



Audit Committee Meeting – Quarter Ended March 31st, 2020

April 29th, 2020



Q1 2020 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q1 2020

➔ Financial Matters:

Q1 FY 2020 Operating Results Overview

Key Reserves

Debt Covenant Compliance

➔ 2020 Financial Outlook

➔ Special Topics and Executive Session

➔ Appendix

CFO Hot Buttons

- None noted

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Auditor Discussion / Update on FY19 Audit

- 2019 Audit:
 - GT completed field work in early March with some minor follow up items dealt with in March & April
 - No issues identified and two audit adjustments proposed, one of which was booked by ENERGI in 2019 (ie. Delmont freight overaccrual)
 - Second proposed adjustment for capitalization of unabsorbed overhead was not adjusted by ENERGI
 - Approval of consolidated financial statements:
 - Review by Management – final audited consolidated financial statements to be completed on Thursday April 30th, 2019
 - Review/Approval by Audit Committee – TBD (Friday May 1st, 2020)
 - Approval by Board of Directors – TBD (first week of May)
- New accounting pronouncements:
 - Refer to GT Report to the Audit Committee 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 April 7th, 2020
- 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:

- None

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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Q1 FY 2020 Overview

➔ Highlights:

- Overall sales revenues and volumes were ahead of Plan by \$1,414K for the Quarter due to higher demand from both Canadian and US customers as a result of some pent up demand from the prior year, improved weather conditions and anticipation of COVID-19 impacts
- Sales were ahead of Plan at Woodbridge, Laval and Everett but behind at Delmont. ECS external compound sales were ahead of Plan as a result of the launch of new products and new customers. Terrebonne sales were behind Plan due to the shutdown of Quebec customers in mid-March
- EBITDA ahead of Plan by \$376K. EBITDA favorably impacted by higher sales volumes & product mix, favorable material PPV at ECS due to favorable resin & additive pricing and lower OPEX spending
- Overall sales revenues and volumes were ahead of Prior Year by \$2,170K for the Quarter due to higher demand from both Canadian and US customers. Sales were ahead of Prior Year at all extrusion plants driven by strong US demand (Quaker, Windsor, Schluter, PGT, Coeur d'Alene, Western). ECS external compound sales were ahead of Prior Year as a result of the launch of new business (Delcan, Fence Outlet, Nuform)
- EBITDA was ahead of the Prior Year by \$555K impacted by higher sales volumes, favorable material PPV at ECS due to favorable resin & additive pricing, favorable bonus accrual and lower OPEX spending

➔ Lowlights:

- The favorable EBITDA impacts versus Plan and Prior Year were partially offset by lower production yields and higher scrap rates at Woodbridge & Everett due to launch activities (capstock trials and tool testing), unfavorable absorption impacts at Laval, Everett and Terrebonne due to COVID-19 related shutdowns, lower tool & die overhead recovery as a result of switching the focus to supporting production.
- As a result of the global pandemic and impact on economies, the management team is intimately involved in cash collection efforts, communicating with customers concerning past due balances and forecasting the sales outlook. Plant calls being conducted daily to discuss production schedules, labor planning and any customer or supply issues. Daily cash flow reviews conducted to review and approve outflows

Consolidated Summary P&L – Q1 2020

| \$'000 | QTD | | Var | | YTD | | Var | |
|--------------------------|------------|------------|----------|-----------|------------|------------|----------|-----------|
| | Act | Bud | \$ | % | Act | Bud | \$ | % |
| Units Produced ('000) | 23,571 | 23,879 | (308) | (1.3%) | 23,571 | 23,879 | (308) | (1.3%) |
| Units Shipped ('000) | 22,514 | 21,361 | 1,154 | 5.4% | 22,514 | 21,361 | 1,154 | 5.4% |
| Bookings (\$'000) | \$ 38,775 | \$ 36,004 | \$ 2,771 | 7.7% | \$ 38,775 | \$ 36,004 | \$ 2,771 | 7.7% |
| Backlog (\$'000) | \$ 10,608 | \$ 9,007 | \$ 1,601 | 17.8% | \$ 10,608 | \$ 9,007 | \$ 1,601 | 17.8% |
| Gross Revenue | \$ 37,159 | \$ 35,553 | \$ 1,606 | 4.5% | \$ 37,159 | \$ 35,553 | \$ 1,606 | 4.5% |
| Adj. to Gross Revenue | (1,858) | (1,667) | (192) | 11.5% | (1,858) | (1,667) | (192) | 11.5% |
| Net Revenue | 35,300 | 33,886 | 1,414 | 4.2% | 35,300 | 33,886 | 1,414 | 4.2% |
| Material | 16,976 | 16,808 | 169 | 1.0% | 16,976 | 16,808 | 169 | 1.0% |
| Labor | 8,565 | 8,720 | (155) | (1.8%) | 8,565 | 8,720 | (155) | (1.8%) |
| Other COGS | 4,287 | 3,118 | 1,169 | 37.5% | 4,287 | 3,118 | 1,169 | 37.5% |
| Total COGS | 29,829 | 28,646 | 1,183 | 4.1% | 29,829 | 28,646 | 1,183 | 4.1% |
| Gross Margin | 5,472 | 5,240 | 231 | 4.4% | 5,472 | 5,240 | 231 | 4.4% |
| Gross Margin % | 15.5% | 15.5% | | | 15.5% | 15.5% | | |
| R&D | – | – | – | N/A | – | – | – | N/A |
| Sales & Marketing | 1,473 | 1,611 | (138) | (8.6%) | 1,473 | 1,611 | (138) | (8.6%) |
| Administrative | 2,503 | 2,699 | (195) | (7.2%) | 2,503 | 2,699 | (195) | (7.2%) |
| Other Opex | 172 | (17) | 189 | (1111.8%) | 172 | (17) | 189 | (1111.8%) |
| Total Opex | 4,148 | 4,293 | (144) | (3.4%) | 4,148 | 4,293 | (144) | (3.4%) |
| EBITDA | 1,324 | 948 | 376 | 39.6% | 1,324 | 948 | 376 | 39.6% |
| EBITDA % | 3.7% | 2.8% | | | 3.7% | 2.8% | | |
| Net Income (Loss) | \$ (4,345) | \$ (3,665) | \$ (679) | 18.5% | \$ (4,345) | \$ (3,665) | \$ (679) | 18.5% |
| Capex | \$ (684) | \$ (1,753) | \$ 1,069 | (61.0%) | \$ (684) | \$ (1,753) | \$ 1,069 | (61.0%) |
| Opex Overview: | | | | | | | | |
| Payroll | \$ 2,380 | \$ 2,519 | \$ (139) | (5.5%) | \$ 2,380 | \$ 2,519 | \$ (139) | (5.5%) |
| Bonus | 139 | 185 | (46) | (24.8%) | 139 | 185 | (46) | (24.8%) |
| Commissions | 82 | 60 | 22 | 37.4% | 82 | 60 | 22 | 37.4% |
| Marketing | 189 | 276 | (86) | (31.3%) | 189 | 276 | (86) | (31.3%) |
| Benefits | – | – | – | N/A | – | – | – | N/A |
| Travel and entertainment | 165 | 287 | (121) | (42.4%) | 165 | 287 | (121) | (42.4%) |
| Rent and facilities | – | – | – | N/A | – | – | – | N/A |
| Insurance | 64 | 85 | (21) | (24.6%) | 64 | 85 | (21) | (24.6%) |
| Professional fees | 192 | 137 | 54 | 39.5% | 192 | 137 | 54 | 39.5% |
| Office Expenses | 62 | 60 | 2 | 3.2% | 62 | 60 | 2 | 3.2% |
| IT | 415 | 457 | (42) | (9.2%) | 415 | 457 | (42) | (9.2%) |
| Bad Debts | 63 | (1) | 64 | (7119.7%) | 63 | (1) | 64 | (7119.7%) |
| FX | 225 | – | 225 | N/A | 225 | – | 225 | N/A |
| JV Loss (Income) | (53) | (17) | (36) | 210.9% | (53) | (17) | (36) | 210.9% |
| Other Expenses | 224 | 245 | (20) | (8.3%) | 224 | 245 | (20) | (8.3%) |
| Total Opex | \$ 4,148 | \$ 4,293 | \$ (144) | (3.4%) | \$ 4,148 | \$ 4,293 | \$ (144) | (3.4%) |

Management Discussion

Net Revenue – Q1 QTD +\$1,414K:

- Extrusion external sales volume ahead of Budget with higher volumes out of Woodbridge by \$856K, Laval by \$353K and Everett by \$160K offset by lower volumes out of Delmont by \$428K; driven by a mix of both Canadian and US customers
- Patio Door gross sales were behind Budget by \$371K driven by decreased demand from Atis, Isothermic and AMI. External compound sales were ahead of Budget by \$582K due to increased orders from Declan and Fence Outlet (new customers)
- Rebates & discounts were unfavorable by \$152K to Budget due to volume and customer mix
- Returns & allowances were higher than Budget by \$59K due to higher returns out of Laval as a result of dispute resolutions regarding non-conforming products
- Favorable product sales mix of \$697K from Woodbridge, Laval and Delmont
- Unfavorable F/X impact of \$224K (actual rate of 1.3442 [or \$USD 0.7439] vs. Budget rate of 1.33 [or \$USD 0.7519])

EBITDA – Q1 QTD +\$376K:

- Material COGS:** Increased costs primarily driven by increased volumes and a favorable material price impact of approx. \$623K (resin, additives and TiO2); partially offset by \$220K due to unfavorable yields & additional scrap at Woodbridge and Everett due to launch activities
- Labor COGS:** Decrease in labor costs driven by lower production volumes and layoffs due to plant shutdowns in mid-March as a result of COVID-19 impacts (Quebec customers shutdown and Everett cases)
- Other COGS:** Increase of \$1,169K comprised of: an unfavorable absorption impact of \$903K as a result of selling more out of inventory than Plan and lower production (Covid-19), and lower tool & die overhead recovery of \$222K in Woodbridge, Laval and Everett as a result of waiting for customer approvals and switching the tool room focus to supporting production
- Sales and Marketing:** Lower payroll costs due to lower headcount (Covid-19 layoffs), lower marketing spend due to cost containment initiatives, lower product development costs due to timing and lower T&E costs; partially offset by an increase to the bad debts reserve as a result of increased collection risks
- Administrative:** Lower T&E and IT costs due to cost containment and timing
- Other Opex:** Unfavorable realized F/X re-valuation impact of \$225K due to F/X revaluation of working capital balances (change in F/X from 1.3395 on February 29th, 2020 to 1.4172 on March 31st, 2020); partially offset by increased JV equity income

Consolidated Summary P&L (vs PY) – Q1 2020

| \$'000 | QTD | | Var | | YTD | | Var | |
|--------------------------|------------|------------|------------|----------|------------|------------|------------|----------|
| | Act | PY-Act | \$ | % | Act | PY-Act | \$ | % |
| Units Produced ('000) | 23,571 | 23,546 | 25 | 0.1% | 23,571 | 23,546 | 25 | 0.1% |
| Units Shipped ('000) | 22,514 | 20,761 | 1,754 | 8.4% | 22,514 | 20,761 | 1,754 | 8.4% |
| Bookings (\$'000) | \$ 38,775 | \$ 33,792 | \$ 4,983 | 14.7% | \$ 38,775 | \$ 33,792 | \$ 4,983 | 14.7% |
| Backlog (\$'000) | \$ 10,608 | \$ 8,460 | \$ 2,149 | 25.4% | \$ 10,608 | \$ 8,460 | \$ 2,149 | 25.4% |
| Gross Revenue | \$ 37,159 | \$ 34,773 | \$ 2,385 | 6.9% | \$ 37,159 | \$ 34,773 | \$ 2,385 | 6.9% |
| Adj. to Gross Revenue | (1,858) | (1,643) | (216) | 13.1% | (1,858) | (1,643) | (216) | 13.1% |
| Net Revenue | 35,300 | 33,131 | 2,170 | 6.5% | 35,300 | 33,131 | 2,170 | 6.5% |
| Material | 16,976 | 15,969 | 1,007 | 6.3% | 16,976 | 15,969 | 1,007 | 6.3% |
| Labor | 8,565 | 8,554 | 11 | 0.1% | 8,565 | 8,554 | 11 | 0.1% |
| Other COGS | 4,287 | 3,441 | 847 | 24.6% | 4,287 | 3,441 | 847 | 24.6% |
| Total COGS | 29,829 | 27,964 | 1,865 | 6.7% | 29,829 | 27,964 | 1,865 | 6.7% |
| Gross Margin | 5,472 | 5,167 | 305 | 5.9% | 5,472 | 5,167 | 305 | 5.9% |
| Gross Margin % | 15.5% | 15.6% | | | 15.5% | 15.6% | | |
| R&D | – | – | – | N/A | – | – | – | N/A |
| Sales & Marketing | 1,473 | 1,631 | (158) | (9.7%) | 1,473 | 1,631 | (158) | (9.7%) |
| Administrative | 2,503 | 2,884 | (381) | (13.2%) | 2,503 | 2,884 | (381) | (13.2%) |
| Other Opex | 172 | (117) | 289 | (247.8%) | 172 | (117) | 289 | (247.8%) |
| Total Opex | 4,148 | 4,399 | (250) | (5.7%) | 4,148 | 4,399 | (250) | (5.7%) |
| EBITDA | 1,324 | 768 | 555 | 72.3% | 1,324 | 768 | 555 | 72.3% |
| EBITDA % | 3.7% | 2.3% | | | 3.7% | 2.3% | | |
| Net Income (Loss) | \$ (4,345) | \$ (2,437) | \$ (1,908) | 78.3% | \$ (4,345) | \$ (2,437) | \$ (1,908) | 78.3% |
| Capex | \$ (684) | \$ (1,580) | \$ 896 | (56.7%) | \$ (684) | \$ (1,580) | \$ 896 | (56.7%) |
| Opex Overview: | | | | | | | | |
| Payroll | \$ 2,380 | \$ 2,476 | \$ (95) | (3.9%) | \$ 2,380 | \$ 2,476 | \$ (95) | (3.9%) |
| Bonus | 139 | 336 | (197) | (58.6%) | 139 | 336 | (197) | (58.6%) |
| Commissions | 82 | 53 | 29 | 54.6% | 82 | 53 | 29 | 54.6% |
| Marketing | 189 | 346 | (156) | (45.2%) | 189 | 346 | (156) | (45.2%) |
| Benefits | – | – | – | N/A | – | – | – | N/A |
| Travel and entertainment | 165 | 270 | (105) | (38.9%) | 165 | 270 | (105) | (38.9%) |
| Rent and facilities | – | – | – | N/A | – | – | – | N/A |
| Insurance | 64 | 80 | (15) | (19.4%) | 64 | 80 | (15) | (19.4%) |
| Professional fees | 192 | 153 | 38 | 24.8% | 192 | 153 | 38 | 24.8% |
| Office Expenses | 62 | 67 | (5) | (7.4%) | 62 | 67 | (5) | (7.4%) |
| IT | 415 | 464 | (49) | (10.6%) | 415 | 464 | (49) | (10.6%) |
| Bad Debts | 63 | 32 | 31 | 96.8% | 63 | 32 | 31 | 96.8% |
| FX | 225 | (83) | 308 | (371.3%) | 225 | (83) | 308 | (371.3%) |
| JV Loss (Income) | (53) | (34) | (19) | 58.0% | (53) | (34) | (19) | 58.0% |
| Other Expenses | 224 | 238 | (14) | (5.7%) | 224 | 238 | (14) | (5.7%) |
| Total Opex | \$ 4,148 | \$ 4,399 | \$ (250) | (5.7%) | \$ 4,148 | \$ 4,399 | \$ (250) | (5.7%) |

Management Discussion

Net Revenue – Q1 QTD +\$2,170K:

- Extrusion external sales volume ahead of Prior Year by 3.8% and \$1,100K due to higher demand from both Canadian and US customers; with higher sales out of Woodbridge by \$669K, Laval by \$271K, Delmont by \$219K; partially offset by Everett at \$59K
- Patio Door gross sales were ahead of Prior Year by \$128K driven by increased demand from its Canadian customers. External compound sales were ahead of Prior Year by \$898K due to increased orders from Declan and Fence Outlet (new customers)
- Rebates & discounts were higher than Prior Year by \$234K due to sales and customer mix
- Returns & allowances were slightly higher than Prior Year by only \$2K
- Unfavorable F/X impact of \$224K (actual rate of 1.3442 [or \$USD 0.7439] vs. Q1 2019 rate of 1.3292 [or \$USD 0.7523])

EBITDA – Q1 QTD +\$555K:

- Material COGS:** Increased costs primarily driven by higher sales volume, unfavorable yields & additional scrap at Woodbridge and Everett due to launch activities and lower regrind usage; partially offset by favorable resin, impact modifier and stabilizer material prices at ECS
- Labor COGS:** Labor costs in line with prior year, but impacted by additional headcount maintained in Terrebonne for the launch of newly awarded business; higher overtime in Everett due to launch activities and higher absenteeism, offset by Covid-19 related shutdowns in Quebec and the Everett plan in mid-March
- Other COGS:** Increase of \$847K comprised of: unfavorable absorption of \$533K as a result of selling out of inventory, higher freight costs of \$32K due to increased sales and customer mix and lower tool & die recovery of \$218K in Woodbridge as a result of waiting for customer approvals and shifting the focus in the tool room to supporting production
- Sales and Marketing:** Lower payroll costs due to lower headcount, lower marketing spend due to containment initiatives, lower product development costs due to timing and lower T&E costs; partially offset by an increase to the bad debts reserve as a result of increased collection risks
- Administrative:** Lower payroll costs due to headcount, lower bonus expense accrual, lower T&E and IT costs due to cost containment
- Other Opex:** Unfavorable realized F/X re-valuation impact of \$308K due to F/X revaluation of working capital balances (change in F/X from 1.3024 on December 31st, 2019 to 1.4172 on March 31st, 2020); partially offset by increased JV equity income

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 | \$ 2,380 | \$ 2,519 | \$ (139) | \$ (112) | \$ - | \$ (35) | \$ 8 | | \$ (139) | \$ (95) | \$ - |
| Bonus | \$ 139 | \$ 185 | \$ (46) | \$ (46) | \$ - | \$ - | \$ 0 | | \$ (46) | \$ (197) | \$ - |
| Commissions | \$ 82 | \$ 60 | \$ 22 | \$ 17 | \$ - | \$ 5 | \$ 0 | | \$ 22 | \$ 29 | \$ - |
| Marketing | \$ 189 | \$ 276 | \$ (86) | \$ (98) | \$ 11 | \$ - | \$ 1 | | \$ (86) | \$ (156) | \$ - |
| Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | \$ - |
| Travel and entertainment | \$ 165 | \$ 287 | \$ (121) | \$ (82) | \$ - | \$ (40) | \$ 1 | | \$ (121) | \$ (105) | \$ - |
| Rent and facilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | \$ - |
| Insurance | \$ 64 | \$ 85 | \$ (21) | \$ - | \$ - | \$ (21) | \$ 0 | | \$ (21) | \$ (15) | \$ - |
| Professional fees | \$ 192 | \$ 137 | \$ 54 | \$ 27 | \$ - | \$ 26 | \$ 1 | | \$ 54 | \$ 38 | \$ - |
| Office expense | \$ 62 | \$ 60 | \$ 2 | \$ 2 | | \$ - | \$ 0 | | \$ 2 | \$ (5) | \$ - |
| IT | \$ 415 | \$ 457 | \$ (42) | \$ (42) | \$ - | \$ (2) | \$ 2 | | \$ (42) | \$ (49) | \$ - |
| Bad Debts | \$ 63 | \$ (1) | \$ 64 | \$ 63 | \$ - | \$ - | \$ 1 | | \$ 64 | \$ 31 | \$ - |
| FX | \$ 225 | \$ - | \$ 225 | \$ - | \$ - | \$ - | \$ 225 | | \$ 225 | \$ 308 | \$ - |
| JV Loss (Income) | \$ (53) | \$ (17) | \$ (36) | \$ - | \$ - | \$ (36) | \$ 0 | | \$ (36) | \$ (19) | \$ - |
| Other Expenses | \$ 224 | \$ 245 | \$ (20) | \$ (22) | | \$ - | \$ 1 | | \$ (20) | \$ (14) | \$ - |
| Total Opex | \$ 4,148 | \$ 4,293 | \$ (144) | \$ (293) | \$ 11 | \$ (103) | \$ 241 | | \$ (144) | \$ (250) | \$ - |

Management Discussion

- Lower payroll largely due to budgeted hire of 3 US Sales staff and Terrebonne Plant Manager. Also lower staff count in March in line with lower production affected by the current pandemic, offset by a unfavorable FX
- Higher professional fees on account of hiring fees for Plant manager at Terrebonne and financial cost analyst at Everett; Change in run rate attributed to new controller at Woodbridge and Payroll Consultant at Corporate
- Lower bonus caused by true up of prior year bonus accrual
- Lower IT as a result of fee negotiation and free period for certain subscriptions.
- Marketing expenses lower due to cancellation of Platinum Trip and cut down of marketing expenses in general
- Top up of Bad Debts provision to cover Ontario and Quebec exposures (Accord, Qualum)
- Travel and entertainment budgeted for US Sales staff hired later in the period in addition to reduced travel caused by current pandemic
- Other expenses lower due to lower costs from R&D consultant at ECS offset by Bank of America audit review fee

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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| IT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Legal Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Professional Fees | \$ 25 | \$ - | \$ (25) | \$ - | \$ - | \$ 22 | \$ 22 | \$ - |
| Project Panther | \$ 133 | \$ - | \$ (133) | \$ - | \$ - | \$ (73) | \$ (73) | \$ - |
| Project DB&A | \$ 400 | \$ 486 | \$ 86 | \$ 2 | \$ - | \$ - | \$ 2 | \$ 2 |
| Employee Restructuring Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | \$ (62) | \$ - | \$ 62 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total 1X Costs | \$ 497 | \$ 486 | \$ (11) | \$ 2 | \$ - | \$ (51) | \$ (49) | \$ 2 |

Management Discussion

- Professional Fees include costs incurred for the following projects:
 - Freight and logistics initiative with Smart Ventures of \$12K;
 - Executive Coaching from Management Tools Inc. of \$11K;
 - OBI Projects with Practical Approach \$2K;
- Woodbridge Productivity Improvement initiative with DB&A of \$403K;
- Project Panther costs of \$136K which include Beckway charges of \$111K and Merril Inc of \$25K (for VDR)
- Others include refund of WSIB NEER premium for Woodbridge \$34K, 2016 Title insurance refund of \$24K and Laval Water Damage Claim refund of \$5K

Balance Sheet

| \$'000 | Dec-19 Act | Dec-19 Act | Jan-20 Act | Feb-20 Act | Mar-20 | | Variance | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-------------|
| | | | | | Act | Bud | \$ | % |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 0 | 12.3% |
| Short term investments | — | — | — | — | — | — | — | N/A |
| <i>Accounts receivable, gross</i> | 9,246 | 9,246 | 11,246 | 11,636 | 12,417 | 11,620 | 797 | 6.9% |
| <i>Accounts receivable, reserves</i> | (561) | (561) | (582) | (608) | (574) | (472) | (102) | 21.7% |
| Accounts receivable, net | 8,685 | 8,685 | 10,663 | 11,029 | 11,843 | 11,148 | 695 | 6.2% |
| <i>Inventory, gross</i> | 31,428 | 31,428 | 31,650 | 31,849 | 31,231 | 29,532 | 1,700 | 5.8% |
| <i>Inventory, reserves</i> | (2,031) | (2,031) | (1,994) | (1,982) | (1,765) | (1,898) | 133 | (7.0%) |
| Inventory, net | 29,397 | 29,397 | 29,656 | 29,866 | 29,466 | 27,633 | 1,833 | 6.6% |
| Prepaid expenses and other current assets | 3,221 | 3,221 | 3,193 | 3,186 | 3,081 | 3,470 | (389) | (11.2%) |
| Other current assets | 835 | 835 | 769 | 744 | 1,155 | 704 | 451 | 64.1% |
| Total Current Assets | 42,141 | 42,141 | 44,284 | 44,828 | 45,549 | 42,958 | 2,591 | 6.0% |
| Non-Current Assets | | | | | | | | |
| <i>Property, plant & equipment, gross</i> | 73,423 | 73,423 | 73,055 | 72,779 | 70,904 | 74,548 | (3,644) | (4.9%) |
| <i>Accumulated depreciation</i> | (27,272) | (27,272) | (27,815) | (28,391) | (28,185) | (29,119) | 933 | (3.2%) |
| Property, plant & equipment, net | 46,151 | 46,151 | 45,240 | 44,387 | 42,719 | 45,429 | (2,710) | (6.0%) |
| Deferred financing cost | 399 | 399 | 381 | 365 | 339 | 348 | (9) | (2.6%) |
| Deferred tax asset | 4,942 | 4,942 | 4,625 | 4,575 | 4,363 | 1,344 | 3,019 | 224.7% |
| Other non-current assets | 2,863 | 2,863 | 2,850 | 2,829 | 2,680 | 2,690 | (10) | (0.4%) |
| Total Non-Current Assets | 54,354 | 54,354 | 53,096 | 52,156 | 50,101 | 49,812 | 290 | 0.6% |
| Total Assets | \$ 96,495 | \$ 96,495 | \$ 97,380 | \$ 96,985 | \$ 95,650 | \$ 92,769 | \$ 2,880 | 3.1% |
| Current Liabilities | | | | | | | | |
| Bank Debt | \$ 14,452 | \$ 14,452 | \$ 17,079 | \$ 16,572 | \$ 13,221 | \$ 17,361 | \$ (4,140) | (23.8%) |
| Current Portion - Long Term Debt | 1,690 | 1,690 | 1,669 | 1,652 | 1,578 | 1,662 | (83) | (5.0%) |
| Accounts payable | 12,674 | 12,674 | 12,013 | 13,603 | 18,599 | 12,144 | 6,454 | 53.1% |
| Accrued liabilities | 2,752 | 2,752 | 3,167 | 2,725 | 2,773 | 3,454 | (680) | (19.7%) |
| Accrued compensation | 2,007 | 2,007 | 2,754 | 3,054 | 3,111 | 3,859 | (748) | (19.4%) |
| Income taxes payable | (288) | (288) | (288) | (220) | (285) | 179 | (464) | (259.1%) |
| Contingent consideration | — | — | — | — | — | — | — | N/A |
| Other current liabilities | 111 | 111 | 107 | 100 | 95 | 158 | (63) | (39.7%) |
| Total Current Liabilities | 33,399 | 33,399 | 36,501 | 37,486 | 39,092 | 38,816 | 275 | 0.7% |
| Long-term liabilities | | | | | | | | |
| Long-term debt less current maturities | 10,799 | 10,799 | 10,519 | 10,266 | 9,650 | 10,191 | (541) | (5.3%) |
| Deferred income taxes | 10,827 | 10,827 | 10,502 | 10,445 | 10,202 | 9,456 | 746 | 7.9% |
| Other non-current liabilities | 1,618 | 1,618 | 1,595 | 1,577 | 1,492 | 1,446 | 46 | 3.2% |
| Total Long-Term Liabilities | 23,244 | 23,244 | 22,616 | 22,288 | 21,344 | 21,093 | 251 | 1.2% |
| Total Liabilities | 56,643 | 56,643 | 59,117 | 59,774 | 60,436 | 59,909 | 527 | 0.9% |
| 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 | 28,058 | 28,058 | 26,588 | 25,585 | 23,752 | 21,237 | 2,514 | 11.8% |
| Accumulated other comprehensive income | (816) | (816) | (934) | (984) | (1,148) | (987) | (161) | 16.3% |
| Total Shareholders' Equity | 39,852 | 39,852 | 38,263 | 37,211 | 35,214 | 32,860 | 2,354 | 7.2% |
| Total Liabilities and Shareholders' Equity | \$ 96,495 | \$ 96,495 | \$ 97,380 | \$ 96,985 | \$ 95,650 | \$ 92,769 | \$ 2,880 | 3.1% |

Management Discussion

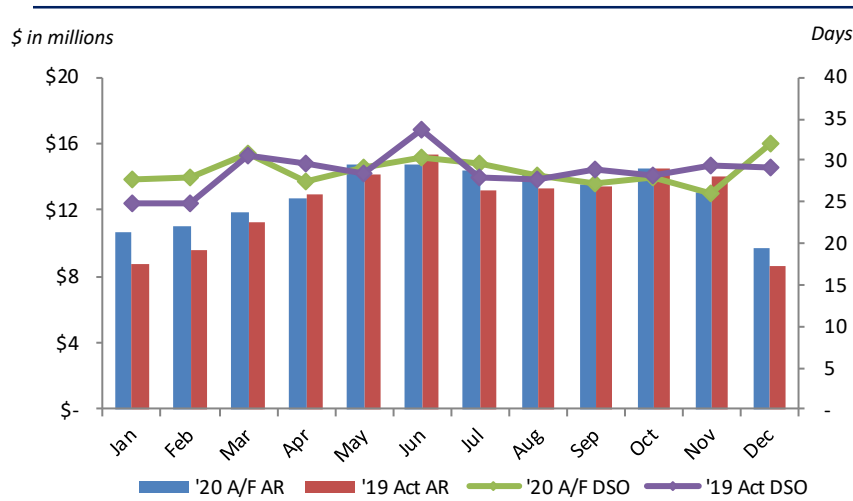
- Net A/R vs. Budget is up by \$695K (6.2%) due to higher sales vs budget (YTD sales up by 4.2%). This was offset by an unfavorable F/X impact of \$574K (actual rate of 1.4172 [or USD\$ 0.70] vs. the Budget rate of 1.33 [or USD\$ 0.76]) and an increase in reserves by \$102K vs Budget
- Inventory levels higher (6.6% or \$1,833K) on account of higher inventory build up to remain aligned with order intake as well as anticipated production slowdown due to the current pandemic; offset by unfavorable F/X impact of \$1,246K (actual rate of 1.4172 [or USD\$ 0.70] vs. the Budget rate of 1.33 [or USD\$ 0.76])
- Marginal decrease in Prepaid expenses vs Bud due timing of payments on expenditure of \$345K; and lower Non-inventory stock by \$44K
- PPE lower (6%) on account of lower Capex expenditure as well as an unfavorable F/X impact of \$1,245K (actual rate of 1.4172 [or USD\$ 0.70] vs. the Budget rate of 1.33 [or USD\$ 0.76])
- Deferred tax assets higher vs budget following review of 2019 year end balances by MNP.
- Decrease in exposure with Bank due to pay down of outstanding on Revolver and a favorable F/X impact of \$1,194K (actual rate of 1.4172 [or USD\$ 0.70] vs. the Budget rate of 1.33 [or USD\$ 0.76])
- Increase in Accounts Payables due to lower payments offset by a favorable F/X impact of \$1,056K (actual rate of 1.4172 [or USD\$ 0.70] vs. the Budget rate of 1.33 [or USD\$ 0.76])
- Decrease in Accrued Liabilities due to lower expense accruals vs Budget
- Decrease in Accrued Compensation due to reduction in bonus accrual.

Cash Flow Statement

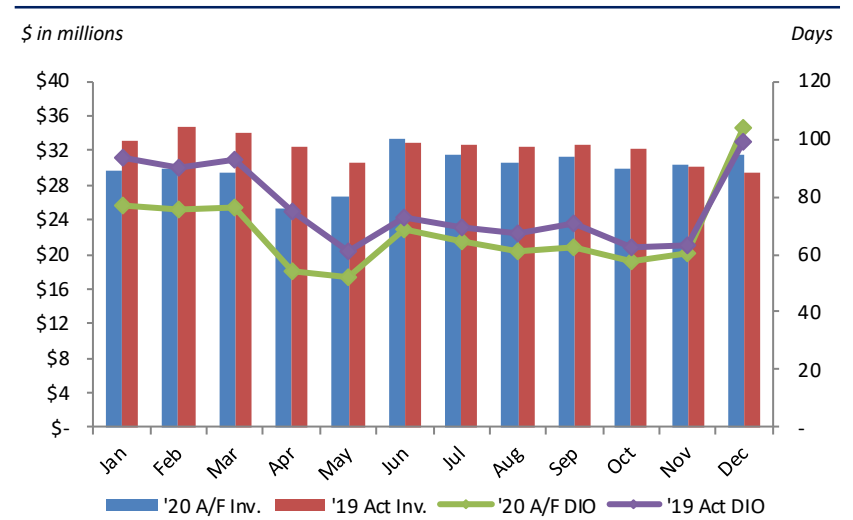
| \$'000 | QTD | | Variance | | PY-QTD | | Variance | | YTD | | Variance | | PY YTD | | Variance | | |
|---|-----|---------|----------|---------|--------|---------|-----------|-----|---------|----|----------|-----------|--------|---------|----------|---------|-----------|
| | Act | Bud | \$ | % | Act | \$ | % | Act | Bud | \$ | % | ACT | \$ | % | | | |
| Cash flow from operations | | | | | | | | | | | | | | | | | |
| Net Income (Loss) | \$ | (4,345) | \$ | (3,665) | \$ | (679) | 18.5% | \$ | (2,437) | \$ | (1,908) | 78.3% | \$ | (4,345) | \$ | (3,665) | 78.3% |
| Depreciation, amortization and other | | 2,408 | | 2,324 | | 84 | 3.6% | | 2,158 | | 250 | 11.6% | | 2,408 | | 2,324 | 11.6% |
| Non-cash loss/expense (gain) | | 555 | | (175) | | 730 | (416.7%) | | 32 | | 522 | 1610.0% | | 555 | | (175) | 1610.0% |
| Deferred income tax | | 77 | | (1,371) | | 1,448 | (105.7%) | | 32 | | 45 | 140.4% | | 77 | | (1,371) | 140.4% |
| Change in operating assets and liabilities: | | | | | | | | | | | | | | | | | |
| Accounts receivable | | (3,158) | | (2,463) | | (695) | 28.2% | | (2,620) | | (538) | 20.5% | | (3,158) | | (2,463) | 20.5% |
| Inventory | | (70) | | 1,763 | | (1,833) | (104.0%) | | (3,841) | | 3,771 | (98.2%) | | (70) | | 1,763 | (98.2%) |
| Prepaid expenses and other current assets | | (180) | | (118) | | (62) | 52.7% | | (13) | | (167) | 1306.2% | | (180) | | (118) | 1306.2% |
| Accounts payable | | 5,925 | | (530) | | 6,454 | (1218.1%) | | (510) | | 6,434 | (1262.2%) | | 5,925 | | (530) | (1262.2%) |
| Accrued expenses | | 1,126 | | 2,554 | | (1,429) | (55.9%) | | 739 | | 386 | 52.2% | | 1,126 | | 2,554 | 52.2% |
| Accrued income taxes | | 3 | | 467 | | (464) | (99.4%) | | (97) | | 100 | (102.8%) | | 3 | | 467 | (102.8%) |
| Other changes in operating assets and liabilities | | (16) | | 47 | | (63) | (134.3%) | | 27 | | (43) | (159.8%) | | (16) | | 47 | (159.8%) |
| Other cash flow from operations | | — | | — | | — | N/A | | — | | — | N/A | | — | | — | N/A |
| Total Cash Flow from Operations | \$ | 2,324 | \$ | (1,167) | \$ | 3,492 | (299.1%) | \$ | (6,529) | \$ | 8,854 | (135.6%) | \$ | 2,324 | \$ | (1,167) | (135.6%) |
| Cash flow from investing | | | | | | | | | | | | | | | | | |
| Additions to property, plant and equipment | \$ | (684) | \$ | (1,753) | \$ | 1,069 | (61.0%) | \$ | (1,580) | \$ | 896 | (56.7%) | \$ | (684) | \$ | (1,753) | (56.7%) |
| Earnout payments | | — | | — | | — | N/A | | — | | — | N/A | | — | | — | N/A |
| Other cash flow from investing | | — | | — | | — | N/A | | — | | — | N/A | | — | | — | N/A |
| Total Cash Flow from Investing | \$ | (684) | \$ | (1,753) | \$ | 1,069 | (61.0%) | \$ | (1,580) | \$ | 896 | (56.7%) | \$ | (684) | \$ | (1,753) | (56.7%) |
| Cash flow from financing | | | | | | | | | | | | | | | | | |
| Proceeds from the issuance (repayment) of short-t | \$ | (1,232) | \$ | 2,908 | \$ | (4,140) | (142.4%) | \$ | 8,528 | \$ | (9,760) | (114.4%) | \$ | (1,232) | \$ | 2,908 | (114.4%) |
| Proceeds from the issuance of debt | | (0) | | — | | (0) | N/A | | (0) | | 0 | (98.8%) | | (0) | | — | (98.8%) |
| Repayment of debt | | (410) | | (415) | | 6 | (1.4%) | | (416) | | 6 | (1.5%) | | (410) | | (415) | (1.5%) |
| Common stock cash dividends paid | | — | | — | | — | N/A | | — | | — | N/A | | — | | — | N/A |
| Other cash flow from financing | | — | | — | | — | N/A | | — | | — | N/A | | — | | — | N/A |
| Total Cash Flow from Financing | \$ | (1,641) | \$ | 2,493 | \$ | (4,134) | (165.8%) | \$ | 8,112 | \$ | (9,753) | (120.2%) | \$ | (1,641) | \$ | 2,493 | (120.2%) |
| Effect of FX rates on cash and cash equivalents | \$ | — | \$ | — | \$ | — | N/A | \$ | — | \$ | — | N/A | \$ | — | \$ | — | N/A |
| Net change in cash | \$ | (1) | \$ | (427) | \$ | 426 | (99.8%) | \$ | 3 | \$ | (4) | (131.5%) | \$ | (1) | \$ | (427) | (131.5%) |
| Beginning cash | | 3 | | 3 | | 0 | 0.0% | | 0 | | 3 | 815681.2% | | 3 | | 3 | 815681.2% |
| Change in cash | | (1) | | (427) | | 426 | (99.8%) | | 3 | | (4) | (131.5%) | | (1) | | (427) | (131.5%) |
| Ending cash | \$ | 2 | \$ | (425) | \$ | 426 | (100.5%) | \$ | 3 | \$ | (1) | (35.3%) | \$ | 2 | \$ | (425) | (35.3%) |

Working Capital and Cash Conversion Cycle

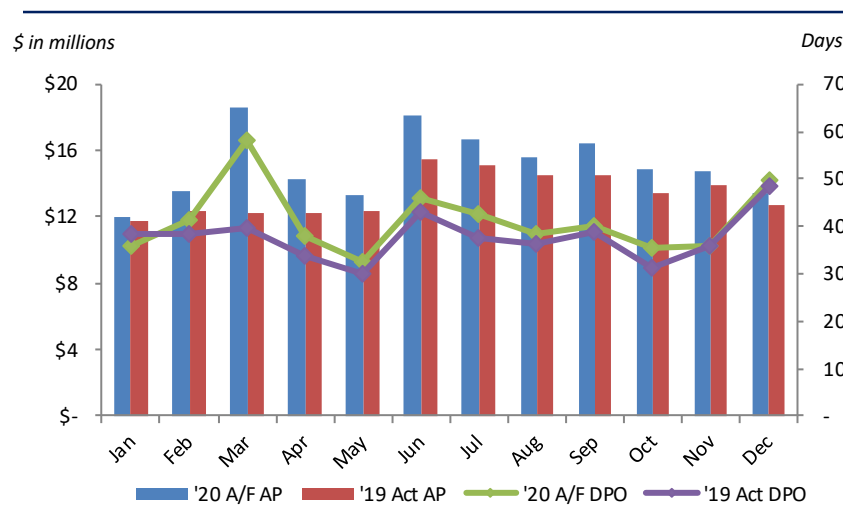
Accounts Receivable



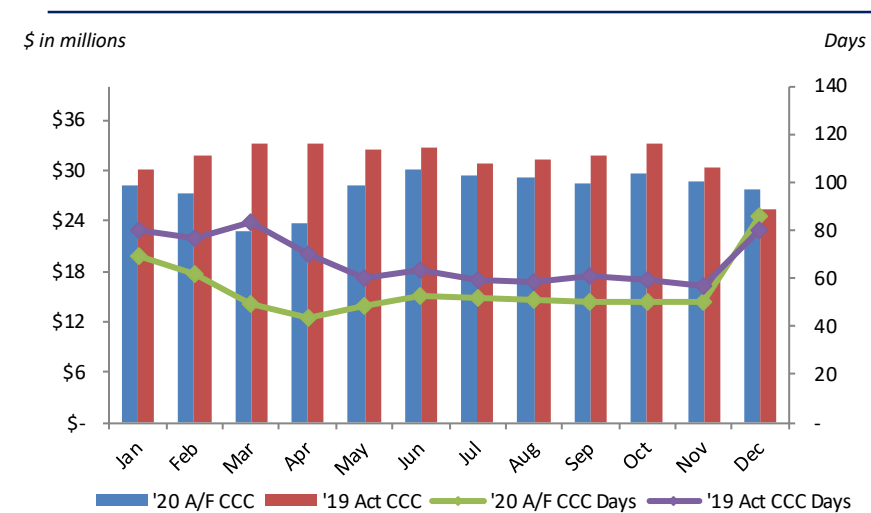
Inventory



Accounts Payable



Cash Conversion Cycle



AR and AP Aging Detail

\$'000

| AR Aging | | | | | |
|--------------|------------------|------------------|------------------|---------------|--|
| Days | Jan-20 | Feb-20 | Mar-20 | % | |
| 0-30 | \$ 7,694 | \$ 8,898 | \$ 9,140 | 77.2% | |
| 30-60 | 2,042 | 1,296 | 2,019 | 17.0% | |
| 60-90 | 314 | 336 | (65) | (0.5%) | |
| >90 | 613 | 499 | 749 | 6.3% | |
| Total | \$ 10,663 | \$ 11,029 | \$ 11,843 | 100.0% | |

| AP Aging | | | | | |
|--------------|------------------|------------------|------------------|---------------|--|
| Days | Jan-20 | Feb-20 | Mar-20 | % | |
| 0-30 | \$ 10,559 | \$ 11,258 | \$ 12,052 | 64.8% | |
| 30-60 | 1,252 | 2,301 | 5,632 | 30.3% | |
| 60-90 | 198 | 43 | 908 | 4.9% | |
| >90 | 4 | 1 | 7 | 0.0% | |
| Total | \$ 12,013 | \$ 13,603 | \$ 18,599 | 100.0% | |

Management Discussion

- DSO days increased 28 to 31 due to increase in sales and some delay in receiving payments due to the current pandemic.
- Increase in DPO days from 41 to 58 due to delay in payments as a result of process limitations caused by the lockdown due to the current pandemic.

Covenant Analysis

| (US\$ '000s) | Act Dec-19 | Act Jan-20 | Act Feb-20 | Act Mar-20 | Bud Apr-20 | Bud May-20 | Bud Jun-20 | Bud Jul-20 | Bud Aug-20 | Bud Sep-20 | Bud Oct-20 | Bud Nov-20 | Bud Dec-20 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Excess Availability | | | | | | | | | | | | | |
| Borrowing Base | 27,369 | 23,561 | 24,678 | 23,368 | 23,124 | 26,536 | 29,285 | 29,048 | 26,611 | 26,386 | 28,202 | 27,706 | 26,542 |
| Total Revolver Debt | 14,452 | 17,079 | 16,572 | 13,221 | 16,891 | 20,353 | 21,853 | 21,252 | 19,511 | 18,925 | 19,283 | 18,346 | 18,075 |
| Excess Availability | 12,917 | 6,482 | 8,106 | 10,147 | 6,233 | 6,183 | 7,432 | 7,796 | 7,100 | 7,461 | 8,919 | 9,360 | 8,467 |
| EA % of Borrowing Base | 47.2% | 27.5% | 32.8% | 43.4% | 27.0% | 23.3% | 25.4% | 26.8% | 26.7% | 28.3% | 31.6% | 33.8% | 31.9% |
| 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 | 10,545 | 10,249 | 9,560 | 8,953 | 9,415 | 10,151 | 9,401 | 10,256 | 11,018 | 11,076 | 11,466 | 11,351 | 10,362 |
| Total Capex | 672 | 228 | 219 | 237 | 739 | 739 | 739 | 556 | 556 | 556 | 288 | 288 | 288 |
| IT separation Capex | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Financed Capex | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capex, as calculated for FCCR | 672 | 228 | 219 | 237 | 739 | 739 | 739 | 556 | 556 | 556 | 288 | 288 | 288 |
| TTM Capex | 6,807 | 6,546 | 6,234 | 5,911 | 6,203 | 6,423 | 6,357 | 6,152 | 6,322 | 6,377 | 6,143 | 5,816 | 5,432 |
| Cash Taxes | 650 | 1 | - | - | - | - | - | - | - | - | - | - | - |
| TTM Cash Taxes | 1,408 | 1,409 | 1,321 | 786 | 651 | 651 | 651 | 651 | 651 | 651 | 651 | 651 | 1 |
| Numerator | 2,329 | 2,293 | 2,004 | 2,256 | 2,561 | 3,077 | 2,392 | 3,453 | 4,046 | 4,048 | 4,672 | 4,884 | 4,929 |
| Cash Interest on existing ABL | 194 | 156 | 164 | 157 | 220 | 220 | 219 | 218 | 218 | 217 | 217 | 216 | 215 |
| Cash Interest on additional debt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TTM Cash Interest | 2,158 | 2,159 | 2,158 | 2,126 | 2,162 | 2,184 | 2,216 | 2,244 | 2,273 | 2,308 | 2,350 | 2,418 | 2,438 |
| Principal Payments on additional debt | 140 | 140 | 138 | 132 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 |
| TTM Principal Payments | 1,665 | 1,667 | 1,665 | 1,659 | 1,660 | 1,661 | 1,661 | 1,659 | 1,659 | 1,658 | 1,657 | 1,657 | 1,656 |
| Denominator | 3,823 | 3,825 | 3,823 | 3,784 | 3,822 | 3,845 | 3,877 | 3,903 | 3,932 | 3,966 | 4,007 | 4,074 | 4,094 |
| FCCR Ratio | 0.6 | 0.6 | 0.5 | 0.6 | 0.7 | 0.8 | 0.6 | 0.9 | 1.0 | 1.0 | 1.2 | 1.2 | 1.2 |
| 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 | OK | OK | OK | OK | OK |

Q1 2020 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q1 2020

➔ Financial Matters:

Q1 FY 2020 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% | |

Q1 2020 Audit Committee Agenda

➔ CFO Hot Buttons

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Management Governance Report – Q1 2020

➔ Financial Matters:

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Special Topics

- None noted at this time

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Monthly P&L

| \$'000 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | FY | FY | Var | | PY | Var | |
|--------------------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|----------|-----------|------------|------------|----------|
| | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| | | | | | | | | | | | | | | | | | | | |
| Units Produced ('000) | 8,094 | 7,753 | 7,725 | 8,588 | 9,448 | 8,893 | 8,670 | 8,857 | 8,529 | 8,984 | 8,235 | 4,959 | 98,735 | 99,042 | (308) | (0.3%) | 97,151 | 1,583 | 1.6% |
| Units Shipped ('000) | 7,842 | 6,982 | 7,690 | 8,508 | 9,636 | 8,899 | 9,223 | 9,241 | 8,678 | 9,501 | 8,852 | 5,527 | 100,579 | 99,426 | 1,154 | 1.2% | 96,500 | 4,079 | 4.2% |
| Bookings (\$'000) | \$ 13,481 | \$ 12,476 | \$ 12,818 | \$ 15,172 | \$ 16,613 | \$ 15,411 | \$ 16,267 | \$ 16,318 | \$ 16,225 | \$ 16,533 | \$ 15,847 | \$ 8,906 | \$ 176,067 | \$ 173,296 | \$ 2,771 | 1.6% | \$ 162,586 | \$ 13,481 | 8.3% |
| Backlog ('\$000) | \$ 9,606 | \$ 10,369 | \$ 10,608 | \$ 9,302 | \$ 9,122 | \$ 9,292 | \$ 9,541 | \$ 8,966 | \$ 9,471 | \$ 8,878 | \$ 9,485 | \$ 8,450 | \$ 8,450 | \$ 8,450 | \$ – | 0.0% | \$ 8,430 | \$ 20 | 0.2% |
| Gross Revenue | \$ 12,481 | \$ 12,069 | \$ 12,608 | \$ 14,722 | \$ 16,646 | \$ 15,456 | \$ 15,906 | \$ 16,377 | \$ 15,889 | \$ 17,108 | \$ 16,018 | \$ 9,886 | \$ 175,169 | \$ 173,563 | \$ 1,606 | 0.9% | \$ 166,852 | \$ 8,317 | 5.0% |
| Adj. to Gross Revenue | (576) | (607) | (676) | (759) | (849) | (811) | (811) | (864) | (920) | (976) | (885) | (467) | (9,201) | (9,009) | (192) | 2.1% | (8,598) | (603) | 7.0% |
| Net Revenue | 11,905 | 11,463 | 11,932 | 13,964 | 15,797 | 14,646 | 15,095 | 15,513 | 14,969 | 16,133 | 15,132 | 9,419 | 165,968 | 164,554 | 1,414 | 0.9% | 158,254 | 7,714 | 4.9% |
| Material | 5,974 | 5,389 | 5,614 | 6,758 | 7,819 | 7,157 | 7,434 | 7,624 | 7,593 | 8,109 | 7,650 | 4,175 | 81,296 | 81,128 | 169 | 0.2% | 77,754 | 3,542 | 4.6% |
| Labor | 3,012 | 2,898 | 2,654 | 3,117 | 3,116 | 2,980 | 2,957 | 3,017 | 2,983 | 3,007 | 2,826 | 2,730 | 35,297 | 35,452 | (155) | (0.4%) | 35,294 | 3 | 0.0% |
| Other COGS | 1,395 | 1,272 | 1,621 | 1,394 | 1,753 | 1,614 | 1,787 | 1,938 | 1,740 | 1,886 | 1,855 | 1,448 | 19,703 | 18,534 | 1,169 | 6.3% | 18,632 | 1,071 | 5.7% |
| Total COGS | 10,381 | 9,559 | 9,889 | 11,269 | 12,688 | 11,751 | 12,179 | 12,580 | 12,315 | 13,002 | 12,331 | 8,352 | 136,296 | 135,114 | 1,183 | 0.9% | 131,680 | 4,617 | 3.5% |
| Gross Margin | 1,525 | 1,904 | 2,043 | 2,695 | 3,109 | 2,894 | 2,916 | 2,933 | 2,653 | 3,131 | 2,801 | 1,067 | 29,672 | 29,440 | 231 | 0.8% | 26,574 | 3,097 | 11.7% |
| Gross Margin % | 12.8% | 16.6% | 17.1% | 19.3% | 19.7% | 19.8% | 19.3% | 18.9% | 17.7% | 19.4% | 18.5% | 11.3% | 17.9% | 17.9% | | | 16.8% | | |
| R&D | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Sales & Marketing | 490 | 470 | 512 | 513 | 534 | 544 | 551 | 531 | 571 | 532 | 579 | 538 | 6,366 | 6,505 | (138) | (2.1%) | 6,659 | (293) | (4.4%) |
| Administrative | 948 | 798 | 757 | 888 | 919 | 952 | 943 | 934 | 924 | 922 | 906 | 925 | 10,817 | 11,012 | (195) | (1.8%) | 10,335 | 482 | 4.7% |
| Other Opex | 5 | 13 | 154 | (12) | (18) | (4) | (8) | (6) | (5) | (21) | (14) | (8) | 77 | (112) | 189 | (168.5%) | (291) | 368 | (126.5%) |
| Total Opex | 1,443 | 1,282 | 1,424 | 1,390 | 1,435 | 1,492 | 1,485 | 1,459 | 1,491 | 1,433 | 1,472 | 1,455 | 17,260 | 17,405 | (144) | (0.8%) | 16,704 | 556 | 3.3% |
| EBITDA | 82 | 623 | 619 | 1,305 | 1,674 | 1,402 | 1,431 | 1,474 | 1,163 | 1,697 | 1,330 | (388) | 12,411 | 12,036 | 376 | 3.1% | 9,870 | 2,541 | 25.7% |
| EBITDA % | 0.7% | 5.4% | 5.2% | 9.3% | 10.6% | 9.6% | 9.5% | 9.5% | 7.8% | 10.5% | 8.8% | (4.1%) | 7.5% | 7.3% | | | 6.2% | | |
| Net Income (Loss) | \$ (1,509) | \$ (1,003) | \$ (1,834) | \$ (56) | \$ 360 | \$ 153 | \$ 184 | \$ 251 | \$ (17) | \$ 456 | \$ 167 | \$ (1,330) | \$ (4,177) | \$ (3,497) | \$ (679) | 19.4% | \$ (1,971) | \$ (2,206) | 111.9% |
| Capex | \$ (228) | \$ (219) | \$ (237) | \$ (739) | \$ (739) | \$ (739) | \$ (556) | \$ (556) | \$ (556) | \$ (288) | \$ (288) | \$ (288) | \$ (5,432) | \$ (6,501) | \$ 1,069 | (16.4%) | \$ (6,807) | \$ 1,375 | (20.2%) |
| Opex Overview: | | | | | | | | | | | | | | | | | | | |
| Payroll | \$ 833 | \$ 734 | \$ 814 | \$ 801 | \$ 819 | \$ 866 | \$ 897 | \$ 840 | \$ 859 | \$ 862 | \$ 829 | \$ 894 | \$ 10,046 | \$ 10,185 | \$ (139) | (1.4%) | \$ 9,929 | \$ 117 | 1.2% |
| Bonus | 62 | 62 | 15 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 694 | 740 | (46) | (6.2%) | 62 | 632 | 1016.2% |
| Commissions | 29 | 17 | 36 | 21 | 21 | 27 | 24 | 28 | 28 | 24 | 20 | 20 | 296 | 273 | 22 | 8.2% | 247 | 49 | 19.6% |
| Marketing | 53 | 66 | 70 | 90 | 100 | 86 | 82 | 80 | 101 | 77 | 129 | 78 | 1,012 | 1,098 | (86) | (7.9%) | 1,596 | (584) | (36.6%) |
| Benefits | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Travel and entertainment | 69 | 48 | 48 | 89 | 97 | 89 | 92 | 97 | 105 | 90 | 109 | 91 | 1,023 | 1,145 | (121) | (10.6%) | 1,069 | (46) | (4.3%) |
| Rent and facilities | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Insurance | 24 | 22 | 19 | 29 | 29 | 31 | 29 | 28 | 28 | 28 | 23 | 22 | 312 | 333 | (21) | (6.3%) | 317 | (5) | (1.6%) |
| Professional fees | 54 | 80 | 57 | 55 | 56 | 57 | 48 | 48 | 48 | 48 | 48 | 46 | 645 | 591 | 54 | 9.2% | 671 | (26) | (3.9%) |
| Office Expenses | 23 | 21 | 18 | 21 | 23 | 22 | 22 | 23 | 24 | 23 | 23 | 20 | 263 | 261 | 2 | 0.7% | 256 | 7 | 2.8% |
| IT | 153 | 138 | 124 | 152 | 164 | 175 | 156 | 157 | 157 | 156 | 157 | 151 | 1,839 | 1,881 | (42) | (2.2%) | 1,860 | (21) | (1.1%) |
| Bad Debts | 31 | 33 | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | 60 | (4) | 64 | (1779.9%) | 174 | (113) | (65.2%) |
| FX | 36 | 29 | 161 | – | – | – | – | – | – | – | – | – | 225 | – | 225 | N/A | (145) | 370 | (255.2%) |
| JV Loss (Income) | (31) | (15) | (7) | (12) | (18) | (4) | (8) | (6) | (5) | (21) | (14) | (8) | (148) | (112) | (36) | 32.0% | (146) | (2) | 1.7% |
| Other Expenses | 109 | 47 | 69 | 82 | 84 | 83 | 83 | 102 | 84 | 84 | 84 | 81 | 992 | 1,013 | (20) | (2.0%) | 814 | 178 | 21.9% |
| Total Opex | \$ 1,443 | \$ 1,282 | \$ 1,424 | \$ 1,390 | \$ 1,435 | \$ 1,492 | \$ 1,485 | \$ 1,459 | \$ 1,491 | \$ 1,433 | \$ 1,472 | \$ 1,455 | \$ 17,260 | \$ 17,405 | \$ (144) | (0.8%) | \$ 16,704 | \$ 557 | 3.3% |

Monthly EBITDA to Net Income (Loss) Bridge

| \$'000 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | FY | FY | Var | | PY | Var | |
|--------------------------------------|-------------------|-------------------|-------------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|-------------------|-------------------|-------------------|-----------------|--------------|-------------------|-------------------|---------------|
| | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| EBITDA - as reported | \$ 82 | \$ 623 | \$ 619 | \$ 1,305 | \$ 1,674 | \$ 1,402 | \$ 1,431 | \$ 1,474 | \$ 1,163 | \$ 1,697 | \$ 1,330 | \$ (388) | \$ 12,411 | \$12,036 | \$ 376 | 3.1% | \$ 9,870 | \$ 2,541 | 25.7% |
| Depreciation and amortization | (814) | (805) | (788) | (802) | (808) | (815) | (822) | (828) | (831) | (831) | (837) | (842) | (9,823) | (9,739) | (84) | 0.9% | (9,017) | (806) | 8.9% |
| Interest and amortization | (156) | (164) | (157) | (220) | (220) | (219) | (218) | (218) | (217) | (217) | (216) | (215) | (2,438) | (2,622) | 183 | (7.0%) | (2,158) | (280) | 13.0% |
| Other financial income/expense | (367) | (311) | (1,371) | – | – | – | – | – | – | – | – | – | (2,050) | – | (2,050) | N/A | 1,044 | (3,093) | (296.4%) |
| Monitoring fees (including expenses) | (83) | (73) | (78) | (83) | (83) | (83) | (83) | (83) | (83) | (83) | (83) | (83) | (983) | (1,000) | 17 | (1.7%) | (1,073) | 90 | (8.3%) |
| Restructuring costs | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | 46 | (46) | (100.0%) |
| Non-recurring items | (170) | (203) | (124) | (162) | (105) | (63) | – | – | – | – | – | – | (827) | (816) | (11) | 1.4% | (1,249) | 422 | (33.8%) |
| Taxes | – | (68) | 65 | (93) | (97) | (68) | (124) | (94) | (49) | (111) | (27) | 199 | (467) | (1,357) | 890 | (65.6%) | 566 | (1,033) | (182.4%) |
| GAAP Net Income (Loss) | \$ (1,509) | \$ (1,003) | \$ (1,834) | \$ (56) | \$ 360 | \$ 153 | \$ 184 | \$ 251 | \$ (17) | \$ 456 | \$ 167 | \$ (1,330) | \$ (4,177) | \$ (3,497) | \$ (679) | 19.4% | \$ (1,971) | \$ (2,206) | 111.9% |

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 1.3395 [USD\$0.75] on February 29, 2020 to 1.4172 [USD\$0.70] on March 31, 2020
- Non-recurring in March for Project Consultancy costs (ie. Beckway, DBA, Merrill and Smart Ventures) \$151K. Offset by title insurance refund of \$24K
- Tax accrual release of \$65K in the US on account of loss in the US entity for for Q1; Canadian deferred tax asset has not been increased since 2018 year end adjustments

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 | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| Material | | | | | | | | | | | | | | | | | | | |
| Material costs at standard | \$ 6,109 | \$ 5,654 | \$ 5,711 | \$ 6,689 | \$ 7,666 | \$ 6,920 | \$ 7,268 | \$ 7,424 | \$ 7,357 | \$ 7,959 | \$ 7,548 | \$ 4,078 | \$ 80,382 | \$ 79,561 | \$ 821 | 1.0% | \$ 76,642 | \$ 3,741 | 4.9% |
| Materials FX loss / (gain) | 0 | 1 | (1) | 0 | 0 | 0 | (0) | 0 | 0 | 0 | — | — | 0 | 0 | 0 | 3.4% | 1 | (1) | (69.9%) |
| Purchase price variance | (85) | (182) | 26 | 222 | 332 | 342 | 326 | 342 | 316 | 307 | 231 | 119 | 2,296 | 3,099 | (804) | (25.9%) | 2,184 | 112 | 5.1% |
| Supplier resin rebate | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | N/A | — | — | N/A |
| Freight In | 45 | 53 | 33 | 47 | 50 | 49 | 51 | 53 | 54 | 54 | 54 | 40 | 583 | 585 | (2) | (0.4%) | 546 | 37 | 6.7% |
| Scrap costs | (158) | (206) | (241) | (294) | (327) | (253) | (315) | (297) | (238) | (317) | (285) | (137) | (3,066) | (3,263) | 196 | (6.0%) | (2,628) | (439) | 16.7% |
| Consumables | 63 | 70 | 86 | 94 | 98 | 98 | 104 | 103 | 104 | 106 | 103 | 74 | 1,102 | 1,144 | (42) | (3.7%) | 1,009 | 93 | 9.2% |
| Total Material COGS | \$ 5,974 | \$ 5,389 | \$ 5,614 | \$ 6,758 | \$ 7,819 | \$ 7,157 | \$ 7,434 | \$ 7,624 | \$ 7,593 | \$ 8,109 | \$ 7,650 | \$ 4,175 | \$ 81,296 | \$ 81,128 | \$ 169 | 0.2% | \$ 77,754 | \$ 3,542 | 4.6% |
| Labor | | | | | | | | | | | | | | | | | | | |
| Direct labor | \$ 1,007 | \$ 983 | \$ 920 | \$ 1,148 | \$ 1,137 | \$ 1,093 | \$ 1,052 | \$ 1,082 | \$ 1,082 | \$ 1,086 | \$ 1,018 | \$ 952 | \$ 12,559 | \$ 12,677 | \$ (118) | (0.9%) | \$ 12,838 | \$ (280) | (2.2%) |
| Direct labor - bonus | 29 | 28 | 9 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 316 | 333 | (17) | (5.2%) | 116 | 199 | 171.3% |
| Direct labor - overtime | 103 | 147 | 90 | 124 | 141 | 113 | 135 | 158 | 144 | 141 | 103 | 101 | 1,501 | 1,489 | 12 | 0.8% | 1,376 | 125 | 9.1% |
| Direct labor - benefits | 304 | 243 | 241 | 271 | 279 | 269 | 262 | 279 | 276 | 272 | 258 | 250 | 3,205 | 3,203 | 2 | 0.1% | 3,074 | 131 | 4.3% |
| Direct labor - wcb benefits | 7 | 30 | 21 | 21 | 21 | 21 | 21 | 21 | 22 | 22 | 20 | 20 | 248 | 250 | (2) | (0.7%) | 47 | 200 | 422.4% |
| Direct labor - other | (1) | 0 | (0) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6 | 13 | (7) | (53.9%) | (9) | 16 | (166.7%) |
| Indirect labor | 1,534 | 1,439 | 1,365 | 1,495 | 1,479 | 1,426 | 1,428 | 1,418 | 1,402 | 1,428 | 1,369 | 1,350 | 17,133 | 17,135 | (2) | (0.0%) | 17,711 | (578) | (3.3%) |
| Indirect labor – bonus | 29 | 28 | 9 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 316 | 333 | (17) | (5.2%) | 116 | 199 | 171.3% |
| Sub-contractor costs | — | — | — | 1 | 1 | 1 | 2 | 2 | 1 | 2 | 2 | 1 | 14 | 18 | (5) | (25.4%) | 24 | (10) | (42.5%) |
| Total Labor COGS | \$ 3,012 | \$ 2,898 | \$ 2,654 | \$ 3,117 | \$ 3,116 | \$ 2,980 | \$ 2,957 | \$ 3,017 | \$ 2,983 | \$ 3,007 | \$ 2,826 | \$ 2,730 | \$ 35,297 | \$ 35,452 | \$ (155) | (0.4%) | \$ 35,294 | \$ 3 | 0.0% |
| Other | | | | | | | | | | | | | | | | | | | |
| Repairs and maintenance | \$ 118 | \$ 221 | \$ 99 | \$ 54 | \$ 57 | \$ 68 | \$ 59 | \$ 62 | \$ 43 | \$ 60 | \$ 35 | \$ 25 | \$ 900 | \$ 645 | \$ 255 | 39.5% | \$ 666 | \$ 234 | 35.1% |
| Absorption | (235) | (461) | (20) | (259) | (12) | (156) | 32 | 162 | 86 | 169 | 218 | 144 | (332) | (1,260) | 928 | (73.7%) | (605) | 274 | (45.2%) |
| Freight out | 669 | 643 | 608 | 677 | 712 | 700 | 715 | 713 | 677 | 710 | 660 | 465 | 7,948 | 7,792 | 157 | 2.0% | 7,990 | (42) | (0.5%) |
| Rent / facilities | 143 | 207 | 197 | 195 | 193 | 222 | 220 | 222 | 222 | 191 | 196 | 199 | 2,406 | 2,467 | (61) | (2.5%) | 1,981 | 425 | 21.4% |
| Utilities | 505 | 451 | 542 | 532 | 576 | 579 | 554 | 570 | 497 | 552 | 546 | 448 | 6,351 | 6,491 | (140) | (2.2%) | 6,194 | 157 | 2.5% |
| Other cost of sales | 195 | 211 | 195 | 194 | 228 | 202 | 208 | 211 | 215 | 204 | 200 | 167 | 2,429 | 2,399 | 31 | 1.3% | 2,406 | 23 | 1.0% |
| Total Other COGS | \$ 1,395 | \$ 1,272 | \$ 1,621 | \$ 1,394 | \$ 1,753 | \$ 1,614 | \$ 1,787 | \$ 1,938 | \$ 1,740 | \$ 1,886 | \$ 1,855 | \$ 1,448 | \$ 19,703 | \$ 18,534 | \$ 1,169 | 6.3% | \$ 18,632 | \$ 1,071 | 5.7% |

Management Discussion

Material COGS: Increase of \$426K due to higher volume impact of \$812K (Sales volumes (lbs) higher by 6.5%), favorable resin material prices and supplier rebates offset by higher additive pricing & higher glass pricing of \$522K and favorable inventory reserves of \$24K; offset by unfavorable yields lower regrind usage at Woodbridge, Delmont & Everett of \$160K

Labor COGS: Higher costs due to volume impact of \$52K (production volume lbs higher by 3.7%), unfavorable utilization & inefficiencies impact of \$80K due to additional headcount maintained in Terrebonne for the launch of newly awarded business, higher overtime in Everett due to launch activities and higher absenteeism, additional headcount maintained in Laval (delay in retirement) to complete OBI project and additional temp labor in Woodbridge to fill vacancies due to vacations; partially offset by lower headcount and temp labor in Delmont and an unfavorable F/X impact of \$30K; partially offset by the receipt of the Compwise (WSIB) rebate in Everett of \$34K (Jan-20)

Other COGS: Increase of \$502K due to an unfavorable absorption impact of \$237K, higher freight costs of \$137K (volume impact of \$72K) as a result of higher sales volume & mix, lower tool & die overhead recovery of \$173K, an unfavorable F/X impact of \$18K and lower overhead spending (ie. Utilities, supplies, maintenance) of \$17K

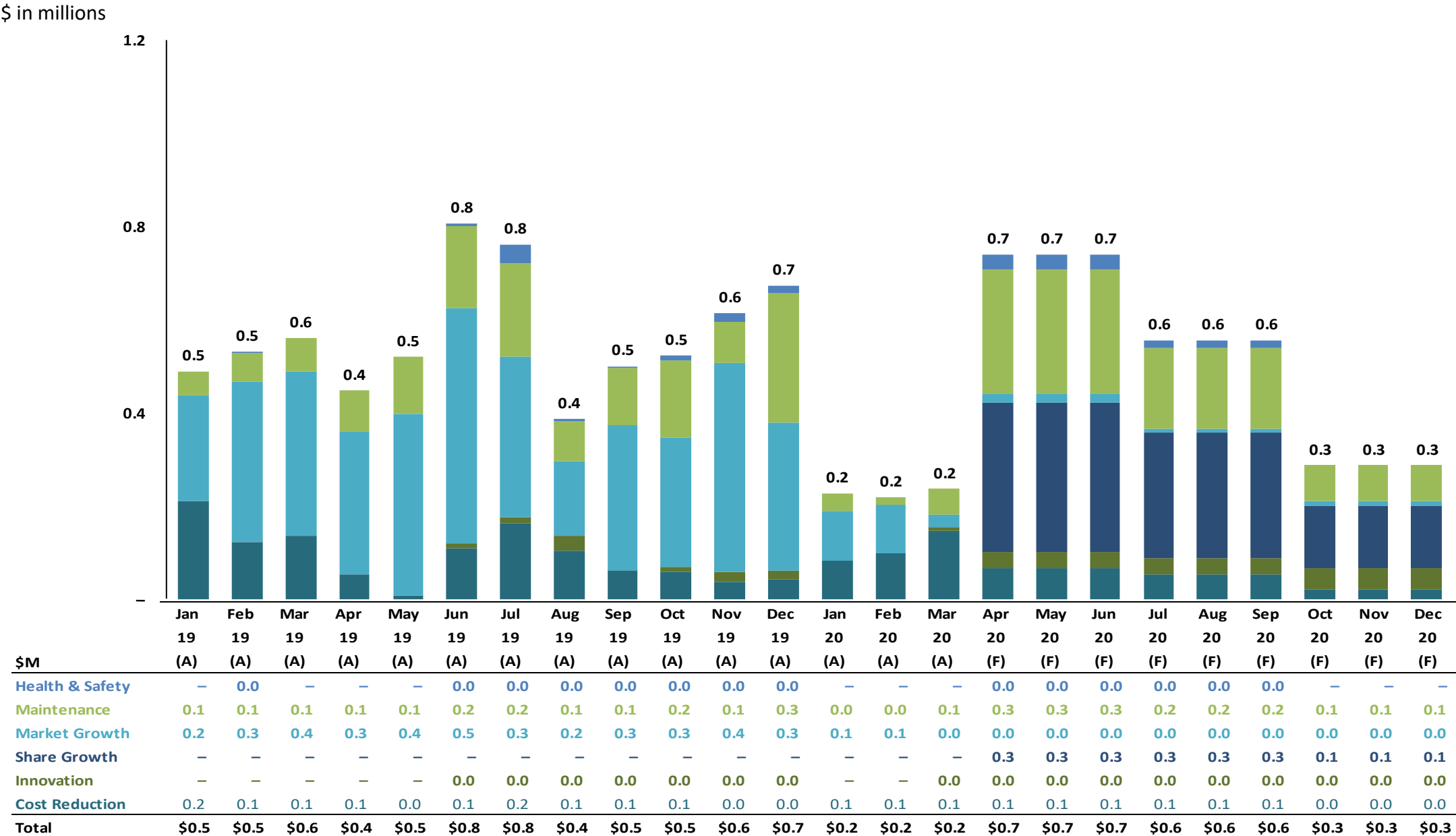
Monthly Balance Sheet

| | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | FY | FY | Var | |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|----------------|
| \$'000 | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % |
| Current Assets | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ (0) | (10.3%) |
| Short term investments | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | N/A |
| <i>Accounts receivable, gross</i> | 11,246 | 11,636 | 12,417 | 13,196 | 15,272 | 15,273 | 14,845 | 14,607 | 14,032 | 14,975 | 13,562 | 10,192 | 10,192 | 9,246 | 946 | 10.2% |
| <i>Accounts receivable, reserves</i> | (582) | (608) | (574) | (472) | (472) | (472) | (472) | (472) | (472) | (472) | (472) | (472) | (472) | (561) | 89 | (15.8%) |
| Accounts receivable, net | 10,663 | 11,029 | 11,843 | 12,724 | 14,800 | 14,801 | 14,373 | 14,135 | 13,560 | 14,503 | 13,090 | 9,720 | 9,720 | 8,685 | 1,035 | 11.9% |
| <i>Inventory, gross</i> | 31,650 | 31,849 | 31,231 | 27,170 | 28,618 | 35,363 | 33,552 | 32,594 | 33,338 | 32,029 | 32,537 | 33,567 | 33,567 | 31,428 | 2,139 | 6.8% |
| <i>Inventory, reserves</i> | (1,994) | (1,982) | (1,765) | (1,921) | (1,949) | (1,973) | (1,988) | (2,005) | (2,022) | (2,041) | (2,054) | (2,064) | (2,064) | (2,031) | (33) | 1.6% |
| Inventory, net | 29,656 | 29,866 | 29,466 | 25,248 | 26,670 | 33,389 | 31,565 | 30,589 | 31,317 | 29,988 | 30,483 | 31,503 | 31,503 | 29,397 | 2,106 | 7.2% |
| Prepaid expenses and other current assets | 3,193 | 3,186 | 3,081 | 4,792 | 4,521 | 4,224 | 4,134 | 3,856 | 3,568 | 3,562 | 3,284 | 3,037 | 3,037 | 3,221 | (184) | (5.7%) |
| Other current assets | 769 | 744 | 1,155 | 690 | 836 | 894 | 945 | 889 | 1,330 | 1,507 | 1,711 | 755 | 755 | 835 | (81) | (9.7%) |
| Total Current Assets | 44,284 | 44,828 | 45,549 | 43,457 | 46,829 | 53,310 | 51,019 | 49,471 | 49,777 | 49,561 | 48,571 | 45,017 | 45,017 | 42,141 | 2,876 | 6.8% |
| Non-Current Assets | | | | | | | | | | | | | | | | |
| <i>Property, plant & equipment, gross</i> | 73,055 | 72,779 | 70,904 | 75,131 | 75,686 | 76,848 | 77,297 | 77,638 | 78,583 | 78,859 | 79,112 | 79,520 | 79,520 | 73,423 | 6,096 | 8.3% |
| <i>Accumulated depreciation</i> | (27,815) | (28,391) | (28,185) | (29,902) | (30,693) | (31,489) | (32,293) | (33,103) | (33,915) | (34,728) | (35,546) | (36,370) | (36,370) | (27,272) | (9,098) | 33.4% |
| Property, plant & equipment, net | 45,240 | 44,387 | 42,719 | 45,228 | 44,993 | 45,359 | 45,004 | 44,535 | 44,668 | 44,132 | 43,566 | 43,150 | 43,150 | 46,151 | (3,002) | (6.5%) |
| Deferred financing cost | 381 | 365 | 339 | 335 | 321 | 308 | 294 | 280 | 267 | 253 | 240 | 226 | 226 | 399 | (173) | (43.3%) |
| Deferred tax asset | 4,625 | 4,575 | 4,363 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 4,942 | (3,598) | (72.8%) |
| Other non-current assets | 2,850 | 2,829 | 2,680 | 2,714 | 2,742 | 2,758 | 2,762 | 2,784 | 2,779 | 2,795 | 3,200 | 3,256 | 3,256 | 2,863 | 393 | 13.7% |
| Total Non-Current Assets | 53,096 | 52,156 | 50,101 | 49,621 | 49,400 | 49,769 | 49,404 | 48,943 | 49,057 | 48,523 | 48,349 | 47,975 | 47,975 | 54,354 | (6,379) | (11.7%) |
| Total Assets | \$ 97,380 | \$ 96,985 | \$ 95,650 | \$ 93,077 | \$ 96,229 | \$ 103,079 | \$ 100,423 | \$ 98,414 | \$ 98,835 | \$ 98,085 | \$ 96,920 | \$ 92,992 | \$ 92,992 | \$ 96,495 | \$ (3,503) | (3.6%) |
| Current Liabilities | | | | | | | | | | | | | | | | |
| Bank Debt | \$ 17,079 | \$ 16,572 | \$ 13,221 | \$ 16,891 | \$ 20,353 | \$ 21,853 | \$ 21,252 | \$ 19,511 | \$ 18,925 | \$ 19,283 | \$ 18,346 | \$ 18,075 | \$ 18,075 | \$ 14,452 | \$ 3,623 | 25.1% |
| Current Portion - Long Term Debt | 1,669 | 1,652 | 1,578 | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 | 1,690 | (29) | (1.7%) |
| Accounts payable | 12,013 | 13,603 | 18,599 | 14,258 | 13,357 | 18,075 | 16,667 | 15,584 | 16,386 | 14,838 | 14,790 | 13,386 | 13,386 | 12,674 | 711 | 5.6% |
| Accrued liabilities | 3,167 | 2,725 | 2,773 | 3,357 | 3,393 | 3,664 | 3,316 | 3,489 | 3,585 | 3,578 | 3,296 | 2,923 | 2,923 | 2,752 | 171 | 6.2% |
| Accrued compensation | 2,754 | 3,054 | 3,111 | 2,714 | 2,942 | 3,213 | 2,737 | 3,166 | 3,375 | 3,387 | 3,483 | 3,266 | 3,266 | 2,007 | 1,259 | 62.8% |
| Income taxes payable | (288) | (220) | (285) | 272 | 369 | 438 | 562 | 655 | 704 | 815 | 842 | 643 | 643 | (288) | 931 | (323.6%) |
| Contingent consideration | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | N/A |
| Other current liabilities | 107 | 100 | 95 | 158 | 158 | 157 | 158 | 157 | 156 | 156 | 156 | 156 | 156 | 111 | 45 | 40.2% |
| Total Current Liabilities | 36,501 | 37,486 | 39,092 | 39,311 | 42,233 | 49,061 | 46,352 | 44,224 | 44,793 | 43,718 | 42,575 | 40,111 | 40,111 | 33,399 | 6,712 | 20.1% |
| Long-term liabilities | | | | | | | | | | | | | | | | |
| Long-term debt less current maturities | 10,519 | 10,266 | 9,650 | 10,052 | 9,914 | 9,775 | 9,637 | 9,498 | 9,360 | 9,221 | 9,083 | 8,944 | 8,944 | 10,799 | (1,855) | (17.2%) |
| Deferred income taxes | 10,502 | 10,445 | 10,202 | 9,456 | 9,456 | 9,456 | 9,456 | 9,456 | 9,456 | 9,456 | 9,456 | 9,456 | 9,456 | 10,827 | (1,371) | (12.7%) |
| Other non-current liabilities | 1,595 | 1,577 | 1,492 | 1,454 | 1,461 | 1,468 | 1,476 | 1,483 | 1,491 | 1,498 | 1,448 | 1,453 | 1,453 | 1,618 | (165) | (10.2%) |
| Total Long-Term Liabilities | 22,616 | 22,288 | 21,344 | 20,962 | 20,831 | 20,700 | 20,569 | 20,437 | 20,306 | 20,175 | 19,987 | 19,853 | 19,853 | 23,244 | (3,391) | (14.6%) |
| Total Liabilities | 59,117 | 59,774 | 60,436 | 60,273 | 63,064 | 69,761 | 66,921 | 64,661 | 65,099 | 63,893 | 62,562 | 59,964 | 59,964 | 56,643 | 3,320 | 5.9% |
| Commitments and contingencies | | | | | | | | | | | | | | | | |
| 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 | 26,588 | 25,585 | 23,752 | 21,182 | 21,542 | 21,695 | 21,879 | 22,130 | 22,113 | 22,569 | 22,735 | 21,406 | 21,406 | 28,058 | (6,652) | (23.7%) |
| Accumulated other comprehensive income | (934) | (984) | (1,148) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (816) | (171) | 21.0% |
| Total Shareholders' Equity | 38,263 | 37,211 | 35,214 | 32,804 | 33,165 | 33,318 | 33,502 | 33,753 | 33,736 | 34,191 | 34,358 | 33,028 | 33,028 | 39,852 | (6,823) | (17.1%) |
| Total Liabilities and Shareholders' Equity | \$ 97,380 | \$ 96,985 | \$ 95,650 | \$ 93,077 | \$ 96,229 | \$ 103,079 | \$ 100,423 | \$ 98,414 | \$ 98,835 | \$ 98,085 | \$ 96,920 | \$ 92,992 | \$ 92,992 | \$ 96,495 | \$ (3,503) | (3.6%) |

Monthly Cash Flow

| | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | FY | FY | Var | | PY | Var | |
|---|-------------------|-----------------|-------------------|-------------------|-------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-----------------|
| \$'000 | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| Cash flow from operations | | | | | | | | | | | | | | | | | | | |
| Net Income (Loss) | \$ (1,509) | \$ (1,003) | \$ (1,834) | \$ (56) | \$ 360 | \$ 153 | \$ 184 | \$ 251 | \$ (17) | \$ 456 | \$ 167 | \$ (1,330) | \$ (4,177) | \$ (3,497) | \$ (679) | 19.4% | \$ (1,971) | \$ (2,206) | 111.9% |
| Depreciation, amortization and other | 814 | 805 | 788 | 802 | 808 | 815 | 822 | 828 | 831 | 831 | 837 | 842 | 9,823 | 9,739 | 84 | 0.9% | 9,017 | 806 | 8.9% |
| Non-cash loss/expense (gain) | 408 | 153 | (7) | (1,350) | 159 | (438) | 106 | 196 | (381) | (2) | (425) | (176) | (1,755) | (999) | (756) | 75.6% | (215) | (1,540) | 715.8% |
| Deferred income tax | (325) | (57) | 460 | (746) | – | – | – | – | – | – | – | – | (669) | (1,371) | 702 | (51.2%) | 1,217 | (1,886) | (154.9%) |
| Change in operating assets and liabilities: | | | | | | | | | | | | | | | | N/A | | | |
| Accounts receivable | (1,978) | (365) | (814) | (881) | (2,076) | (1) | 428 | 238 | 575 | (942) | 1,413 | 3,370 | (1,035) | (1,035) | – | 0.0% | (91) | (944) | 1038.8% |
| Inventory | (259) | (210) | 400 | 4,218 | (1,421) | (6,720) | 1,825 | 976 | (728) | 1,329 | (495) | (1,019) | (2,106) | (2,106) | – | 0.0% | 912 | (3,018) | (330.9%) |
| Prepaid expenses and other current assets | 94 | 31 | (306) | (1,246) | 125 | 240 | 39 | 334 | (154) | (171) | 74 | 1,203 | 264 | 264 | 0 | 0.0% | (214) | 478 | (223.8%) |
| Accounts payable | (661) | 1,589 | 4,996 | (4,341) | (901) | 4,718 | (1,408) | (1,083) | 802 | (1,548) | (48) | (1,404) | 711 | 711 | – | 0.0% | (35) | 747 | (2110.1%) |
| Accrued expenses | 1,162 | (141) | 105 | 186 | 264 | 542 | (824) | 602 | 306 | 4 | (186) | (590) | 1,430 | 1,430 | – | 0.0% | (1,106) | 2,536 | (229.3%) |
| Accrued income taxes | – | 68 | (65) | 557 | 97 | 68 | 124 | 94 | 49 | 111 | 27 | (199) | 931 | 931 | – | 0.0% | (41) | 972 | (2357.2%) |
| Other changes in operating assets and liabilities | (4) | (7) | (5) | 62 | 0 | (0) | 0 | (0) | (1) | – | – | – | 45 | 45 | – | 0.0% | (1,287) | 1,331 | (103.5%) |
| Other cash flow from operations | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Total Cash Flow from Operations | \$ (2,258) | \$ 864 | \$ 3,719 | \$ (2,793) | \$ (2,584) | \$ (622) | \$ 1,295 | \$ 2,435 | \$ 1,281 | \$ 68 | \$ 1,363 | \$ 697 | \$ 3,464 | \$ 4,112 | \$ (649) | (15.8%) | \$ 6,187 | \$ (2,723) | (44.0%) |
| Cash flow from investing | | | | | | | | | | | | | | | | | | | |
| Additions to property, plant and equipment | \$ (228) | \$ (219) | \$ (237) | \$ (739) | \$ (739) | \$ (739) | \$ (556) | \$ (556) | \$ (556) | \$ (288) | \$ (288) | \$ (288) | \$ (5,432) | \$ (6,501) | \$ 1,069 | (16.4%) | \$ (6,807) | \$ 1,375 | (20.2%) |
| Earnout payments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Other cash flow from investing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Total Cash Flow from Investing | \$ (228) | \$ (219) | \$ (237) | \$ (739) | \$ (739) | \$ (739) | \$ (556) | \$ (556) | \$ (556) | \$ (288) | \$ (288) | \$ (288) | \$ (5,432) | \$ (6,501) | \$ 1,069 | (16.4%) | \$ (6,807) | \$ 1,375 | (20.2%) |
| Cash flow from financing | | | | | | | | | | | | | | | | | | | |
| Proceeds from the issuance (repayment) of short-term debt | \$ 2,626 | \$ (507) | \$ (3,351) | \$ 3,671 | \$ 3,462 | \$ 1,500 | \$ (601) | \$ (1,740) | \$ (587) | \$ 358 | \$ (937) | \$ (271) | \$ 3,623 | \$ 3,623 | \$ - | 0.0% | \$ 4,230 | \$ (607) | (14.3%) |
| Proceeds from the issuance of debt | (0) | (0) | (0) | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | – | 0 | N/A | (0) | 0 | (101.8%) |
| Repayment of debt | (140) | (138) | (132) | (138) | (138) | (138) | (138) | (138) | (138) | (138) | (138) | (138) | (1,656) | (1,662) | 6 | (0.4%) | (1,665) | 9 | (0.6%) |
| Common stock cash dividends paid | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Other cash flow from financing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Total Cash Flow from Financing | \$ 2,486 | \$ (645) | \$ (3,483) | \$ 3,532 | \$ 3,324 | \$ 1,361 | \$ (740) | \$ (1,879) | \$ (725) | \$ 219 | \$ (1,075) | \$ (409) | \$ 1,967 | \$ 1,961 | \$ 6 | 0.3% | \$ 2,565 | \$ (598) | (23.3%) |
| Effect of FX rates on cash and cash equivalents | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | N/A | \$ – | \$ - | N/A |
| Net change in cash | \$ (0) | \$ (0) | \$ (1) | \$ (0) | \$ (0) | \$ 0 | \$ 0 | \$ 0 | \$ (0) | \$ (0) | \$ 0 | \$ (0) | \$ (1) | \$ (427) | \$ 426 | (99.7%) | \$ 1,944 | \$ (1,945) | (100.1%) |
| Beginning cash | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 0 | 0.0% | 0 | \$ 3 | 815681.2% |
| Change in cash | (0) | (0) | (1) | (0) | (0) | 0 | 0 | 0 | (0) | (0) | 0 | (0) | (1) | (427) | 426 | (99.7%) | 1,944 | \$ (1,945) | (100.1%) |
| Ending cash | \$ 3 | \$ 3 | \$ 2 | \$ 3 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 3 | \$ 3 | \$ 3 | \$ (424) | \$ 427 | (100.6%) | \$ 1,944 | \$ (1,941) | (99.9%) |

Capital Expenditures



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 |
|------------------------|--------------|-------------------------|-------------------------|------------------|------------------------|-------------------|----------------|----------|-----------------|--------------------|-----------------|---------------|-------------------|
| 2020 January (A) | 311 | 154 | 81 | 34 | 11 | 22 | 59 | – | 672 | 65 | 737 | 735 | 2 |
| 2020 February (A) | 309 | 155 | 82 | 34 | 11 | 25 | 58 | – | 674 | 60 | 734 | 735 | (1) |
| 2020 March (A) | 221 | 121 | 57 | 33 | 7 | 18 | 51 | – | 508 | 45 | 553 | 745 | (192) |
| 2020 April (F) | 345 | 153 | 83 | 37 | 11 | 25 | 63 | – | 717 | 61 | 778 | 778 | – |
| 2020 May (F) | 349 | 153 | 83 | 37 | 11 | 25 | 63 | – | 721 | 66 | 787 | 787 | – |
| 2020 June (F) | 349 | 153 | 83 | 37 | 11 | 25 | 63 | – | 721 | 59 | 780 | 780 | – |
| 2020 July (F) | 345 | 153 | 83 | 37 | 11 | 25 | 63 | – | 717 | 66 | 783 | 783 | – |
| 2020 August (F) | 345 | 153 | 83 | 37 | 11 | 25 | 63 | – | 717 | 63 | 780 | 780 | – |
| 2020 September (F) | 345 | 153 | 83 | 37 | 11 | 25 | 63 | – | 717 | 60 | 777 | 777 | – |
| 2020 October (F) | 340 | 153 | 83 | 36 | 11 | 25 | 63 | – | 711 | 64 | 775 | 775 | – |
| 2020 November (F) | 332 | 153 | 83 | 36 | 11 | 25 | 63 | – | 703 | 47 | 750 | 750 | – |
| 2020 December (F) | 332 | 153 | 83 | 36 | 11 | 25 | 63 | – | 703 | 32 | 735 | 735 | – |
| Final Headcount | 332 | 153 | 83 | 36 | 11 | 25 | 63 | – | 703 | 32 | 735 | 735 | – |

Management Discussion

- Laval and Terrebonne: Reduced the operations to a minimum level so we had to do a massive layoff
- Woodbridge and Concord: Plant shutdown post March 31 so major reductions to follow next month. Hiring of Darlene Vince as a temp to replace Ramneet (maternity leave)
- Everett: Hiring of Tasnim Lykken to replace Rhonda Simpson who retired
- Corporate – Layoff of Diane Loisel, Ian Kmec and Luc Vaudry due to the Qc partial shutdown

Headcount Hires and Attrition

| Functional Area | Start of Quarter | Hires | Transfers | Involuntary Term | Voluntary Term | QTD | Bud Headcount | Difference to Bud |
|-------------------------|------------------|-----------|--------------|---------------------|----------------|------------|---------------|-------------------|
| Direct Labor | 314 | 23 | (79) | (28) | (9) | 221 | 340 | 119 |
| Indirect Labor - Hourly | 158 | 5 | (38) | (3) | (1) | 121 | 153 | 32 |
| Indirect Labor - Salary | 79 | 1 | (23) | – | – | 57 | 83 | 26 |
| Delivery & Dist. | 34 | 1 | (2) | – | – | 33 | 36 | 3 |
| Research & Development | 13 | – | (5) | (1) | – | 7 | 11 | 4 |
| Sales & Marketing | 21 | 3 | (5) | (1) | – | 18 | 25 | 7 |
| Administrative | 58 | 3 | (8) | (1) | (1) | 51 | 63 | 12 |
| Other | - | – | – | – | – | - | - | - |
| Agency FTE & Temps | 37 | 46 | (23) | (11) | (4) | 45 | 34 | (11) |
| Total | 714 | 82 | (183) | (45) | (15) | 553 | 745 | 192 |

Management Discussion

- Reduced the operations to a minimum level significantly reducing staff numbers due to layoff

Liquidity Forecast

\$ in millions

