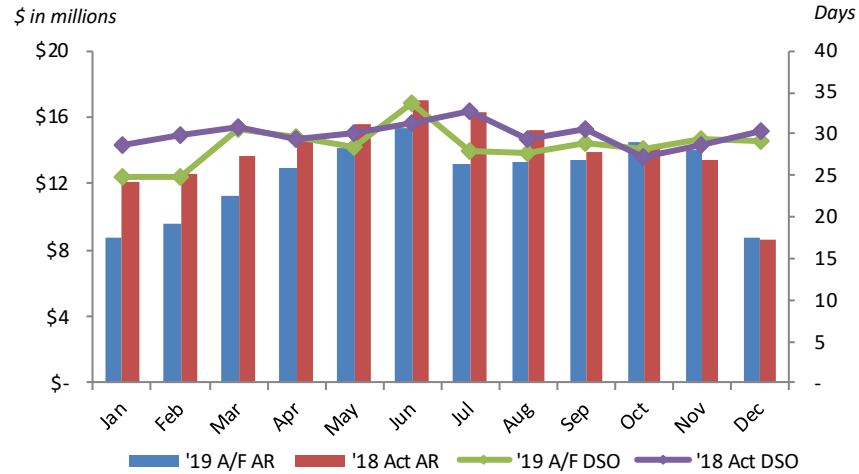
- Net A/R vs. Budget is down by \$973K (10 %) due to lower sales vs budget, improved collections as well as increase in reserves by \$51K
- Inventory levels slightly lower vs Bud due to planned production slowdown
- Increase in Prepaid expenses vs Bud due a higher Non-inventory stock of \$279K as a result of new product developments and higher prepaid balance of \$110K
- Increase in Other current assets vs Bud attributed to higher receivable related to Customer Tooling of \$198K
- Gross PP&E lower vs Bud by 879K largely due to lower Capex spending than budgeted of \$785K and an unfavorable F/X impact of \$94K (actual rate of 1.3024 [or USD\$ 0.77] vs. the Budget rate of 1.30 [or USD\$ 0.77])
- Other non-current assets reduction of \$468K vs Bud due to a reduction in JV equity income in the month and an unfavorable F/X impact
- Increase in exposure with Bank due to payment of Long Term Liability to Westlake/Axiall of \$1,300K; offset by increase in payables
- Decrease in Accrued Compensation due to reduction in bonus accrual (\$1,400K) and reduction in payroll accrual due to timing of payroll funding at year end

Cash Flow Statement

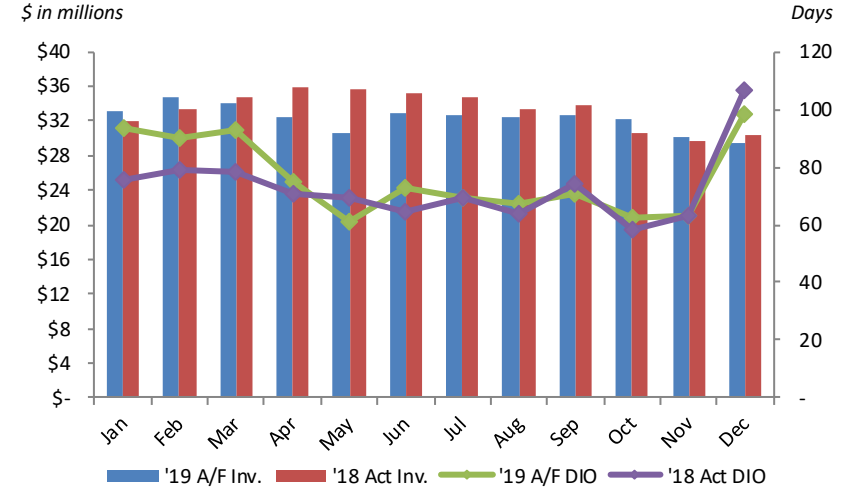
\$'000	QTD		Variance		PY-QTD		Variance		YTD		Variance		PY YTD		Variance									
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	ACT	\$	%										
Cash flow from operations																								
Net Income (Loss)	\$	(899)	\$	(1,379)	\$	480	(34.8%)	\$	(2,715)	\$	1,815	(66.9%)	\$	(3,946)	\$	(3,300)	\$	(646)	19.6%	\$	(3,987)	\$	41	(1.0%)
Depreciation, amortization and other		2,383		2,398		(15)	(0.6%)		2,072		312	15.0%		9,017		9,128		(111)	(1.2%)		7,801		1,215	15.6%
Non-cash loss/expense (gain)		(143)		(463)		319	(69.0%)		340		(483)	(142.2%)		(218)		(307)		89	(28.9%)		377		(595)	(157.8%)
Deferred income tax		70		–		70	N/A		(149)		220	(147.0%)		189		148		41	27.7%		(1,301)		1,490	(114.5%)
Change in operating assets and liabilities:																								
Accounts receivable		4,707		4,665		42	0.9%		5,261		(553)	(10.5%)		(112)		(1,173)		1,060	(90.4%)		3,252		(3,364)	(103.5%)
Inventory		3,369		1,885		1,484	78.7%		3,464		(95)	(2.8%)		912		(690)		1,602	(232.1%)		(594)		1,506	(253.5%)
Prepaid expenses and other current assets		702		1,226		(523)	(42.7%)		953		(250)	(26.3%)		(214)		328		(541)	(165.1%)		456		(669)	(146.8%)
Accounts payable		(1,530)		(2,223)		693	(31.2%)		(1,378)		(152)	11.0%		237		(82)		319	(388.2%)		(379)		615	(162.5%)
Accrued expenses		(2,499)		(67)		(2,432)	3623.1%		(433)		(2,066)	476.9%		(354)		2,344		(2,698)	(115.1%)		(2,316)		1,962	(84.7%)
Accrued income taxes		(417)		146		(563)	(386.3%)		(93)		(324)	347.5%		21		1,060		(1,039)	(98.0%)		751		(730)	(97.2%)
Other changes in operating assets and liabilities		(1,306)		(20)		(1,287)	6595.3%		(25)		(1,281)	5164.9%		(1,287)		(1,290)		4	(0.3%)		65		(1,351)	(2091.7%)
Other cash flow from operations		–		–		–	N/A		–		–	N/A		–		–		–	N/A		–		–	N/A
Total Cash Flow from Operations	\$	4,437	\$	6,169	\$	(1,732)	(28.1%)	\$	7,296	\$	(2,859)	(39.2%)	\$	4,246	\$	6,166	\$	(1,920)	(31.1%)	\$	4,126	\$	120	2.9%
Cash flow from investing																								
Additions to property, plant and equipment	\$	(1,808)	\$	(1,194)	\$	(615)	51.5%	\$	(3,232)	\$	1,424	(44.0%)	\$	(6,807)	\$	(8,000)	\$	1,193	(14.9%)	\$	(10,215)	\$	3,408	(33.4%)
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	\$	(1,808)	\$	(1,194)	\$	(615)	51.5%	\$	(3,232)	\$	1,424	(44.0%)	\$	(6,807)	\$	(8,000)	\$	1,193	(14.9%)	\$	(10,215)	\$	3,408	(33.4%)
Cash flow from financing																								
Proceeds from the issuance (repayment) of short-t	\$	(2,210)	\$	(4,546)	\$	2,335	(51.4%)	\$	(4,255)	\$	2,044	(48.0%)	\$	4,230	\$	3,556	\$	674	19.0%	\$	6,282	\$	(2,052)	(32.7%)
Proceeds from the issuance of debt		(0)		–		(0)	N/A		577		(577)	(100.0%)		0		–		0	N/A		1,207		(1,207)	(100.0%)
Repayment of debt		(418)		(430)		12	(2.7%)		(386)		(32)	8.2%		(1,665)		(1,719)		54	(3.1%)		(1,400)		(265)	18.9%
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	\$	(2,628)	\$	(4,975)	\$	2,347	(47.2%)	\$	(4,064)	\$	1,435	(35.3%)	\$	2,565	\$	1,837	\$	728	39.6%	\$	6,089	\$	(3,524)	(57.9%)
Effect of FX rates on cash and cash equivalents	\$	–	\$	–	\$	–	N/A	\$	–	\$	–	N/A	\$	–	\$	–	\$	–	N/A	\$	–	\$	–	N/A
Net change in cash	\$	0	\$	0	\$	(0)	(89.9%)	\$	(0)	\$	0	(6735.7%)	\$	3	\$	3	\$	0	10.3%	\$	(0)	\$	3	(1165.6%)
Beginning cash		3		2		0	20.0%		0		3	798646.8%		0		0		–	0.0%		(0)		0	(100.1%)
Change in cash		0		0		(0)	(89.9%)		(0)		0	(6735.7%)		3		3		0	10.3%		(0)		3	(1165.6%)
Ending cash	\$	3	\$	3	\$	0	10.3%	\$	0	\$	3	29043237.2%	\$	3	\$	3	\$	0	10.3%	\$	0	\$	3	29043237.2%

Working Capital and Cash Conversion Cycle

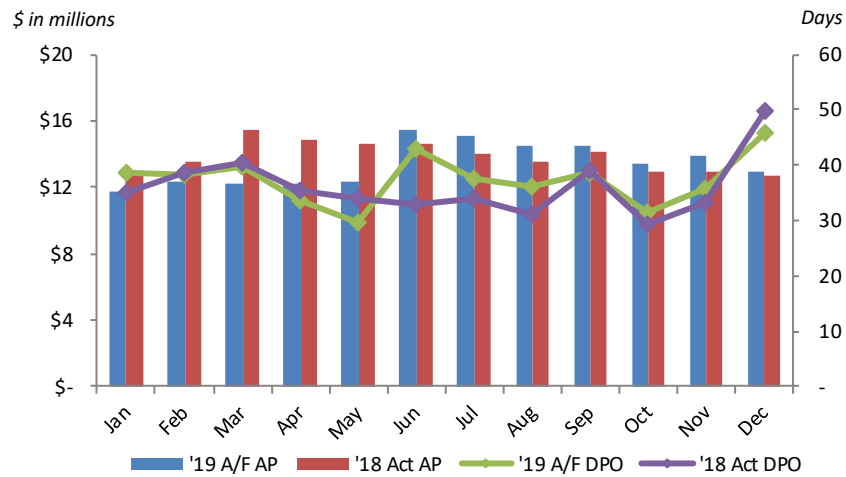
Accounts Receivable



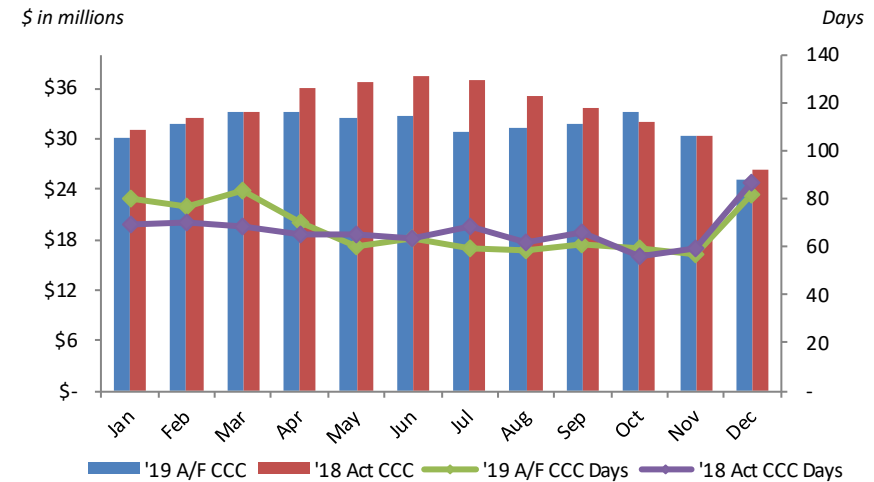
Inventory



Accounts Payable



Cash Conversion Cycle



AR and AP Aging Detail

\$'000

AR Aging				
Days	Oct-19	Nov-19	Dec-19	%
0-30	\$ 12,431	\$ 11,255	\$ 5,865	67.4%
30-60	1,301	2,009	1,966	22.6%
60-90	304	270	314	3.6%
>90	424	471	562	6.4%
Total	\$ 14,460	\$ 14,004	\$ 8,707	100.0%

AP Aging				
Days	Oct-19	Nov-19	Dec-19	%
0-30	\$ 10,679	\$ 11,054	\$ 8,441	65.2%
30-60	2,260	2,549	3,779	29.2%
60-90	369	294	684	5.3%
>90	58	38	42	0.3%
Total	\$ 13,366	\$ 13,935	\$ 12,946	100.0%

Management Discussion

- DSO days remain flat at 29 as a result of lower sales in December offsetting collections
- Increase in DPO days from 36 to 46 due to timing of payments due to holidays

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	Actual Jul-19	Actual Aug-19	Actual Sep-19	Actual Oct-19	Actual Nov-19	Actual Dec-19
Excess Availability													
Borrowing Base	27,127	24,989	24,640	25,741	28,175	29,067	28,711	29,941	27,848	28,477	28,728	28,583	27,369
Total Revolver Debt	10,222	14,340	16,533	18,750	19,505	19,025	17,818	17,338	16,897	16,663	17,396	14,798	14,452
Excess Availability	16,904	10,649	8,107	6,991	8,670	10,042	10,893	12,602	10,951	11,814	11,332	13,785	12,917
EA % of Borrowing Base	62.3%	42.6%	32.9%	27.2%	30.8%	34.5%	37.9%	42.1%	39.3%	41.5%	39.4%	48.2%	47.2%
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	8,843	8,306	7,274	7,868	8,509	9,826
Total Capex	462	489	531	560	448	519	805	761	386	500	522	614	672
TTM Capex	7,822	7,266	7,354	7,115	7,577	7,209	7,315	7,293	7,041	6,931	6,912	6,598	6,807
Cash Taxes	-	(252)	-	257	-	-	-	(14)	-	-	82	-	649
TTM Cash Taxes	671	418	418	140	5	5	5	(9)	(9)	(9)	73	73	722
Numerator	(381)	180	1,198	1,364	993	1,313	2,624	1,559	1,273	352	883	1,838	2,297
Cash Interest on existing ABL	161	156	165	189	184	198	187	191	189	182	175	148	194
Cash Interest on additional debt	-	-	-	-	-	-	-	-	-	-	-	-	-
TTM Cash Interest	1,869	1,918	1,966	2,019	2,051	2,087	2,099	2,109	2,120	2,134	2,138	2,125	2,158
Principal Payments on additional debt	138	138	139	138	138	137	139	140	139	139	139	139	140
TTM Principal Payments	1,387	1,412	1,436	1,462	1,490	1,516	1,544	1,574	1,604	1,634	1,663	1,663	1,665
Denominator	3,256	3,330	3,402	3,482	3,541	3,603	3,643	3,683	3,724	3,767	3,802	3,788	3,823
FCCR Ratio	(0.1)	0.1	0.4	0.4	0.3	0.4	0.7	0.4	0.3	0.1	0.2	0.5	0.6
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	Breach	Breach

Q4 2019 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q4 2019

➔ Financial Matters:

Q4 FY 2019 Operating Results Overview

Key Reserves

Debt Covenant Compliance

➔ 2020 Financial Outlook

➔ Special Topics and Executive Session

➔ Appendix

2020 Bud Key Assumptions

Key Assumptions

Revenue

- Revenue projections based on a “bottom-up” approach with collaboration between the team (sales, plant managers & controllers) and developed on a customer-by-customer basis
 - Organic Growth (Market Growth with Existing Customers): +1.9% (+\$2.5M)
 - Inorganic Growth (Share Growth with Existing and New Customers): +2.8% (+\$3.6M)
 - ECS External Compound Sales: -8.6% (-\$0.7M)
 - Patio Door Sales: +8.9% (+\$1.8M)
 - Customer Loss & Risk: -1.5% (-\$1.9M)
- Price increases on patio door products assumed @ \$0.7M; price increases to extrusion customers under review

Gross Profit

- Material Cost:
 - PVC Resin cost increase of 8.0% Year-Over-Year based on latest CDI resin index and IHS Markit data
 - PVC Resin cost inflation impact ~\$2.6M
 - TiO2/Additives/Stabilizers/Fillers impact ~\$1.1M (2% - 15% YoY increases)
 - Patio Door material components impact ~\$0.5M (glass, screens, hardware, wood)
- Labor inflation of 3.0% effective April 1, 2020 for both Canadian and US operations (Impact: ~\$800K)
- Canadian benefits rate increase of 5% based on latest negotiations (Impact: ~\$200K)
- US benefits rate increase of 6% for Medical effective April 1, 2020. Dental and Life & Disability kept consistent with 2019 rates – 0% increase based on latest negotiations (Impact: ~\$100K)
- Freight cost increase of 4.0% effective January 1, 2020 (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)

OPEX

- 100% of bonus assumed for SG&A employees (\$1.3M)

Foreign Exchange

- Effective 2020 annual FX rate = 1.33 [or \$0.7519 USD] vs. 2019 rate of 1.3 [or \$0.7692 USD]

Capex

- Currently under review

2020 Bud Summary P&L

(\$ in Millions)

	<u>2018</u> Act	<u>2019</u> Act	<u>Q1 20</u> Bud	<u>Q2 20</u> Bud	<u>Q3 20</u> Bud	<u>Q4 20</u> Bud	<u>2020</u> Bud	<u>2019 vs 2018</u>	
								\$	%
Gross Revenue	\$ 180.3	\$ 167.1	\$ 35.6	\$ 46.8	\$ 48.2	\$ 43.0	\$ 173.6	\$ 6.5	3.9%
Discounts	(2.1)	(1.9)	(0.4)	(0.5)	(0.5)	(0.5)	(2.0)	(0.1)	4.6%
Returns	(1.6)	(1.1)	(0.2)	(0.3)	(0.3)	(0.3)	(1.0)	0.2	-16.6%
Rebates	(6.0)	(5.5)	(1.1)	(1.6)	(1.8)	(1.6)	(6.1)	(0.6)	10.6%
Other	-	-	-	-	-	-	-	-	
Net Revenue	\$ 170.6	\$ 158.5	\$ 33.9	\$ 44.4	\$ 45.6	\$ 40.7	\$ 164.6	\$ 6.0	3.8%
<i>YoY Growth</i>									
Material	\$ 83.4	\$ 78.3	\$ 16.8	\$ 21.7	\$ 22.7	\$ 19.9	\$ 81.1	\$ 2.8	3.6%
Labor	38.5	35.7	8.7	9.2	9.0	8.6	35.5	(0.3)	-0.7%
Other COGS	20.9	18.8	3.1	4.8	5.5	5.2	18.5	(0.2)	-1.3%
Total COGS	\$ 142.8	\$ 132.8	\$ 28.6	\$ 35.7	\$ 37.1	\$ 33.7	\$ 135.1	\$ 2.3	1.8%
Gross Margin	\$ 27.8	\$ 25.8	\$ 5.2	\$ 8.7	\$ 8.5	\$ 7.0	\$ 29.4	\$ 3.7	14.3%
<i>Gross Margin %</i>	16.3%	16.2%	15.5%	19.6%	18.7%	17.2%	17.9%	1.6%	
R&D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Sales & marketing	7.0	6.9	1.6	1.6	1.7	1.6	6.5	(0.3)	-5.1%
Administrative	10.2	11.1	2.7	2.8	2.8	2.8	11.0	(0.1)	-0.6%
Other	0.3	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	0.2	-59.7%
Total OPEX (excl D&A)	\$ 17.6	\$ 17.6	\$ 4.3	\$ 4.3	\$ 4.4	\$ 4.4	\$ 17.4	\$ (0.2)	-1.4%
Adjusted EBITDA	\$ 10.2	\$ 8.1	\$ 0.9	\$ 4.4	\$ 4.1	\$ 2.6	\$ 12.0	\$ 3.9	48.4%
<i>AEBITDA Margin %</i>	6.0%	5.1%	2.8%	9.9%	8.9%	6.5%	7.3%	2.2%	

Q4 2019 Audit Committee Agenda

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➔ Financial Matters:

Q4 FY 2019 Operating Results Overview

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Special Topics

- None noted at this time

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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	Act	Act	Act	Act	Act	Act	Act	Bud			\$	%	Act	\$	%
Units Produced ('000)	7,786	7,371	8,389	7,725	8,493	8,905	8,339	9,076	8,551	9,067	8,304	5,147	97,151	108,274	(11,122)	(10.3%)			96,146	1,006	1.0%
Units Shipped ('000)	6,941	6,590	7,230	8,092	9,414	8,083	9,001	8,865	8,508	9,699	8,621	5,458	96,500	109,580	(13,079)	(11.9%)			104,464	(7,964)	(7.6%)
Bookings (\$'000)	\$ 11,857	\$ 10,031	\$ 11,903	\$ 14,734	\$ 16,015	\$ 15,048	\$ 15,207	\$ 15,021	\$ 14,552	\$ 16,419	\$ 14,774	\$ 7,025	\$ 162,586	\$ 180,948	\$ (18,362)	(10.1%)			\$ 173,588	\$ (11,003)	(6.3%)
Backlog ('\$000)	\$ 9,269	\$ 8,356	\$ 8,460	\$ 9,671	\$ 9,716	\$ 11,128	\$ 11,147	\$ 10,612	\$ 10,856	\$ 10,685	\$ 10,662	\$ 8,430	\$ 8,430	\$ 11,911	\$ (3,481)	(29.2%)			\$ 8,368	\$ 62	0.7%
Gross Revenue	\$ 11,539	\$ 11,249	\$ 11,985	\$ 13,794	\$ 16,301	\$ 14,255	\$ 15,452	\$ 15,784	\$ 14,665	\$ 16,974	\$ 15,151	\$ 9,703	\$ 166,852	\$ 188,036	\$ (21,184)	(11.3%)			\$ 180,283	\$ (13,431)	(7.4%)
Adj. to Gross Revenue	(597)	(464)	(581)	(699)	(787)	(662)	(784)	(859)	(786)	(1,042)	(843)	(450)	(8,554)	(9,876)	1,322	(13.4%)			(9,708)	1,154	(11.9%)
Net Revenue	10,942	10,785	11,404	13,094	15,515	13,593	14,669	14,926	13,879	15,932	14,307	9,253	158,298	178,160	(19,862)	(11.1%)			170,574	(12,277)	(7.2%)
Material	5,204	5,301	5,464	6,521	7,703	6,428	7,195	7,385	6,640	8,001	7,426	4,484	77,752	88,355	(10,604)	(12.0%)			83,420	(5,668)	(6.8%)
Labor	2,927	2,714	2,913	2,840	3,198	3,138	3,242	3,263	3,119	3,222	2,392	2,650	35,618	38,371	(2,752)	(7.2%)			38,503	(2,885)	(7.5%)
Other COGS	1,309	1,015	1,117	1,533	1,968	1,255	2,014	1,776	1,482	1,998	1,857	1,588	18,911	20,261	(1,350)	(6.7%)			20,885	(1,974)	(9.5%)
Total COGS	9,440	9,030	9,494	10,894	12,869	10,820	12,451	12,424	11,241	13,221	11,675	8,723	132,281	146,986	(14,706)	(10.0%)			142,807	(10,526)	(7.4%)
Gross Margin	1,502	1,755	1,910	2,201	2,645	2,773	2,217	2,502	2,638	2,711	2,633	530	26,017	31,173	(5,157)	(16.5%)			27,767	(1,750)	(6.3%)
Gross Margin %	13.7%	16.3%	16.7%	16.8%	17.0%	20.4%	15.1%	16.8%	19.0%	17.0%	18.4%	5.7%	16.4%	17.5%					16.3%		
R&D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A			—	—	N/A
Sales & Marketing	554	603	474	610	586	529	504	534	671	617	590	373	6,644	7,247	(603)	(8.3%)			7,045	(400)	(5.7%)
Administrative	1,037	968	879	962	997	962	1,026	1,001	962	990	330	767	10,880	12,772	(1,892)	(14.8%)			10,240	640	6.2%
Other Opex	(127)	(75)	85	(51)	(3)	(97)	1	18	(3)	(37)	13	(15)	(291)	(228)	(63)	27.6%			302	(593)	(196.4%)
Total Opex	1,465	1,496	1,438	1,520	1,579	1,394	1,531	1,553	1,630	1,569	934	1,125	17,234	19,791	(2,557)	(12.9%)			17,587	(353)	(2.0%)
EBITDA	37	259	472	680	1,066	1,379	687	949	1,008	1,142	1,699	(595)	8,783	11,382	(2,600)	(22.8%)			10,180	(1,397)	(13.7%)
EBITDA %	0.3%	2.4%	4.1%	5.2%	6.9%	10.1%	4.7%	6.4%	7.3%	7.2%	11.9%	(6.4%)	5.5%	6.4%					6.0%		
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 853	\$ (528)	\$ (410)	\$ (112)	\$ 116	\$ 220	\$ (1,236)	\$ (3,946)	\$ (3,300)	\$ (646)	19.6%			\$ (3,490)	\$ (455)	13.0%
Capex	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (805)	\$ (761)	\$ (386)	\$ (500)	\$ (522)	\$ (614)	\$ (672)	\$ (6,807)	\$ (8,000)	\$ 1,193	(14.9%)			\$ (10,215)	\$ 3,408	(33.4%)
Opex Overview:																					
Payroll	\$ 881	\$ 806	\$ 788	\$ 889	\$ 909	\$ 810	\$ 868	\$ 838	\$ 803	\$ 844	\$ 748	\$ 746	\$ 9,929	\$ 10,783	\$ (855)	(7.9%)			\$ 10,318	\$ (390)	(3.8%)
Bonus	112	113	112	112	111	112	113	112	112	113	(506)	—	616	1,361	(744)	(54.7%)			159	457	287.7%
Commissions	19	19	16	19	18	24	22	26	26	21	23	16	247	358	(111)	(31.0%)			187	60	32.4%
Marketing	95	180	71	116	110	107	100	123	225	209	192	56	1,583	1,780	(197)	(11.1%)			1,679	(96)	(5.7%)
Benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A			—	—	N/A
Travel and entertainment	107	128	35	105	66	112	99	63	110	89	94	60	1,069	1,587	(518)	(32.7%)			1,231	(162)	(13.2%)
Rent and facilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A			—	—	N/A
Insurance	29	21	31	20	28	25	28	32	27	29	25	23	317	336	(20)	(5.9%)			328	(11)	(3.5%)
Professional fees	45	46	62	45	49	43	45	68	79	60	64	58	665	584	81	13.8%			585	80	13.7%
Office Expenses	23	26	18	22	33	13	20	18	20	24	20	18	254	287	(34)	(11.7%)			287	(33)	(11.6%)
IT	166	165	132	159	145	163	162	173	145	171	157	119	1,859	2,092	(233)	(11.1%)			1,634	226	13.8%
Bad Debts	16	(0)	16	23	42	(0)	(0)	(0)	27	(0)	35	16	174	(5)	178	(3861.5%)			(80)	253	(317.8%)
FX	(122)	(76)	115	(28)	24	(80)	5	40	(8)	(21)	29	(23)	(145)	—	(145)	N/A			384	(530)	(137.7%)
JV Loss (Income)	(5)	1	(29)	(23)	(28)	(17)	(4)	(22)	5	(16)	(16)	7	(146)	(228)	82	(36.1%)			(83)	(63)	76.2%
Other Expenses	98	67	73	61	70	82	74	82	59	48	70	28	812	853	(42)	(4.9%)			956	(144)	(15.1%)
Total Opex	\$ 1,465	\$ 1,496	\$ 1,438	\$ 1,520	\$ 1,579	\$ 1,394	\$ 1,531	\$ 1,553	\$ 1,630	\$ 1,569	\$ 934	\$ 1,125	\$ 17,234	\$ 19,791	\$ (2,557)	(12.9%)			\$ 17,586	\$ (353)	(2.0%)

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	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%	Act	\$	%
EBITDA - as reported	\$ 37	\$ 259	\$ 472	\$ 680	\$ 1,066	\$ 1,379	\$ 687	\$ 949	\$ 1,008	\$ 1,142	\$ 1,699	\$ (595)	\$ 8,783	\$11,382	\$ (2,600)	(22.8%)	\$ 10,180	\$ (1,397)	(13.7%)
Depreciation and amortization	(708)	(721)	(729)	(702)	(725)	(741)	(761)	(768)	(779)	(782)	(807)	(794)	(9,017)	(9,128)	111	(1.2%)	(7,801)	(1,215)	15.6%
Interest and amortization	(156)	(165)	(189)	(184)	(198)	(187)	(191)	(189)	(182)	(175)	(148)	(194)	(2,158)	(2,290)	132	(5.7%)	(1,869)	(289)	15.5%
Other financial income/expense	(26)	740	(617)	163	(128)	774	(111)	(238)	97	166	(255)	478	1,044	–	1,044	N/A	(1,463)	2,507	(171.3%)
Monitoring fees (including expenses)	(85)	(97)	(85)	(84)	(84)	(85)	(103)	(82)	(82)	(102)	(83)	(102)	(1,073)	(1,077)	4	(0.4%)	(1,091)	18	(1.6%)
Restructuring costs	–	–	–	–	–	36	–	–	(65)	–	–	74	46	–	46	N/A	(776)	821	(105.9%)
Non-recurring items	(137)	(201)	(128)	(44)	(42)	(215)	(20)	(45)	(39)	(4)	(33)	(250)	(1,160)	(478)	(682)	142.8%	(770)	(390)	50.7%
Taxes	189	(87)	(4)	(72)	(58)	(109)	(29)	(37)	(69)	(129)	(153)	146	(410)	(1,710)	1,300	(76.0%)	99	(509)	(514.8%)
GAAP Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 853	\$ (528)	\$ (410)	\$ (112)	\$ 116	\$ 220	\$ (1,236)	\$ (3,946)	\$ (3,300)	\$ (646)	19.6%	\$ (3,490)	\$ (455)	13.0%

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 1.3024 [USD\$0.77] on December, 2019
- Non-recurring in December for Project Consultancy costs (ie. Beckway, Olmstead, Merrill, Smart Ventures)
- US Tax reversal of accrual of 146K in December 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	4,565	20,858	88,355
Labor	2,915	9,450	38,371
Other COGS	1,527	5,319	20,261
COGS Budget	\$ 9,007	\$ 35,628	\$ 146,986
<u>Variances:</u>			
Volume	(258)	(1,651)	(12,128)
Price	(136)	(299)	(1,535)
Other	313	1,003	3,059
Material	(81)	(947)	(10,604)
Volume	(103)	(195)	(843)
Price	—	—	—
Other	(162)	(992)	(1,909)
Labor	(265)	(1,187)	(2,752)
Volume	233	596	593
Price	—	—	—
Other	(172)	(472)	(1,943)
Other COGS	61	124	(1,350)
COGS Actual	\$ 8,723	\$ 33,618	\$ 132,281

Management Discussion - QTD

- **Material COGS:** Decrease of \$947K due to lower volume impact of \$1,651K (Sales volumes (lbs) lower by 7.6%), favorable resin material prices offset by higher additive pricing & higher glass pricing of \$299K and improved scrap utilization at ECS of \$109K; offset by unfavorable yields lower regrind usage at Woodbridge, Delmont & Everett of \$841K (net of improved yields at Laval) and higher inventory reserves at Woodbridge, Delmont, Everett and Terrebonne of \$271K
- **Labor COGS:** Lower costs due to volume impact of \$195K, a favorable F/X impact of \$77K, headcount reduction initiatives and improved labor efficiency at Laval, Delmont, Everett & ECS (net of increased overtime at Woodbridge and Everett to support tooling launches) of \$181K, a non-recurring WSIB claim refund of \$68K at Laval & Terrebonne and the reversal of a portion of the bonus accrued for DL & IDL employees of \$666K
- **Other COGS:** Increase of \$124K due to an unfavorable absorption impact of \$596K and warranty costs for field issues of \$76K; partially offset by lower freight costs as a result of lower sales volume & mix of \$210K, higher tool & die overhead recovery of \$250K, a favorable F/X impact of \$38K and lower overhead spending (ie. Utilities, maintenance, factory supplies) of \$50K

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	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 5,265	\$ 5,218	\$ 5,418	\$ 6,548	\$ 7,512	\$ 6,461	\$ 6,984	\$ 7,167	\$ 6,465	\$ 7,827	\$ 7,243	\$ 4,532	\$ 76,640	\$ 88,508	\$ (11,868)	(13.4%)	\$ 84,102	\$ (7,463)	(8.9%)
Materials FX loss / (gain)	0	0	0	0	0	1	(0)	0	0	0	0	0	1	0	1	624.6%	0	1	348.0%
Purchase price variance	168	272	211	157	242	141	253	232	156	162	225	(34)	2,184	2,816	(632)	(22.4%)	(421)	2,605	(618.7%)
Supplier resin rebate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Freight In	47	46	46	35	43	60	44	55	41	57	37	32	546	663	(117)	(17.7%)	680	(135)	(19.8%)
Scrap costs	(355)	(334)	(282)	(302)	(206)	(307)	(177)	(185)	(99)	(134)	(160)	(88)	(2,628)	(4,885)	2,258	(46.2%)	(2,101)	(527)	25.1%
Consumables	78	98	72	83	112	72	90	116	77	88	80	42	1,009	1,253	(245)	(19.5%)	1,159	(150)	(12.9%)
Total Material COGS	\$ 5,204	\$ 5,301	\$ 5,464	\$ 6,521	\$ 7,703	\$ 6,428	\$ 7,195	\$ 7,385	\$ 6,640	\$ 8,001	\$ 7,426	\$ 4,484	\$ 77,752	\$ 88,355	\$ (10,604)	(12.0%)	\$ 83,420	\$ (5,668)	(6.8%)
Labor																			
Direct labor	\$ 927	\$ 898	\$ 984	\$ 1,008	\$ 1,133	\$ 1,112	\$ 1,216	\$ 1,208	\$ 1,155	\$ 1,218	\$ 1,121	\$ 857	\$ 12,837	\$ 13,870	\$ (1,033)	(7.4%)	\$ 13,874	\$ (1,036)	(7.5%)
Direct labor - bonus	51	51	51	51	51	51	51	51	51	51	(229)	(0)	279	618	(339)	(54.8%)	79	200	251.2%
Direct labor - overtime	70	97	109	92	124	165	125	163	133	119	104	73	1,376	1,163	212	18.2%	1,594	(218)	(13.7%)
Direct labor - benefits	290	264	254	235	254	273	250	258	250	222	228	296	3,074	3,262	(188)	(5.8%)	3,366	(291)	(8.7%)
Direct labor - wcb benefits	18	(20)	17	(66)	22	21	21	21	20	7	(34)	19	47	265	(218)	(82.1%)	321	(274)	(85.2%)
Direct labor - other	0	(1)	(1)	(1)	(2)	2	(0)	(0)	(0)	(0)	(3)	(2)	(9)	9	(18)	(207.9%)	(1)	(8)	691.5%
Indirect labor	1,520	1,362	1,447	1,462	1,565	1,463	1,528	1,512	1,458	1,553	1,434	1,407	17,711	18,438	(727)	(3.9%)	19,031	(1,321)	(6.9%)
Indirect labor – bonus	51	51	51	51	51	51	51	51	51	51	(229)	(0)	279	618	(339)	(54.8%)	79	200	251.2%
Sub-contractor costs	—	12	2	10	—	—	—	—	—	—	—	—	24	127	(103)	(81.4%)	159	(135)	(85.1%)
Total Labor COGS	\$ 2,927	\$ 2,714	\$ 2,913	\$ 2,840	\$ 3,198	\$ 3,138	\$ 3,242	\$ 3,263	\$ 3,119	\$ 3,222	\$ 2,392	\$ 2,650	\$ 35,618	\$ 38,371	\$ (2,752)	(7.2%)	\$ 38,503	\$ (2,885)	(7.5%)
Other																			
Repairs and maintenance	\$ 115	\$ 26	\$ 78	\$ 34	\$ 44	\$ 62	\$ 83	\$ 80	\$ (35)	\$ 49	\$ 73	\$ 48	\$ 655	\$ 1,037	\$ (381)	(36.8%)	\$ 1,222	\$ (567)	(46.4%)
Absorption	(234)	(425)	(600)	86	312	(475)	235	(71)	(135)	223	250	233	(603)	\$ (1,049)	446	(42.5%)	(622)	19	(3.1%)
Freight out	625	533	704	712	772	724	752	762	747	760	695	495	8,281	9,368	(1,086)	(11.6%)	9,785	(1,504)	(15.4%)
Rent / facilities	125	167	193	76	185	183	189	208	183	171	118	181	1,981	1,840	141	7.7%	1,511	470	31.1%
Utilities	479	508	539	458	435	590	535	611	506	619	536	376	6,194	6,711	(518)	(7.7%)	6,579	(386)	(5.9%)
Other cost of sales	199	206	202	167	220	171	221	186	216	176	185	255	2,403	2,355	48	2.1%	2,409	(6)	(0.3%)
Total Other COGS	\$ 1,309	\$ 1,015	\$ 1,117	\$ 1,533	\$ 1,968	\$ 1,255	\$ 2,014	\$ 1,776	\$ 1,482	\$ 1,998	\$ 1,857	\$ 1,588	\$ 18,911	\$ 20,261	\$ (1,350)	(6.7%)	\$ 20,885	\$ (1,974)	(9.5%)

Management Discussion

Material COGS: Decrease of \$10,604K due to a lower volume impact of \$12,128K (Sales volumes (lbs) lower by 12.0%), unfavorable yields and higher scrap (net of regrind usage) at Woodbridge, Delmont & Everett of \$2,749K; unfavorable LCM/E&O reserves at Woodbridge, Delmont, Everett and Terrebonne of \$560K, partially offset by improved scrap and favorable PPV at ECS of \$1,785K

Labor COGS: Lower costs due to volume impact of \$843K, out-of-period workers' compensation refunds at Laval, Terrebonne and Everett of \$238K, a favorable F/X impact of \$430K, 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 \$575K and the reversal of a portion of the bonus accrued for DL & IDL employees of \$666K

Other COGS: Decrease of \$1,350K due to lower freight costs of \$963K, lower overhead spending of \$365K (ie. Maintenance costs, utilities, factory supplies), a higher tool & die absorption impact of \$467K, lower property tax adjustment at Everett of \$87K, a favorable F/X impact of \$137K partially offset by an unfavorable absorption impact of \$593K and warranty costs of \$76K

Monthly Balance Sheet

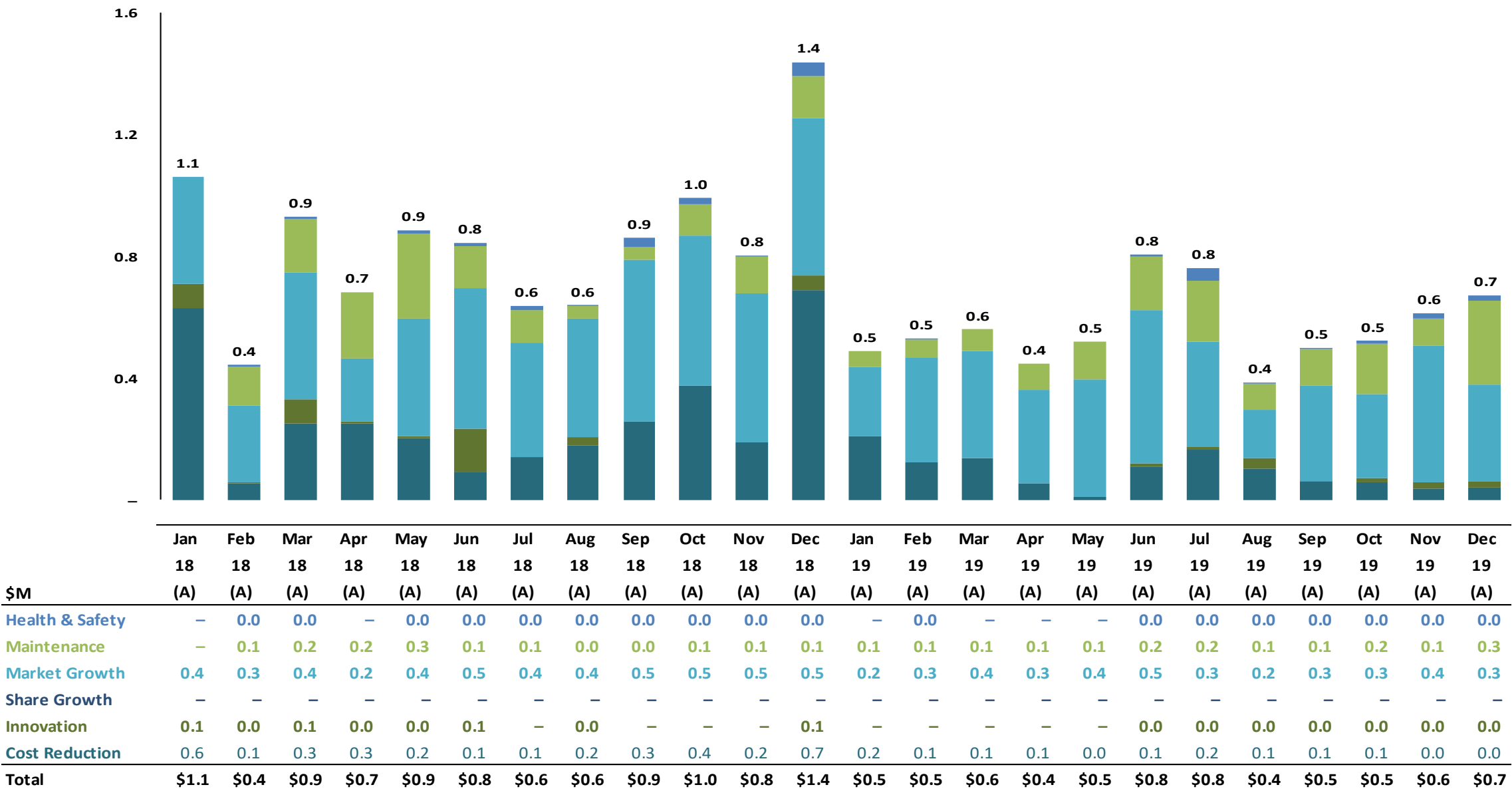
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
\$'000	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets																
Cash and cash equivalents	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	\$ 3	815681.2%
Short term investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
<i>Accounts receivable, gross</i>	9,182	9,929	11,613	13,369	14,654	15,793	13,673	13,780	13,915	14,965	14,538	9,267	9,267	8,958	310	3.5%
<i>Accounts receivable, reserves</i>	(393)	(393)	(399)	(425)	(465)	(479)	(477)	(472)	(501)	(504)	(534)	(561)	(561)	(363)	(197)	54.4%
Accounts receivable, net	8,789	9,536	11,214	12,944	14,190	15,313	13,196	13,308	13,414	14,460	14,004	8,707	8,707	8,594	112	1.3%
<i>Inventory, gross</i>	34,588	36,157	35,647	34,119	32,304	34,675	34,503	34,146	34,529	33,944	32,086	31,428	31,428	31,776	(348)	(1.1%)
<i>Inventory, reserves</i>	(1,497)	(1,514)	(1,497)	(1,562)	(1,608)	(1,789)	(1,797)	(1,783)	(1,764)	(1,801)	(1,840)	(2,031)	(2,031)	(1,467)	(564)	38.4%
Inventory, net	33,091	34,642	34,150	32,557	30,697	32,887	32,705	32,363	32,765	32,143	30,246	29,397	29,397	30,309	(912)	(3.0%)
Prepaid expenses and other current assets	3,145	3,030	3,051	3,909	4,233	4,279	4,257	4,035	3,848	3,866	3,405	3,221	3,221	2,942	279	9.5%
Other current assets	761	864	804	790	865	830	1,026	932	911	894	958	835	835	901	(65)	(7.3%)
Total Current Assets	45,790	48,076	49,223	50,203	49,987	53,312	51,187	50,640	50,941	51,367	48,617	42,162	42,162	42,746	(583)	(1.4%)
Non-Current Assets																
<i>Property, plant & equipment, gross</i>	66,687	67,249	66,818	67,503	67,826	69,761	70,321	70,322	70,962	71,741	71,977	73,423	73,423	64,977	8,446	13.0%
<i>Accumulated depreciation</i>	(18,755)	(19,488)	(19,863)	(20,649)	(21,300)	(22,479)	(23,152)	(23,765)	(24,601)	(25,492)	(26,136)	(27,272)	(27,272)	(17,639)	(9,633)	54.6%
Property, plant & equipment, net	47,932	47,761	46,955	46,853	46,525	47,282	47,169	46,557	46,361	46,249	45,842	46,151	46,151	47,338	(1,187)	(2.5%)
Deferred financing cost	546	533	510	499	484	479	464	448	435	423	407	399	399	548	(149)	(27.2%)
Deferred tax asset	2,961	2,963	2,898	2,913	2,901	2,973	2,963	2,938	2,947	2,963	2,940	2,987	2,987	2,879	107	3.7%
Other non-current assets	2,688	2,690	2,644	2,685	2,698	2,791	2,784	2,791	2,791	2,825	2,813	2,863	2,863	2,616	246	9.4%
Total Non-Current Assets	54,127	53,947	53,007	52,950	52,607	53,535	53,388	52,727	52,534	52,461	52,002	52,399	52,399	53,382	(982)	(1.8%)
Total Assets	\$ 99,917	\$ 102,023	\$ 102,229	\$ 103,153	\$ 102,595	\$ 106,848	\$ 104,574	\$ 103,368	\$ 103,475	\$ 103,828	\$ 100,618	\$ 94,562	\$ 94,562	\$ 96,127	\$ (1,566)	(1.6%)
Current Liabilities																
Bank Debt	\$ 14,340	\$ 16,533	\$ 18,750	\$ 19,505	\$ 19,025	\$ 17,818	\$ 17,338	\$ 16,897	\$ 16,663	\$ 17,396	\$ 14,798	\$ 14,452	\$ 14,452	\$ 10,222	\$ 4,230	41.4%
Current Portion - Long Term Debt	1,678	1,665	1,639	1,648	1,640	1,683	1,676	1,662	1,667	1,677	1,663	1,690	1,690	1,628	63	3.8%
Accounts payable	11,725	12,319	12,200	12,267	12,359	15,487	15,146	14,498	14,476	13,366	13,935	12,946	12,946	12,709	237	1.9%
Accrued liabilities	4,045	3,378	3,727	3,515	3,556	3,864	3,513	3,630	3,707	3,923	3,625	2,708	2,708	3,343	(635)	(19.0%)
Accrued compensation	2,492	2,800	2,877	3,338	3,488	3,931	3,435	3,952	4,303	4,461	3,591	2,802	2,802	2,521	281	11.1%
Income taxes payable	(189)	(102)	(344)	(275)	(215)	(118)	46	86	192	419	572	(226)	(226)	(246)	21	(8.5%)
Contingent consideration	1,301	1,301	1,301	1,301	1,301	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	127	122	116	115	84	111	111	97	14	15.0%
Total Current Liabilities	35,493	37,990	40,273	41,423	41,287	44,090	42,582	42,149	42,425	42,657	39,568	34,485	34,485	31,576	2,909	9.2%
Long-term liabilities																
Long-term debt less current maturities	12,248	12,114	11,679	11,609	11,418	11,587	11,403	11,163	11,060	10,985	10,753	10,799	10,799	12,006	(1,207)	(10.1%)
Deferred income taxes	9,753	9,757	9,642	9,669	9,647	9,775	9,756	9,713	9,729	9,757	9,716	9,799	9,799	9,610	189	2.0%
Other non-current liabilities	1,525	1,530	1,491	1,503	1,497	1,597	1,591	1,577	1,585	1,598	1,584	1,618	1,618	1,468	149	10.2%
Total Long-Term Liabilities	23,526	23,400	22,812	22,781	22,562	22,959	22,751	22,453	22,374	22,340	22,053	22,216	22,216	23,084	(868)	(3.8%)
Total Liabilities	59,019	61,391	63,085	64,205	63,849	67,049	65,333	64,602	64,799	64,997	61,622	56,701	56,701	54,660	2,041	3.7%
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%
Retained earnings	29,143	28,871	27,592	27,350	27,180	28,033	27,505	27,095	26,982	27,099	27,319	26,083	26,083	30,039	(3,955)	(13.2%)
Accumulated other comprehensive income	(855)	(850)	(1,058)	(1,011)	(1,045)	(845)	(873)	(938)	(916)	(878)	(933)	(833)	(833)	(1,181)	348	(29.5%)
Total Shareholders' Equity	40,898	40,632	39,144	38,948	38,746	39,798	39,241	38,766	38,676	38,831	38,997	37,860	37,860	41,467	(3,607)	(8.7%)
Total Liabilities and Shareholders' Equity	\$ 99,917	\$ 102,023	\$ 102,229	\$ 103,153	\$ 102,595	\$ 106,848	\$ 104,574	\$ 103,368	\$ 103,475	\$ 103,828	\$ 100,618	\$ 94,562	\$ 94,562	\$ 96,127	\$ (1,566)	(1.6%)

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	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%	Act	\$	%
Cash flow from operations																			
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 853	\$ (528)	\$ (410)	\$ (112)	\$ 116	\$ 220	\$ (1,236)	\$ (3,946)	\$ (3,300)	\$ (646)	19.6%	\$ (3,987)	\$ 41	(1.0%)
Depreciation, amortization and other	708	721	729	702	725	741	761	768	779	782	807	794	9,017	9,128	(111)	(1.2%)	7,801	1,215	15.6%
Non-cash loss/expense (gain)	(161)	(7)	201	(62)	36	(213)	64	83	(14)	(62)	92	(173)	(218)	(307)	89	(28.9%)	377	(595)	(157.8%)
Deferred income tax	143	3	(115)	27	(22)	128	(19)	(43)	15	28	(41)	83	189	148	41	27.7%	(1,301)	1,490	(114.5%)
Change in operating assets and liabilities:																N/A			
Accounts receivable	(195)	(747)	(1,678)	(1,730)	(1,246)	(1,124)	2,118	(112)	(107)	(1,046)	457	5,297	(112)	(1,173)	1,060	(90.4%)	3,252	(3,364)	(103.5%)
Inventory	(2,782)	(1,552)	492	1,593	1,861	(2,190)	181	342	(403)	623	1,897	850	912	(690)	1,602	(232.1%)	(594)	1,506	(253.5%)
Prepaid expenses and other current assets	(64)	12	39	(843)	(400)	(11)	(173)	316	208	(2)	397	308	(214)	328	(541)	(165.1%)	456	(669)	(146.8%)
Accounts payable	(984)	594	(119)	68	92	3,128	(340)	(648)	(22)	(1,111)	569	(989)	237	(82)	319	(388.2%)	(379)	615	(162.5%)
Accrued expenses	673	(359)	426	249	192	750	(846)	635	427	375	(1,169)	(1,705)	(354)	2,344	(2,698)	(115.1%)	(2,316)	1,962	(84.7%)
Accrued income taxes	58	87	(242)	69	60	96	164	40	106	227	153	(797)	21	1,060	(1,039)	(98.0%)	751	(730)	(97.2%)
Other changes in operating assets and liabilities	4	(4)	27	1	7	(7)	1	(5)	(6)	(1)	(31)	(1,274)	(1,287)	(1,290)	4	(0.3%)	65	(1,351)	(2091.7%)
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	\$ 1,381	\$ 966	\$ 873	\$ (71)	\$ 3,350	\$ 1,157	\$ 4,246	\$ 6,166	\$ (1,920)	(31.1%)	\$ 4,126	\$ 120	2.9%
Cash flow from investing																			
Additions to property, plant and equipment	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (805)	\$ (761)	\$ (386)	\$ (500)	\$ (522)	\$ (614)	\$ (672)	\$ (6,807)	\$ (8,000)	\$ 1,193	(14.9%)	\$ (10,215)	\$ 3,408	(33.4%)
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)	\$ (761)	\$ (386)	\$ (500)	\$ (522)	\$ (614)	\$ (672)	\$ (6,807)	\$ (8,000)	\$ 1,193	(14.9%)	\$ (10,215)	\$ 3,408	(33.4%)
Cash flow from financing																			
Proceeds from the issuance (repayment) of short-term debt	\$ 4,118	\$ 2,193	\$ 2,218	\$ 754	\$ (479)	\$ (1,207)	\$ (480)	\$ (442)	\$ (234)	\$ 733	\$ (2,598)	\$ (346)	\$ 4,230	\$ 3,556	\$ 674	19.0%	\$ 6,282	\$ (2,052)	(32.7%)
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)	(140)	(139)	(139)	(139)	(139)	(140)	(1,665)	(1,719)	54	(3.1%)	(1,400)	(265)	18.9%
Common stock cash dividends paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	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)	\$ (620)	\$ (580)	\$ (373)	\$ 593	\$ (2,737)	\$ (485)	\$ 2,565	\$ 1,837	\$ 728	39.6%	\$ 6,089	\$ (3,524)	(57.9%)
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	10.3%	\$ (0)	\$ 3	(1165.6%)
Beginning cash	0	3	3	3	3	3	3	3	3	3	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	10.3%	(0)	\$ 3	(1165.6%)
Ending cash	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	10.3%	\$ 0	\$ 3	29043237.2%

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 (A)	320	163	79	36	13	25	62	–	698	125	823	826	(3)
2019 August (A)	318	160	81	36	13	25	61	–	694	110	804	825	(21)
2019 September (A)	317	159	80	35	13	26	61	–	691	96	787	797	(10)
2019 October (A)	315	160	76	35	13	21	61	–	681	94	775	797	(21)
2019 November (A)	312	156	78	35	13	21	60	–	675	86	761	794	(33)
2019 December (A)	314	158	79	34	13	21	59	–	678	36	714	782	(68)
Final Headcount	314	158	79	34	13	21	59	–	678	36	714	782	(68)

Management Discussion

- Woodbridge: Reduction of 4 temps in the direct labor
- Concord: Resignation of 2 hourly
- HO: Dan Nauert resigned. We hired Alexia at HO (temp) to replace Diana who went on leave
- Everett: Hiring of Aruna Kapurge in the accounting department
- Delmont: Minus 3 employees total on the direct and temp
- Laval: Elimination of all the temps at year end so minus 6 total on the direct labor
- Terrebonne: Termination of Carole Calcé in the CS dep and hiring of Karolane Trepanier in the CSR dep. Termination of all the temps and transfer of temps to perm position. So Minus 29 total employees

Headcount Hires and Attrition

Functional Area	Start of Quarter	Hires	Transfers	Involuntary		QTD	Bud Headcount	Difference to Bud
				Term	Voluntary Term			
Direct Labor	317	21	(1)	(10)	(13)	314	349	35
Indirect Labor - Hourly	159	2	2	(2)	(3)	158	164	6
Indirect Labor - Salary	80	1	(1)	–	(1)	79	88	9
Delivery & Dist.	35	–	–	–	(1)	34	37	3
Research & Development	13	–	–	–	–	13	15	2
Sales & Marketing	26	–	(1)	(2)	(2)	21	30	9
Administrative	61	2	(2)	(2)	–	59	59	(0)
Other	-	–	–	–	–	-	-	-
Agency FTE & Temps	96	18	1	(74)	(5)	36	40	4
Total	787	44	(2)	(90)	(25)	714	782	68

Management Discussion

- Net decrease of 73 employees during the quarter, majority of which are Hourly and Temps in Terrebonne. Also, cut down of Temps in other plants towards the end of they year to account for the Holiday shut down period

Liquidity Forecast

\$ in millions

