# Monthly Operating Review

**July 2019** 



## Agenda



- 1. Executive summary
- 2. Operational review
  - a) Commercial review
  - b) Operational review
- 3. Financial review
- 4. Information systems & Technology
- 5. Acquisitions and other transactions
- 6. Management and governance report
- 7. Full year financial outlook
- 8. Appendix

### **Executive summary**



- 1. Executive summary
- 2. Operational review
  - A. Sales & Marketing review
  - B. Operational review
- 3. Financial review
- 4. Information Systems & Technology
- 5. Acquisitions and other transactions
- 6. Management and governance report
- 7. Full year financial outlook
- 8. Appendix

### **Executive summary**



#### Good news / positives to business and plan

- EBITDA exceed plan supported by favorable variances in direct material content versus forecast, cost controls in maintenance & repairs, and sales headcounts
- Ampac placed first order (\$38k) for Staples bag sealing opportunity and they are committing to 2m feet / month \$360k annually
- GE DHB opportunity moving forward, product is in final PPAP and working to finalize packaging. Expecting to get final award by end of July. Begin shipping 8-10 weeks from award
- Duraco Specialty Tapes exhibited at GlobalShop Trade Show, the largest POP trade show in the USA. Extremely
  positive feedback by customers on Duraco acquisition by OpenGate

### Risks / challenges to business and plan

- External sales revenue behind plan primarily due to softness in Whirlpool, POP segment and Service Centers
- Whirlpool looking to partner with Duraco and sign multi-year agreement which would impact 2019 EBITDA budget by including pricing concessions and cost saving commitments, but give focus to longer term growth

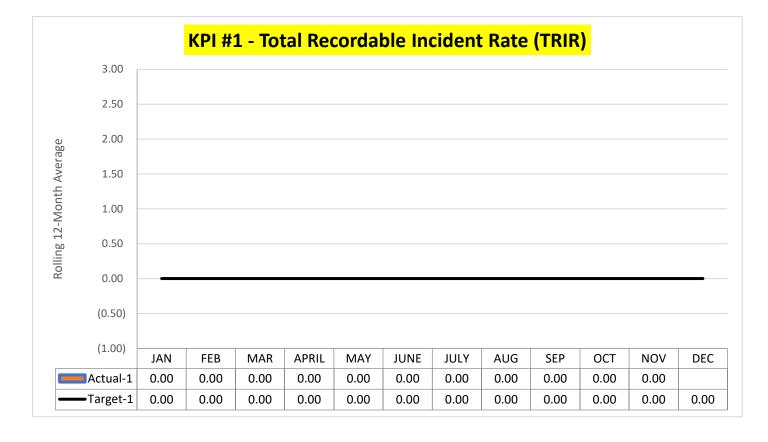
#### Other material items

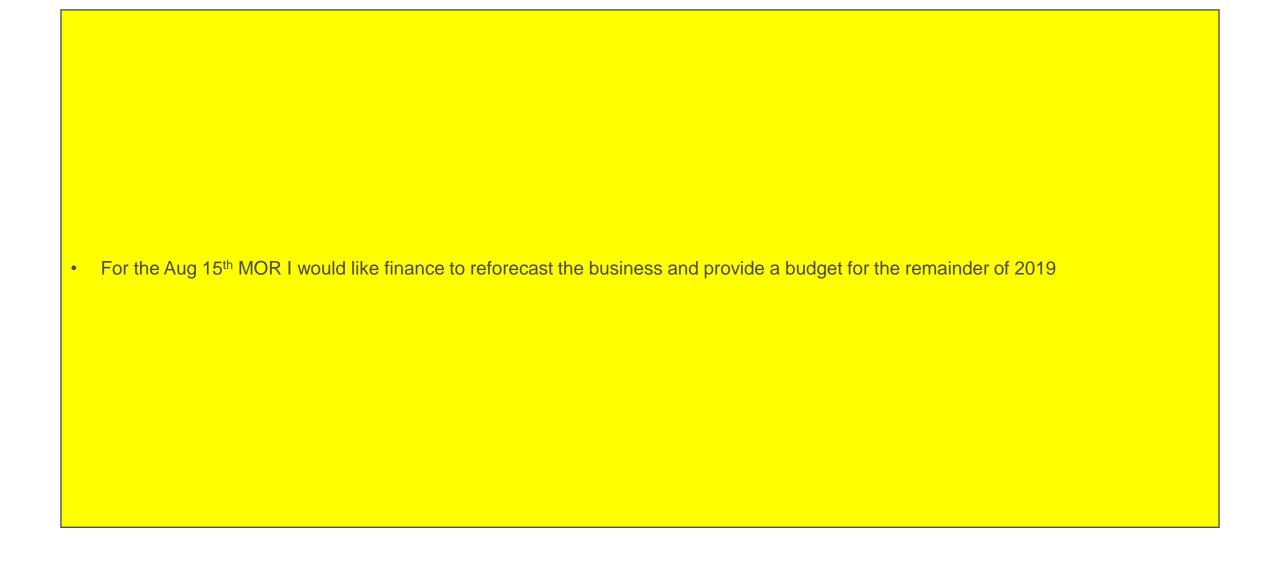
• 0 Lost Time Accidents in the month – 17 consecutive months

## Health and Safety



- June finished with 0 incidents and 1 near miss
- TRIR steady at 0.0
- D.A.R.T rate 0.0





### Monthly financial metrics (1/2)





### Monthly financial metrics (2/2)

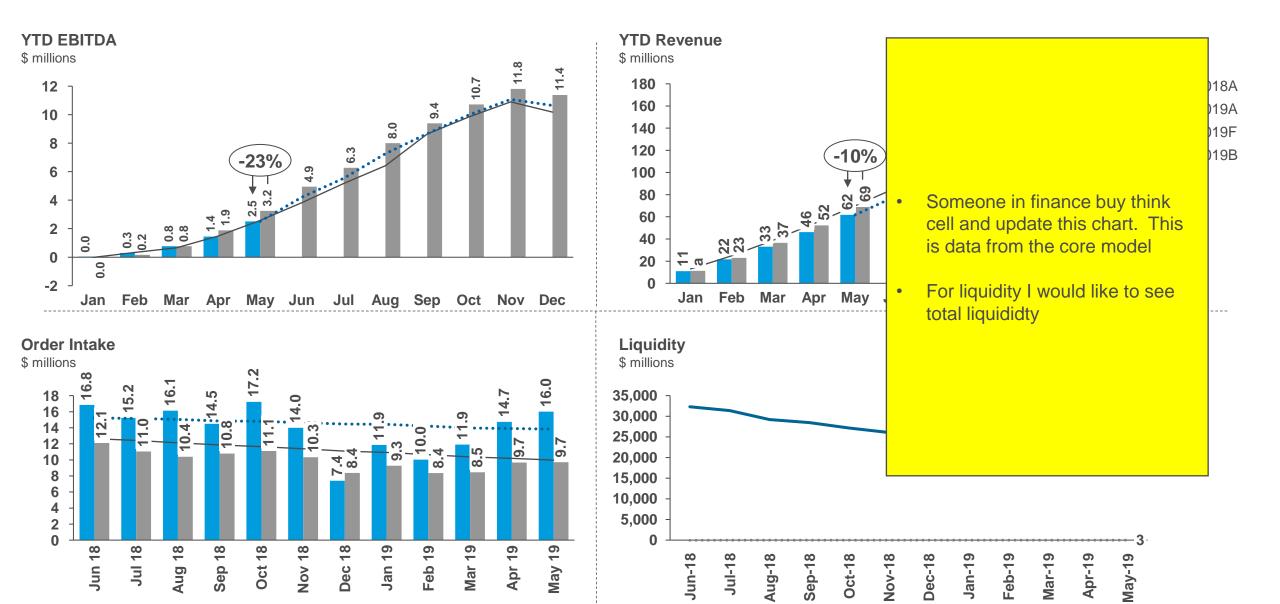
TTM Avg Bookings

MTD Bookings

TTM Avg Backlog

MTD Backlog





1. YTD actuals + remaining year forecast

Net External Debt

Cash and Cash Equivalents

# Status of key initiatives



**Status Update: Project Details** 

			Annualize Impact	
Project	Current Status & Next Steps	Timing	Project ed	Actual
Hire, Train, Implement Sales Team (Wolak)	<ul> <li>Signed agreement with Beckway Group to begin recruiting for VP Sales, 2 RSMs</li> <li>Kick off meeting complete (7/22), week status meeting set up</li> </ul>	• Q1 2020	TBD	TBD
Define needs and begin implementation on new ERP Platform (Gray)	<ul> <li>ERP software selection is underway</li> <li>Provisional schedule has Go-Live around May 1, though will look to pull in wherever possible</li> <li>Web and e-commerce sites are not part of the ERP effort, but will be included in integration requirements</li> </ul>	• Q2 2020		
Define needs and begin implementation on new website platform (Lang)	<ul> <li>Conducting a project kickoff meeting with David, Chris and Gray to discuss expectations, timing, budget and next steps</li> <li>A detailed research + discovery process will be conducted by Chris Lang that will be used to guide the strategy of the new website</li> <li>A core team will be identified for the website project containing subject matter experts for alignment on the website project</li> </ul>	• Q1 2020		
Develop and initiate plan to support regional sales efforts (Danelz)	Kick off hiring process for incremental HC, Inside Sales & CSR's	• Jan 2020		
Deliver \$310k in Cost Saving H2 (McCarney)	<ul> <li>Continue the purchasing of 5256 adhesive</li> <li>Complete the Mondi liner transfer</li> <li>Holding a cost savings meeting to review new potential cost savings targets</li> <li>New Material Manager to focus on additional cost savings</li> </ul>	• Dec 2019		
Complete 5-year STRAT plan (Lang)	<ul> <li>Building key deliverables and timeline (Lang)</li> <li>Identifying key vertical segments, kick off work started 7/22 (Zyck)</li> </ul>	• Oct 2020		

















**Status Update: Project Details** Description **Potential Impact** Plan to address TBD • Q1 2020











### Wins and losses



### **Key Wins**

- None
- Duraco purchased by OpenGate Capital on June
- Cose of the deal viewed positively by employees, and transition going smoothly
  - Town Hall excited about the new start
  - Benefits Cobra planned for July
  - New benefits package begins August
- GE Duraco High Bond passed destructive test
  - Final phases PPAP and packaging
- Graphic Innovators RippaTape opportunity
  - Manufacturer of padded envelopes for Amazon; \$300k / year

### **Key Losses**

- Current ERP and CRANG re great risk to business
  - Essentra slow to give full engagement
     2019 Plan Sales = \$700K
     Whirlpool continues to be a risk to full year forecast
- - Losing share in market; discontinued current appliances; delayed in launching new products
  - Negotiating 2.5 year agreement
    - WP open to move part to Duraco
    - Short term profit hit
- Menasha business continues to be soft
  - Feedback they have not won key projects in 2019
  - Scheduling a meeting in August to review our agreement



Operational review

**Optional subhead (20pt Bold)** 



Commercial and sales

Optional subhead (20pt Bold)

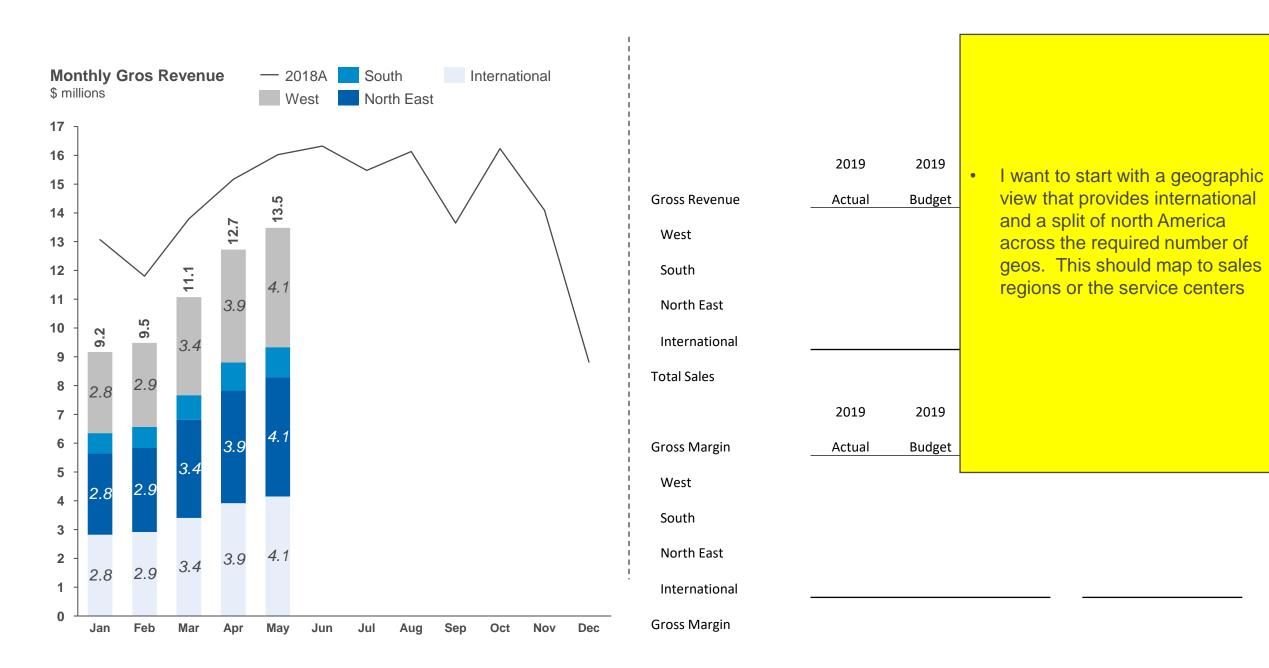


Top Level Bowling C	hart		Act	Act	Fcst										
PRIORITY	2018 YTD ACT		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	NOV	DEC	FY2019
GROWTH															
	\$20,745	PY	\$3,644	\$3,034	\$3,302	\$3,978	\$3,482	\$3,306	\$3,704	\$3,462	\$3,263	\$4,397	\$3,219	\$2,837	\$41,627
Specialty Tapes	\$20,595	Plan	\$3,357	\$3,081	\$3,301	\$4,025	\$3,445	\$3,386	\$4,072	\$3,869	\$3,602	\$4,577	\$3,610	\$3,284	\$43,610
	\$20,145	Fcst/Act	\$3,357	\$3,081	\$3,255	\$4,068	\$3,154	\$3,230	\$4,072	\$3,869	\$3,602	\$4,577	\$3,610	\$3,284	\$43,160
	\$6,149	PY	\$1,091	\$910	\$1,002	\$1,254	\$957	\$936	\$991	\$1,034	\$1,024	\$1,233	\$811	\$834	\$12,075
Express Sites	\$6,559	Plan	\$1,146	\$974	\$1,072	\$1,342	\$1,024	\$1,002	\$1,060	\$1,107	\$1,095	\$1,319	\$889	\$892	\$12,921
	\$6,196	Fcst/Act	\$1,048	\$1,000	\$1,026	\$1,257	\$895	\$969	\$1,060	\$1,107	\$1,095	\$1,319	\$889	\$892	\$12,557
51.45	\$8,538	PY	\$1,528	\$1,244	\$1,351	\$1,589	\$1,443	\$1,384	\$1,540	\$1,640	\$1,360	\$1,970	\$1,430	\$1,207	\$17,683
Point of Purchase	\$8,197	Plan	\$1,282	\$1,219	\$1,326	\$1,539	\$1,444	\$1,387	\$1,641	\$1,726	\$1,454	\$1,999	\$1,584	\$1,402	\$18,003
	\$8,136	Fcst/Act	\$1,281	\$1,238	\$1,342	\$1,670	\$1,340	\$1,263	\$1,641	\$1,726	\$1,454	\$1,999	\$1,584	\$1,402	\$17,942
Point of Purchase	\$14,861	PY	\$2,647	\$2,169	\$2,368	\$2,872	\$2,456	\$2,349	\$2,587	\$2,703	\$2,434	\$3,313	\$2,325	\$2,079	\$30,303
(combined)	\$14,756	Plan	\$2,428	\$2,193	\$2,398	\$2,881	\$2,468	\$2,389	\$2,701	\$2,833	\$2,549	\$3,318	\$2,472	\$2,294	\$30,924
	\$14,331	Fcst/Act	\$2,329	\$2,238	\$2,368	\$2,928	\$2,235	\$2,233	\$2,701	\$2,833	\$2,549	\$3,318	\$2,472	\$2,294	\$30,499
Consumer White	\$2,810	PY	\$439	\$423	\$480	\$543	\$489	\$434	\$606	\$310	\$438	\$592	\$440	\$373	\$5,568
Goods Appliance	\$2,655	Plan Fcst/Act	\$471	\$390	\$403	\$504	\$434	\$453	\$604	\$470	\$481	\$604	\$482	\$482	\$5,777
	\$2,526	PY	\$461 \$464	\$387 \$302	\$320 \$285	\$486	\$359 \$360	\$513 \$369	\$604 \$363	\$470 \$304	\$484 \$245	\$607 \$331	\$485 \$247	\$485 \$240	\$5,660
Industrials	\$2,116 \$1,940	Plan	\$375	\$302	\$303	\$336 \$355	\$302	\$303	\$500	\$304	\$327	\$375	\$427	\$302	\$3,847 \$4,198
industriais	\$1,940	Fcst/Act	\$330	\$296	\$291	\$352	\$284	\$300	\$500	\$327	\$327	\$375	\$427	\$302	\$4,112
	\$1,854	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$00	\$0	\$0	\$0	\$0	\$0	\$0
Europe	\$160	Plan	\$0	\$0	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$400
24.565	\$217	Fcst/Act	\$0	\$0	\$56	\$85	\$42	\$33	\$40	\$40	\$40	\$40	\$40	\$40	\$457
	\$397	PY	\$40	\$44	\$78	\$114	\$74	\$49	\$45	\$21	\$77	\$65	\$51	\$46	\$701
Distributors	\$359	Plan	\$40	\$58	\$58	\$70	\$68	\$65	\$77	\$70	\$71	\$87	\$66	\$64	\$794
	\$276	Fcst/Act	\$32	\$36	\$37	\$82	\$58	\$32	\$77	\$80	\$82	\$87	\$66	\$64	\$732
	\$562	PY	\$54	\$96	\$91	\$112	\$104	\$104	\$103	\$124	\$68	\$96	\$157	\$99	\$1,208
Other	\$710	Plan	\$120	\$100	\$100	\$150	\$120	\$120	\$150	\$120	\$120	\$150	\$120	\$99	\$1,469
	\$840	Fcst/Act	\$209	\$98	\$179	\$109	\$120	\$125	\$150	\$120	\$120	\$150	\$120	\$99	\$1,599
	\$0	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Products	\$10	Plan	\$0	\$0	\$0	\$0	\$5	\$5	\$40	\$40	\$75	\$95	\$50	\$40	\$350
	<b>\$</b> 9	Fcst/Act	\$0	\$0	\$0	\$0	\$1	\$8	\$40	\$40	\$75	\$95	\$50	\$40	\$349

Cut this slide, this mixes too
many different ways to look at
the business, look at the flow of
the following slides, the data
should be in that format

### Comparable sales by region







### **Product Family List**

### 1. Foam

- Twin Stick
- Dubl Kote
- Remo One
- Remo One Plus
- Remo Two
- Thick Twin Stick
- Thick Remo One
- Thick Remo Two
- Teachers Tape
- No Skid
- Metal Shelf Tape
- Duraco High Bond
- CD Hubs

#### 2. Film

- DK Film
- Remo One Film
- Duraco Red
- Duraco Gold
- Tear Tape
- 4581
- 4481
- 4181
- 4081
- Speedy Tabs

### 3. Tissue

- DSTF
- **2461**
- **2811**
- 2161

### 4. Transfer

- DKOF
- 14311531
- **1571**
- Duraco ATG
- Duraco Transfer

### 5. Hook and Loop

- Duraco Hook and Loop
- Low Profile
- Sew On
- Thick Hook and Loop

### 6. Magnet

- Magnetic Tape
- Mag Receptive Tape
- Matched Pole Tape
- Printable Magnetic

### 5. Weather Stripping &

- Low Density PVC
- Medium Density P\
- VNN
- Hyden
- Neoprene EPDM
- Neoprene Nitrile P'
- Polyethlene
- Urethane (Poron)
- Voltoid
- Polyurethane
- Silicone
- Neoprene

### 6. Components

- Glue Dots
- Bumpers
- Essentra Compone

 Appendix slide, not relevant for upfront part

Reduced total Families from 38 to 8



# Comparable sales by product catigory

Monthly Gros Revenue \$ millions		N	et Reveni				Gı	ross Marg				Gro	ss Margir		
φ millions				Fav / (Unfav)					Fav / (Unfav)						\$12,0 \$10,0
	2019	2019	2018	vs. 2019	2018	2019	2019	2018	vs. 2019	2018	2019	2019	2018		\$8,1 \$6,1 \$4,1 \$2,1
duct 1	Actual	Budget	Actual	Budget	Actual	Actual	Budget	Actual	Budget	Actual	Actual	Budget	Actuai		
duct 2														IIII	
duct 3															RACC
duct 4															
duct 5															
duct 6															
duct 7														• Put d	
duct 8														deter we ca	
otal all products														do so	
epreciation & Amortization															
al Duraco															

Product Family Sales

\$2,000,000 \$1,500,000 \$1,000,000

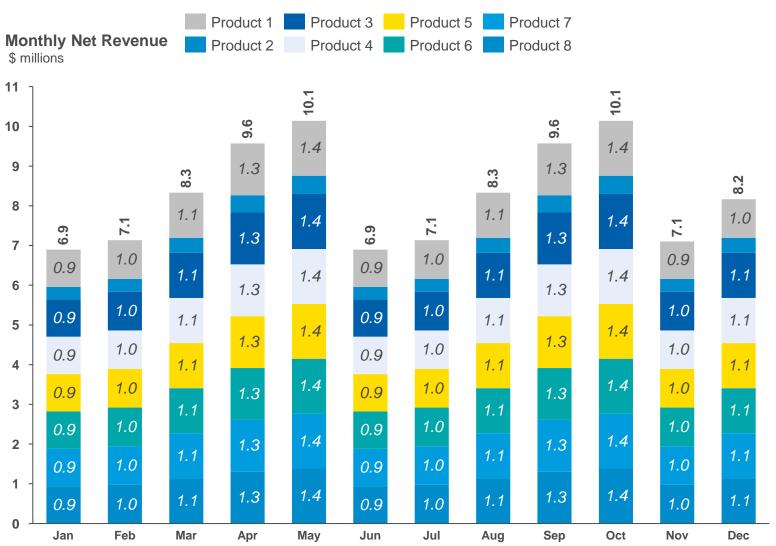
New Product Sales
- Remo One Plus - \$6,666
- 4581 - \$1,431

- 4001-01,401

## Key product trends

#### Product Family Sales

\$2,000,000 \$1,500,000





New Product Sales
- Remo One Plus - \$6,666
- 4581 - \$1,431

Fingerlift Tissue has seen Y

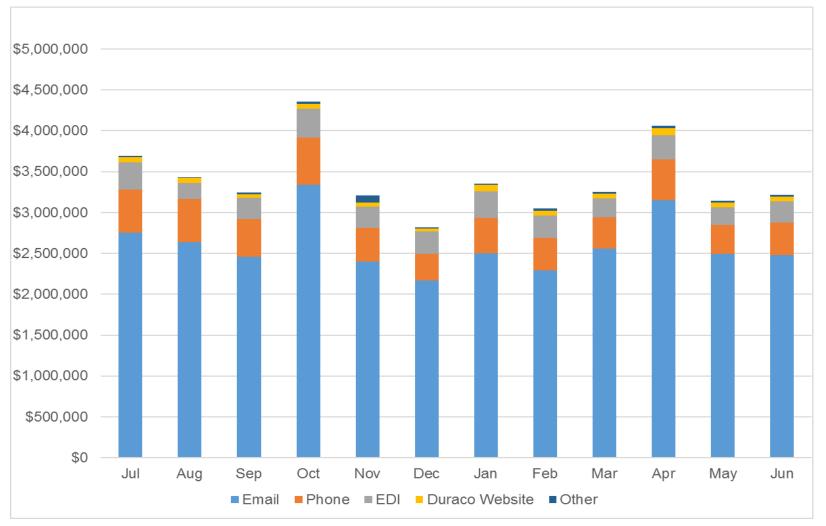
# Comparable sales by industry

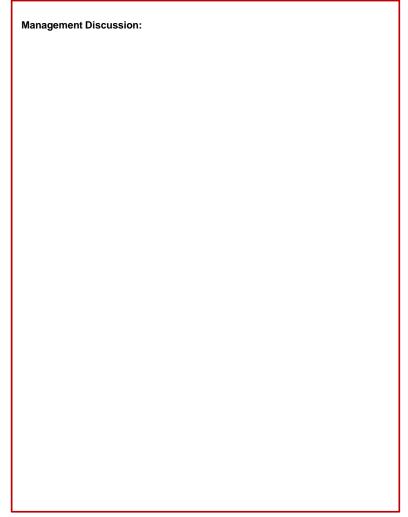


onthly Net Revenue and gross margin illions		N	et Reven	ue			Gr	oss Mar	gin			Gr	oss Marg	in %	
				Fav / (Unfav) vs.					Fav / (Unfav) vs.					Fav / (Unfav) vs.	
	2019	2019	2018	2019	2018	2019	2019	2018	2019	2018	2019	2019	2018	2019	2018
	Actual	Budget	Actual	Budget	Actual	 Actual	Budget	Actual	Budget	Actual	Actua	l Budget	Actual	Budget	Actual
														• T	his sho
Total all Industry															
Depreciation & Amortization															

# Comparable sales by channel

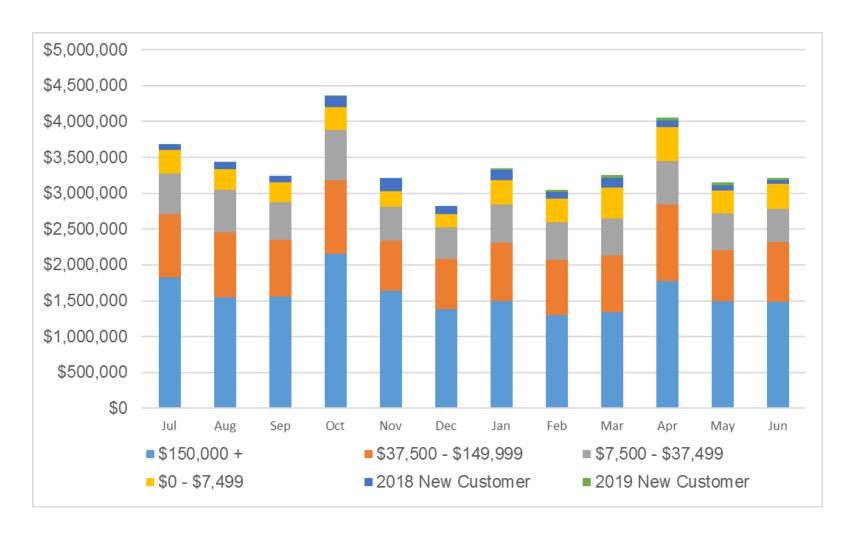






# Comparable sales by customer size





Management Discussion:	

## Sales rep snapshot



### **MTD and YTD Revenue**

dollars in thousands

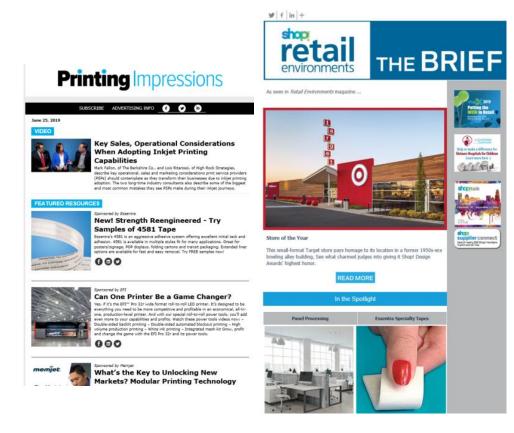
	<u>June 2019</u>	<u>June 2018</u>	\$ Growth	<u>YTD</u>	Prior YTD	\$ Growth
Midwest RSM	725	815	(90)	4540	4608	(68)
Northeast RSM	380	372	9	2470	2383	86
West RSM	66	94	(29)	422	577	(154)
Industrial RSM	594	548	45	3012	3553	(542)
Industrial SAM	146	117	29	944	873	71
BD East	92	112	(20)	685	803	(118)
BD West	127	121	6	831	686	145
House Chicago	369	349	20	2190	2374	(185)
House Corporate	116	167	(51)	982	1019	(37)
House -Houston	100	119	(19)	563	630	(66)
House Los Angeles	210	181	30	1315	1225	90
House New Jersey	262	261	1	1995	1789	206
Teachers Tape	24	23	0	120	103	17

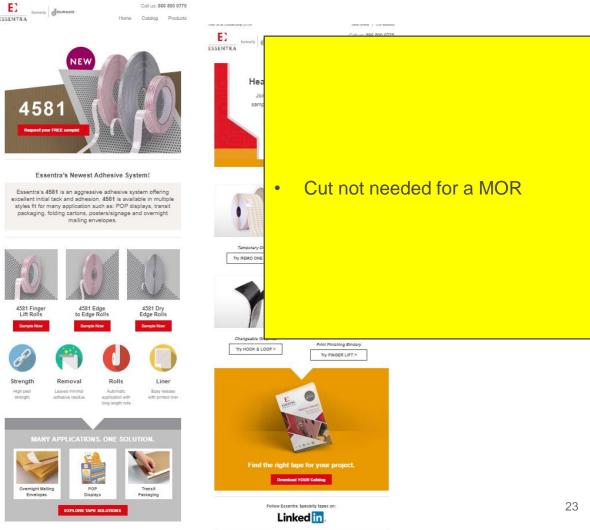
- This should show individuals, not reg
- What additional detail can we see, can put this in the same format as slide 1 get to a GM %
- If the answer is no we need to chang processes to capture this



### Marketing Activity | June 2019

The main objective for June 2019 was to develop product awareness + demand for the following products, Foam Tape and Remo One Plus. In addition, we had our largest tradeshow, GlobalShop take place.







### GlobalShop | June 2019

Duraco was an exhibitor at the 2019 GlobalShop show in Chicago. The show was a great lead generation opportunity for the POP/Retail market resulting in over 150 quality leads. It was also a perfect opportunity to start the transition of our Duraco brand.

DURACO

DURACO

ESSENTRA



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FOR YOUR



Operations and manufacturing
Optional subhead (20pt Bold)



	PRIORITY	иом	Owner		JAN	FEB	MAR	APR	MAY	JUN	JUL	Comments
	Total Recordable Incident			PY	1.93	1.94	1.95	1.3	1.3	1.4	1.4	Went 11 months in 2018, this
	Rate (TRIR Rolling 12M)	#	John B.	Plan	0	0	0	0	0	0	0	would challenge us to be at 23
	Rate (TRIK ROIIIIg 12IVI)			Actual	0	0	0	0	0	0	0	months straight
				PY	1.28	1.28	1.28	1.28	1.28	1.28	1.28	
	DART Score	#	John B.	Plan	1.3	1.0	1.0	1.0	1.0	1.0	1.0	
Safety				Actual	0	0	0	0	0	0	0	
Salety				PY	78%	89%	92%	94%	94%	90%	89%	Done as an average across the year
	Step Completion %	%	John B.	Plan	80%	80%	92%	92%	92%	92%	92%	80% plan PY, up to 90% in 19. Jan-
				Actual	97%	93%	94%	96%	93%	94%	0%	Feb. John B. is Short term
				PY	41%	13%	26%	20%	21%	21%	13%	Avg. 26% for 2018- 2017 Goal was
	Landfill Diversion %	%	Bill V.	Plan	30%	30%	30%	30%	30%	30%	30%	at 15%
				Actual	53%	80%	45%	46%	33%	51%	0%	
				PY	12	8	12	10	10	12	9	This represents a 8% reduction
	Customer EQDs	#	Susan C.	Plan	11	10	10	11	10	10	11	from the 2018 plan of 12 also an
	Customer EQDs			Actual	11	11	9	12	7	10	0	additional 5% increase in the lines being shipped
				PY	0.28%	0.22%	0.31%	0.22%	0.27%	0.33%	0.19%	2016 avg: 0.79%, 2017 avg: 0.53,
	Percentage of EQDs/Lines	#	Susan C.	Plan	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	2018 avg: 0.26%
	shipped			Actual	0.28%	0.30%	0.23%	0.30%	0.18%	0.28%	0.00%	
				PY	\$122.45	\$90.67	45.397	66.383	71.91	65.42	85.823	\$783, represnts 5% reduction from
	Cost of Poor Quality (COPQ)	\$	David D.	Plan	\$75.30	\$60.23	\$60.23	\$75.30	\$60.23	\$60.23	\$75.30	2018
Quality				Actual	\$66.17	\$54.52	\$60.51	\$47.97	\$47.78	\$23.18	\$0.00	
<b></b>	Rework	\$	Danny F.	Plan	\$9.79	\$7.83	\$7.83	\$9.79	\$7.83	\$7.83	\$9.79	Targeted 20% Reduction
	Nework		Daility 1.	Actual	\$8	\$14	\$14.00	\$6.89	\$2.89	\$3.75	0	
	Material Scrap	\$	Danny F.	Plan	\$31.02	\$24.82	\$24.82	\$31.02	\$24.82	\$24.82	\$31.02	Target 10% Reduction
	Muccinal Scrap	· · ·	Zumy I.	Actual	\$14.58	\$20.23	\$11.15	\$22.12	\$14.50	11.9	0	
	Total Credits	\$	David D.	Plan	\$34.48	\$27.59	\$27.59	\$34.48	\$27.59	\$27.59	\$34.48	
	Total Cicuits		Savia D.	Actual	\$43.20	\$20.60	\$35.36	\$18.97	\$30.40	\$7.53	\$0.00	
	CS Credits Issued	\$	Andy S.	Plan	\$11.00	\$10.00	\$10.00	\$11.00	\$10.00	\$10.00	\$11.00	2018=\$196K, there were two large
	Co cicuito issucu	· · ·	Alluy 3.	Actual	\$43.08	\$20.60	\$32.80	\$18.10	\$18.00	\$0.00	\$0.00	credits in Jan-Feb. 2018 that drove
	QC Return Credits Issued	Ś	Susan C.	Plan	\$15.58	\$12.46	\$12.46	\$15.58	\$12.46	\$12.46	\$15.58	2018=\$180K Goal is 10% less
	QC Neturn Credits issued	y	Jusan C.	Actual	\$0.12	\$0.00	\$2.56	\$0.87	\$2.57	\$7.53	\$0.00	



									,			
	Shipments Specialty Tapes			PY	\$3,669	\$3,499	\$3,503	\$4,301	\$3,198	\$3,335	\$3,936	]
	(Consolidated)	\$	Phil M.	Plan	\$3,802	\$3,165	\$3,389	\$4,009	\$3,474	\$3,266	\$3,891	
	(consolidated)			Actual	\$3,320	\$3,081	\$3,255	\$4,065	\$3,154	\$3,218	0	
	Shimmonto Chicago			PY	\$2,661	\$2,593	\$2,606	\$3,116	\$2,260	\$2,470	\$2,860	
	Shipments Chicago (External Only)	\$	Phil M.	Plan	\$2,576	\$2,169	\$2,296	\$2,640	\$2,386	\$2,229	\$2,798	
Delivery	(External only)			Actual	\$2,308	\$2,084	\$2,229	\$2,852	\$2,659	2244	0	
Delivery				PY	87.0%	87.0%	88.4%	88.3%	89.0%	89.3%	89.4%	2017=86%, 2018=90%
	Production Efficiency	%	Danny F.	Plan	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	91.0%	
				Actual	90.2%	89.9%	89.8%	90.2%	91.1%	89.6%	0.0%	
				PY	98.2%	98.0%	97.1%	98.5%	98.2%	98.6%	98.4%	We moved up from 97% 2018 plan
	OTDIF	%	Phil M.	Plan	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	to 98% for 2019
				Actual	98.8%	98.8%	99.0%	98.5%	98.8%	98.2%	0.0%	
				PY	\$25,030	\$38,134	\$60,789	\$63,654	\$56,638	\$43,631	\$50,189	
	Cost Savings	\$	Laura K.	Plan	\$65,082	\$51,930	\$47,620	\$51,392	\$50,924	\$50,924	\$55,186	
				Actual	\$49,012	\$44,479	\$35,812	\$25,633	\$57,198	\$72,371	\$0	
	Consolidate data to contact.			PY	\$6,645	\$6,435	\$6,361	\$6,398	\$6,265	\$6,007	\$6,349	7.7% reduction in total inv. Value
Cost	ConsolidatedNet Inventory Dollars	\$000's	Phil M.	Plan	\$6,490	\$6,270	\$6,280	\$6,290	\$6,280	\$6,270	\$6,260	from PY, 10% Gross inv. (includes
	Dollars			Actual	\$6,460	\$6,560	\$5,952	\$6,235	\$0	\$0	\$0	Reserves)
				PY	\$564	\$588	NT	NT	NT	NT	NT	
	Operating Profit Consolidated	\$000's	Efrain G.	Plan	\$798	\$431						
				Actual	\$661	\$757	\$963	\$1,055	\$803	\$908	0	
	Francisco Turnesco Pete			PY	0.73%	0.00%	0.73%	0.00%	0.00%	0.73%	0.00%	
	Employee Turnover Rate (Voluntary)	#	Danielle	Plan	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Doonlo	(Voluntary)			Actual	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
People				PY	125	126	125	124	125	123	122	2018 was a plan of 134, we avg.
	Total Headcount (FP-ST)	#	Danielle	Plan	126	126	126	126	126	126	126	127
				Actual	123	123	122	124	125	126	0	



PRIORITY		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	NOV	DEC	YTD Totals
Complete 4 Green Belt Projects	Plan Fcst/Act	0	0	0	1	0	1	0	1	0	1	0	0	4
Perform (7) 5s+	Plan Fcst/Act	1	0	1	0	1	1 0	1 0	1 2	1	0	0	0	7

- We currently behind schedule on the 5S+ but have made arrangements to complete by the end of the year, including 2 scheduled 5s events for August.
- We have created a redefined our production coordinator position to now be CI specialist in an effort have additional focus on the Lean Initiatives.



Supply chain / freight & logistics





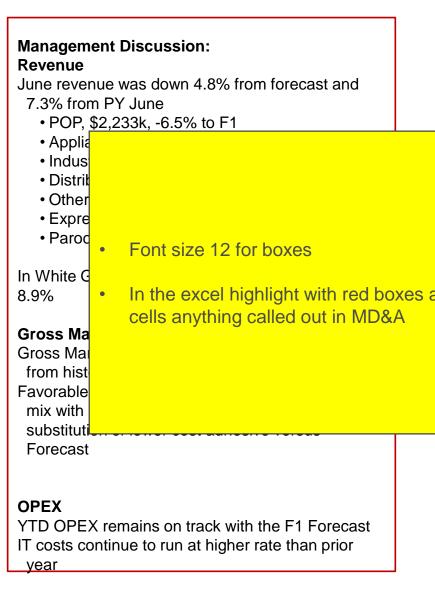
Financial review

Optional subhead (20pt Bold)

# Summary P&L



\$'000	МТ	D	Vari	ance	PY MTD	Variar	ice		YTD	Var	
	Act	Fcst	\$	%	Act	\$	%	Act	Fcst	\$	%
Gross Revenue	\$ 3,282	\$ 3,435	\$ (153)	(4.5%)	\$ 3,527	\$ (244)	(6.9%)	\$ 20,730	\$ 21,234	\$ (504)	(2.4%)
Net Revenue	3,275	3,428	(153)	(4.5%)	3,533	(259)	(7.3%)	20,664	1 21,186	(522)	(2.5%)
Material	1,049	1,152	103	8.9%	1,257	208	16.5%	6,998	7,196	197	2.7%
Labor	382	383	1	0.2%	377	(6)	(1.5%)	2,350	2,475	125	5.1%
Other COGS	416	427	11	2.6%	400	(15)	(3.9%)	2,603	3 2,843	239	8.4%
Total COGS	1,847	1,962	115	5.8%	2,034	187	9.2%	11,952	2 12,513	562	4.5%
Gross Margin	1,427	1,466	(39)	(2.6%)	1,500	(72)	(4.8%)	8,712	2 8,673	39	0.5%
Gross Margin %	43.6%	42.8%	0.8%		42.4%	1.1%		42.2%	40.9%	1.2%	
R&D	23	22	(1)	(3.8%)	(23)	(46)	(200.2%)	152	143	(9)	(6.4%)
Sales & Marketing	269	343	75	21.8%	310	42	13.4%	2,003	3 2,249	245	10.9%
Administrative	141	135	(6)	(4.4%)	125	(16)	(13.0%)	896	891	(4)	(0.5%)
Other Opex	_	-	-	N/A	(3)	(3)	(100.0%)	-		-	N/A
Total Opex	432	500	68	13.6%	409	(23)	(5.7%)	3,051	1 3,283	232	7.1%
EBITDA	995	966	29	3.0%	1,091	(96)	(8.8%)	5,661	L 5,390	271	5.0%
EBITDA %	30.4%	28.2%	2.2%		30.9%	(0.5%)		27.4%	25.4%	2.0%	
Net Income (Loss)	\$ 814	\$ 558	\$ 256	45.8%	\$ 646	168	26.0%	\$ 4,493	3 \$ 3,053	\$ 1,439	47.1%
\$'000	МТ	D D	Varia	ance	PY MTD	Variar	ıce		YTD	Var	
·	Act	Fcst	\$	%	Act	\$	%	Act	Fcst	\$	%
Opex Overview:											
Payroll (Payroll, OT, SS & Taxes, Temp Lab	221	228	8	3.3%	209	(11)	(5.3%)	1361	1 1504	144	9.5%
Benefits (Medical, Dental, Life, AD&D & 40	31	36	6	15.2%	33	2	7.0%	210	236	25	10.8%
Bonus	32	32	(0)	(0.8%)	31	(1)	(2.8%)	219	207	(12)	(6.0%)
Marketing	35	73	38	51.9%	45	10	22.1%	445	488	43	8.9%
Commissions	8	8	(0)	(0.6%)	21	13	60.4%	55	5 53	(2)	(3.4%)
Travel and Entertainment	11	19	9	45.0%	14	3	23.5%	112	2 127	15	11.5%
Rent and Facilities	17	16	(1)	(3.5%)	16	(1)	(5.5%)	100	99	(2)	(1.6%)
Insurance	4	3	(1)	(18.9%)	4	0	2.1%	24	1 22	(2)	(8.7%)
Professional Fees	3	6	3	47.8%	12	9	73.3%	28	3 41	13	31.0%
Utilities, Repairs, Maint. & Security	3	6	2	44.3%	3	0	0.7%	29	23	(6)	(25.1%)
Office Supplies	8	5	(3)	(56.0%)	8	0	5.2%	31	1 32	0	0.6%
IT	25	21	(4)	(16.8%)	16	(8)	(50.2%)	168	3 137	(31)	(22.6%)
Bad Debt	7	3	(4)	(128.8%)	(8)	(15)	194.6%	23	3 19	(3)	(16.7%)
Real Estate Taxes	13	13	(0)	(0.0%)	15	2	15.4%	81	1 81	-	0.0%
Other Expenses	16	31	14	46.2%		(28)	244.2%	165	5 215	50	23.3%



#### **EBITDA**

### Balance sheet



	1	12/31/2018		1/31/2019		2/28/2019		3/31/2019		4/30/2019		5/31/2019		6/30/2019
		1M		1M		1M		1M		1M		1M		1M
Current Assets														
Cash and cash equivalents	\$	3,294,638	\$	2,444,144	\$	2,848,061	\$	3,254,399	\$	2,635,174	\$	1,942,501	\$	835,959
Short term investments	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Accounts receivable, gross	\$	5,061,902	\$	5,033,338	\$	5,319,504	\$	5,285,162	\$	5,221,081	\$	6,020,204	\$	5,475,969
Accounts receivable, reserves	\$	(84,665)	\$	(75,613)	\$	(76,844)	\$	(79,591)	\$	(69,731)	\$	(65,069)	\$	(73,620
Accounts receivable, net	\$	4,977,238	\$	7,766,285	\$	7,974,096	\$	8,399,804	\$	7,967,209	\$	5,955,135	\$	5,402,349
Inventory, gross	\$	6,489,872	\$	6,459,933	\$	6,540,436	\$	6,458,442	\$	6,235,400	\$	6,078,850	\$	5,932,416
Inventory, reserves	\$	(907,529)	\$	(931,243)	\$	(944,382)	\$	(971,382)	\$	(1,002,382)	\$	(1,027,782)	\$	(969,561
Inventory, net	\$	5,582,343	\$	5,528,689	\$	5,596,054	\$	5,487,059	\$	5,233,018	\$	5,051,067	\$	4,962,855
Prepaid expenses and other current assets	\$	182,239	Ś	222,371	\$	149,153	\$	82,801	\$	85,931	\$	88,195	\$	128,186
Current portion of deferred taxes	\$	-	\$		\$		Ś	-	\$	-	Ś	-	\$	-
Revenue in excess of billings	\$		ς.		<		Ś		Ś		Ś		Ś	
Other current assets	Ś	3,174,030	\$	3,246,981	Ś	3,787,733	Ś	4,275,363	Ś	(193,463)	\$	683,897	\$	100
Total Current Assets	\$	17,210,488	\$	16,399,911	\$	17,623,661	\$	18,305,193	\$	12,912,009	\$	13,720,795	\$	11,329,449
Total Current Assets	7	17,210,466	7	10,399,911	7	17,623,661	7	18,303,193	7	12,512,005	7	13,720,793	Þ	11,329,445
Non-Current Assets														
Property, plant & equipment, gross	\$	21,694,021	\$	21,877,305	\$	21,897,802	\$	21,895,422	\$	21,348,463	\$	19,784,406	\$	19.791.472
Accumulated depreciation	Ś	(8,824,461)	\$	(8,913,547)	\$	(9,001,455)	\$	(9,089,221)	\$	(8,662,595)	\$	(7,180,677)	\$	(7,267,731
Property, plant & equipment, net	\$	12,869,561	\$	12,963,757	\$	12,896,347	\$	12,806,200	\$	12,685,868	\$	12,603,729	\$	12,523,741
Goodwill	\$	52,493,884	\$	52,493,884	\$	52,493,884	\$	52,493,884	\$	52,493,884	\$	52,493,884	\$	52,493,884
Identifiable intangible assets, gross	\$	52,-55,564	Ś	32,433,364	Ś	52,-33,364	Ś	52,-33,304	Ś	32,433,364	Ś	52,455,564	\$	J2,-J3,004
	\$	(16,277,333)	\$	(16,393,600)	\$	(16,509,867)	\$	(16,626,133)	\$	(16,742,400)	\$	(16,858,667)	\$	(16,940,745
Accumulated amortization	Ś	36,216,551	\$	36,100,284	\$	35,984,017	s	35,867,751	\$	35,751,484	\$	35,635,217	\$	35,553,139
Identifiable intangible assets, net	Ś	36,216,551	>	36,100,284	>	35,984,017	>	35,867,751	>	35,751,484	>	35,635,217	>	35,553,139
Deferred financing cost			>		Ś		Ś	-	>	-	>	-	>	
Deferred tax asset	\$	-	\$	-	>	-	-	-	\$	-	\$	-	\$	-
Other non-current assets	\$		>		>		\$		>		\$		>	
Total Non-Current Assets	\$	49,086,111	\$	49,064,041	\$	48,880,364	\$	48,673,951	\$	48,437,352	\$	48,238,946	\$	48,076,880
Total Assets	\$	66,296,600	\$	65,463,952	\$	66,504,025	\$	66,979,144	\$	61,349,361	Ś	61,959,741	\$	59,406,329
	7		_		7		-		7	,,	-	,,-		,,
Current Liabilities														
Current portion of long-term debt	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Notes payable	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Accounts payable	\$	2,956,734	Ś	1,423,240	\$	1,865,669	\$	1,880,928	\$	1,531,217	\$	1,701,439	\$	1,873,241
Accrued liabilities	\$	1,495,049	\$	1,646,307	\$	1,603,815	\$	1,301,270	\$	1,289,317	\$	1,390,274	\$	1,450,949
Accrued compensation	\$		ς.	_,,	<	-,,	Ś	_,	<	_,	Ś	_,	Ś	
Income taxes payable	\$	5.891.843	\$	6.135.746	\$	6.199.706	\$	5.891.843	Ś		Ś		\$	
Short-term unearned revenue	\$	5,051,045	Ś	0,133,740	ė		Ś	5,031,045	\$		Ś		\$	_
Other current liabilities	Ś	<del>_</del>	Ś		Ś		Ś		\$	858,304	\$		Ś	
Total Current Liabilities	\$	10,343,626	\$	9,205,293	\$	9,669,189	\$	9,074,041	\$	3,678,838	\$	3,091,714	\$	3,324,190
Total Current Liabilities	3	10,343,626	۶	9,203,293	۶	3,003,183	7	9,074,041	7	3,070,030	7	3,091,714	Ą	3,324,190
Long-term liabilities														
Long-term debt less current maturities	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital lease	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Debt owing to OpenGate	\$	-	\$	-	\$	-	Ś	-	\$	-	\$	-	\$	-
Deferred income taxes	\$	-	Ś		Ś		Ś		\$		\$		\$	
Long-term unearned revenue	Ś		\$		\$		Ś		\$		Ś		\$	
Deferred liabilities	\$		Ś		\$		Ś		\$		Ś		\$	
Other non-current liabilities	Ś		Ś		Ś		Ś		Ś		Ś		Ś	
Total Long-Term Liabilities	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Liabilities	\$	10,343,626	\$	9,205,293	\$	9,669,189	\$	9,074,041	\$	3,678,838	\$	3,091,714	\$	3,324,190
Shareholders' Equity	1													
Common stock	\$	-	\$	-	\$	-	\$	-	\$	55,013,115	\$	55,187,426	\$	55,187,426
Preferred stock	\$	-	\$	-	\$	-	\$	-	\$		\$	-	\$	-
Capital in excess of stated value	\$		Ś	-	Ś		Ś		\$	-	\$		\$	
Retained earnings	\$	55,952,974	\$	56,258,659	\$	56,834,835	\$	57,905,103	\$	2,657,408	\$	3,680,601	\$	894,713
	\$	33,332,374	\$	30,230,059		30,034,635	s	37,303,103	\$	2,037,408	Ś	3,000,001		054,/13
Accumulated other comprehensive income	Ś	-	\$	-	\$	-	>	-	\$	-	Ś	-	\$	-
Other equity transactions	Ś	55.952.974	Ś	56.258.659	Ś	56.834.835	\$	57.905.103	\$	57.670.523	Ś	58.868.028	Ś	56.082.139
Total Shareholders' Equity	- >	35,952,974	<b>&gt;</b>	20.228.059								28.868.028	<b>&gt;</b>	36,082,139
				, ,		,,	-	,,	-	,,		, ,		

### Management Discussion:

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# OPEX



\$'000

		YTD					Explanation of	f Variance				Variance Impact	:	
			Variance	One-	Time /			Change in		Total	Variance	YoY Impact	Annualized	
	Act	Bud	(B) / W	Non-re	curring	1	Timing	Run-rate	Other/FX	(E	3) / W	(B) / W	(B) / W	
Payroll	\$ 4,273	\$ 4,441	\$ (167)	\$	(45)	\$	(15) \$	(32)	\$ (75)	\$	(167)	\$ (417)	) \$ -	
Bonus	\$ 560	\$ 567	\$ (7)	\$	-	\$	- \$	-	\$ (7)		(7)	\$ (7)	)	
Commissions	\$ 90	\$ 149	\$ (59)	\$	(13)	\$	- \$	(44)	\$ (2)		(59)	\$ 25	_	
Marketing	\$ 572	\$ 798	\$ (226)	\$	- "	\$	(214) \$	-	\$ (12)					
Benefits	\$ -	\$ -	\$ -	\$	-	\$	- \$	-						
Travel and entertainment	\$ 442	\$ 658	\$ (216)	\$	(93)	\$	(60) \$	(56)	\$ (7)					
Rent and facilities	\$ -	\$ -	\$ -	\$	- :	\$	- \$	-						
Insurance	\$ 128	\$ 137	\$ (9)	\$	(8)	\$	- \$	(0)	\$ (0)					
Professional fees	\$ 248	\$ 251	\$ (3)	\$	3	\$	- \$	-	\$ (6)	•	Font size	ze 12 for bo	xes	
Office expense	\$ 121	\$ 119	\$ 2	\$	5		\$	-	\$ (3)					
IT	\$ 769	\$ 837	\$ (69)	\$	- :	\$	(50) \$	-	\$ (18)	•	In the e	excel highlig	ht with red b	oxes
Bad Debts	\$ 97	\$ (2)	\$ 99	\$	102	\$	- \$	-	\$ (3)		cells ar	nything calle	ed out in MD8	&A
FX	\$ (87)	\$ -	\$ (87)	\$	- :	\$	- \$	-	\$ (87)					
JV Loss (Income)	\$ (84)	\$ (94)	\$ 10	\$	(2)	\$	20 \$	(5)	\$ (3)					
Other Expenses	\$ 369	\$ 360	\$ 10	\$	(4)	\$	- \$	26	\$ (12)					
Total Opex	\$ 7,498	\$ 8,220	\$ (722)	\$	(56)	\$	(319) \$	(112)	\$ (235)					

**Management Discussion** 

## Onetime costs



\$'000

	YTD							Explar	nation of Var	ian	ıce		Variance Impact			
					Variance		Change in					Total Variance		Total Change in Estimate		
		Act		AOP		B/(W)		Estimate	Timing			Other	B/(W)		B / (W)	
Banking	\$	-	\$	_	\$	_	\$	- \$		_	\$	-				
Environmental	\$	-	\$	_	\$	_	\$	- \$		_	\$	<b>-</b>				
Insight Sourcing	\$	-	\$	_	\$	_	\$	- \$		_	\$	<b>-</b>				
IT	\$	118	\$	70	\$	(48)	\$	(31) \$		_	\$	(16				
Legal Fees	\$	23	\$	_	\$	(23)	\$	- \$		_	\$	(23				
Professional Fees	\$	84	\$	65	\$	(19)	\$	- \$	(	4)	\$	(14	• Fonts	izΔ	12 for boxes	
Mgmt Incentive	\$	207	\$	285	\$	78	\$	78 \$		_	\$	- <mark> </mark>	1 Ont 3	120	12 101 00003	
Laval Water Damage	\$	119	\$	_	\$	(119)	\$	- \$		_	\$	(119	Luc Ale e		والمراجع المارية المارية	the mand because
Profit Velocity	\$	-	\$	_	\$	_	\$	- \$		_	\$	- <mark> </mark>				ith red boxes
CAD Transfer Tax	\$	-	\$	_	\$	_	\$	- \$		_	\$	_ <mark> </mark>	cells a	nyt	hing called ou	it in MD&A
TSA	\$	-	\$	_	\$	_	\$	- \$		_	\$	_ <mark> </mark>				
Employee Restructuring Costs	\$	-	\$	_	\$	_	\$	- \$		_	\$	_				
Other	\$	3	\$	_	\$	(3)	\$	- \$		_	\$	(3				
Total 1X Costs	\$	554	\$	420	\$	(134)	\$	46 \$	(	4)	Ś	(176				

# **Management Discussion**

# Cashflow statement



	MTD			Varian	ice	PY-MTD	Variance			YTD		Varian	ce	PY YTD	Variance	
\$'000		Act	Bud	\$	%	Act	\$	%		Act	Bud	\$	%	ACT	\$	%
Cash flow from operations																
Net Income (Loss)	\$	(169) \$	74 \$	(243)	(328.4%) \$	(130) \$	(39)	29.8%	\$	(2,849) \$	(2,886) \$	38	(1.3%) \$	(2,406) \$	(443)	18.4%
Depreciation, amortization and other		725	745	(19)	(2.6%)	623	102	16.4%		3,586	3,626	(40)	(1.1%)	3,158	428	13.5%
Non-cash loss/expense (gain)		36	(262)	298	(113.5%)	4	32	808.9%		6	472	(467)	(98.8%)	84	(78)	(93.0%
Deferred income tax		(22)	_	(22)	N/A	(19)	(3)	18.3%		37	148	(111)	(74.8%)	(1,134)	1,171	(103.3%
Change in operating assets and liabilities:																
Accounts receivable		(1,246)	(724)	(522)	72.0%	(686)	(559)	81.4%		(5,595)	(6,794)	1,199	(17.6%)	(3,747)	(1,848)	49.3%
Inventory		1,861	(28)	1,889	(6792.7%)	58	1,803	3126.0%		(388)	(2,827)	2,439	(86.3%)	(6,059)	5,671	(93.6%
Prepaid expenses and other current assets		(400)	270	(670)	(247.8%)	623	(1,022)	(164.2%)		(1,256)	(768)	(488)	63.6%	(538)	(718)	133.5%
Accounts payable		92	1,135	(1,043)	(91.9%)	(197)	289	(146.6%)		(350)	2,040	(2,390)	(117.2%)	1,529	(1,880)	(122.9%
Accrued expenses		192	(51)	243	(475.0%)	190	2	0.9%		1,180	1,802	(622)	(34.5%)	(845)	2,025	(239.6%
Accrued income taxes		60	195	(135)	(69.3%)	69	(9)	(13.5%)		32	41	(9)	(22.5%)	197	(166)	(83.9%
Other changes in operating assets and liabilitie		7	(2)	9	(464.9%)	6	1	20.7%		35	(1,257)	1,292	(102.8%)	30	5	16.7%
Other cash flow from operations		_	_	_	N/A	_	_	N/A		_	_	-	N/A	_	_	N/A
Total Cash Flow from Operations	\$	1,136 \$	1,352 \$	(216)	(16.0%) \$	540 \$	596	110.4%	\$	(5,562) \$	(6,403) \$	841	(13.1%) \$	(9,730) \$	4,168	(42.8%
Cash flow from investing																
Additions to property, plant and equipment	\$	(519) \$	(943) \$	424	(45.0%) \$	(887) \$	368	(41.5%)	\$	(2,547) \$	(4,389) \$	1,842	(42.0%) \$	(4,004) \$	1,457	(36.4%
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	\$	(519) \$	(943) \$	424	(45.0%) \$	(887) \$	368	(41.5%)	\$	(2,547) \$	(4,389) \$	1,842	(42.0%) \$	(4,004) \$	1,457	(36.4%
Cash flow from financing																
Proceeds from the issuance (repayment) of short-	\$	(479) \$	(265) \$	(214)	80.6% \$	462 \$	(941)	(203.8%)	\$	8,803 \$	11,511 \$	(2,708)	(23.5%) \$	13,676 \$	(4,873)	(35.6%
Proceeds from the issuance of debt		(0)	_	(0)	N/A	_	(0)	N/A		0	_	0	N/A	630	(630)	(100.0%
Repayment of debt		(137)	(143)	6	(4.3%)	(114)	(23)	19.9%		(691)	(716)	26	(3.6%)	(572)	(119)	20.7%
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	\$	(617) \$	(409) \$	(208)	50.9% \$	347 \$	(964)	(277.5%)	\$	8,112 \$	10,794 \$	(2,682)	(24.8%) \$	13,734 \$	(5,622)	(40.9%
Effect of FX rates on cash and cash equivalents	\$	- \$	- \$	-	N/A \$		_	N/A	\$	- \$	- \$	-	N/A \$	- \$	_	N/A
Net change in cash	\$	(0) \$	(0) \$	(0)	9535% \$	•	(0)	(2689.9%)	\$	3 \$	3 \$	0	10.3% \$	(0) \$	3	(1204.7%
Beginning cash		3	3	0	11.0%	(0)	3	(653927.2%)		0	0	-	0.0%	(0)	0	(100.1%
Change in cash		(0)	(0)	(0)	9535%	0	(0)	(2689.9%)		3	3	0	10.3%	(0)	3	(1204.7%
Ending cash	\$	3 \$	3 \$	0	10.3% \$	0 \$	3	1094086.3%	\$	3 \$	3 \$	0	10.3% \$	0 \$	3	1094086.3%

### Debt leverage ratios



	Actual	Actual	Actual	Actual	Actual	Actual	Budget						
(US\$ '000s)	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Excess Availability													
Borrowing Base	27,127	24,989	24,640	25,741	28,175	29,067	31,111	33,609	32,672	33,629	32,828	32,953	32,448
Total Revolver Debt	10,222	14,340	16,533	18,750	19,505	19,025	21,463	20,653	20,722	18,469	18,098	14,909	13,864
Excess Availability	16,904	10,649	8,107	6,991	8,670	10,042	9,648	12,956	11,950	15,160	14,730	18,044	18,584
EA % of Borrowing Base	62.3%	42.6%	32.9%	27.2%	30.8%	34.5%	31.0%	38.5%	36.6%	45.1%	44.9%	54.8%	57.3%
Minimum EA% (or <\$5.25M)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Compliance	ОК												
FCCR Calculation													
TTM EBITDA	8,112	7,865	8,971	8,618	8,575	8,526	9,485	9,136	9,621	8,878	9,482	9,766	10,781
Total Capex	462	489	531	560	448	519	943	492	492	492	398	398	398
TTM Capex	7,822	7,266	7,354	7,115	7,577	7,209	7,453	7,162	7,016	6,897	6,753	6,223	6,158
Cash Taxes	-	(252)	- *	257	-	-	-	-	-	-	-	-	-
TTM Cash Taxes	671	418	418	140	5	5	5	5	5	5	5	5	5
Numerator	(381)	180	1,198	1,364	993	1,313	2,028	1,969	2,600	1,976	2,724	3,539	4,617
Cash Interest on existing ABL	161	156	165	189	184	198	203	201	202	190	190	173	168
Cash Interest on additional debt	-	-	-	-	-	-	-	-	-	-	-	-	-
TTM Cash Interest	1,869	1,918	1,966	2,019	2,051	2,087	2,115	2,135	2,159	2,180	2,200	2,212	2,219
Principal Payments on additional debt	138	138	139	138	138	137	141	141	141	141	141	141	141
TTM Principal Payments	1,387	1,412	1,436	1,462	1,490	1,516	1,547	1,578	1,610	1,641	1,673	1,675	1,678
Denominator	3,256	3,330	3,402	3,482	3,541	3,603	3,662	3,713	3,769	3,822	3,873	3,887	3,897
FCCR Ratio	(0.1)	0.1	0.4	0.4	0.3	0.4	0.6	0.5	0.7	0.5	0.7	0.9	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	ОК											

#### 13 week cash flow forecast



<ul> <li>Font size 12 for boxes</li> </ul>	

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**Management Discussion:** 

## Working capital and cash conversion cycle



<ul> <li>Font size 12 for boxes</li> <li>In the excel highlight with red boxes cells anything called out in MD&amp;A</li> </ul>	Management Dis	cussion:		
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### AR and AP aging



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SG&A Expense



### **Working Capital**





Information systems and technology

Optional subhead (20pt Bold)

### Status of key initiatives



Company Status & Nove Standard	Current Status & Next Stans						
Current Status & Next Steps	Current Status & Next Steps						
		• Q1 2020	TBD	TBD			
	Current Status & Next Steps	Current Status & Next Steps		Projected Projected			



Acquisitions and other transactions

Optional subhead (20pt Bold)

### M&A Pipeline update



Name	Geography	Primary Products	Est. Revenue	Est. EBITDA	Status
TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD

Management Discussion	n:		



Management and governance
Optional subhead (20pt Bold)

#### Governance



#### Board of directors

- Andrew Nikou
- Paul Bridwell
- · Matthias Gundlach
- David Danelz

#### **Audit Committee**

- CFO
- Paul Bridwell
- Shawn Haghighi
- Damian Blazy

#### 2019 Auditors

<<GT/BT>>

#### Anonymous Hotline

Navex implementation underway

#### Internal control & authority matrix

• In development

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
В)	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



Full year financial outlook

Optional subhead (20pt Bold)

### Full year outlook and consolidated P&L



\$'000		F	Υ		Var				PY	 Var		
		Fsct		Bud		\$	%		Act	\$	%	
Units Produced ('000)		103,912		108,274		(4,362)	(4.0%)		96,146	7,766	8.1%	
Units Shipped ('000)		104,747		109,580		(4,832)	(4.4%)		104,464	283	0.3%	
Bookings (\$'000)	\$	175,738	\$	180,948	\$	(5,210)	(2.9%)	\$	173,588	\$ 2,149	1.2%	
Backlog ('\$000)	\$	11,911	\$	11,911	\$		0.0%	\$	8,368	\$ 3,543	42.3%	
Gross Revenue	\$	180,383	\$	188,036	\$	(7,653)	(4.1%)	\$	180,283	\$ 100	0.1%	
Adj. to Gross Revenue		(9,328)		(9,876)		548	(5.5%)		(9,708)	380	(3.9%)	
Net Revenue		171,055		178,160		(7,105)	(4.0%)		170,574	480	0.3%	
Material		84,343		88,355		(4,012)	(4.5%)		83,420	924	1.1%	
Labor		37,294		38,371		(1,076)	(2.8%)		38,503	(1,208)	(3.1%)	
Other COGS		19,700		20,261		(561)	(2.8%)		20,885	(1,185)	(5.7%)	
Total COGS		141,337		146,986		(5,649)	(3.8%)		142,807	(1,470)	(1.0%)	
Gross Margin		29,717		31,173		(1,456)	(4.7%)		27,767	1,950	7.0%	
Gross Margin %		17.4%		17.5%					16.3%			
R&D		_		_		_	N/A		-	-	N/A	
Sales & Marketing		7,028		7,247		(219)	(3.0%)		7,045	(16)	(0.2%)	
Administrative		12,346		12,772		(425)	(3.3%)		10,240	2,106	20.6%	
Other Opex		(305)		(228)		(77)	33.9%		302	(607)	(201.2%)	
Total Opex		19,069		19,791		(722)	(3.6%)		17,587	1,482	8.4%	
EBITDA		10,648		11,382		(734)	(6.5%)		10,180	468	4.6%	
EBITDA %		6.2%		6.4%					6.0%			
Net Income (Loss)	\$	(3,262)	\$	(3,300)	\$	38	(1.1%)	\$	(3,490)	\$ 228	(6.5%)	
Capex	\$	(6,158)	\$	(8,000)	\$	1,842	(23.0%)	\$	(10,215)	\$ 4,057	(39.7%)	
Opex Overview:												
Payroll	\$	10,616	\$	10,783	\$	(167)	(1.6%)	\$	10,318	\$ 298	2.9%	
Bonus		1,353		1,361		(7)	(0.5%)		159	1,194	751.5%	
Commissions		299		358		(59)	(16.5%)		187	112	60.2%	
Marketing		1,554		1,780		(226)	(12.7%)		1,679	(125)	(7.4%)	
Benefits		-		-		-	N/A		-	_	N/A	
Travel and entertainment		1,372		1,587		(216)	(13.6%)		1,231	141	11.4%	
Rent and facilities		-		-		-	N/A		-	-	N/A	
Insurance		328		336		(9)	(2.6%)		328	(0)	(0.0%)	
Professional fees		581		584		(3)	(0.6%)		585	(4)	(0.7%)	
Office Expenses		290		287		2	0.8%		287	3	0.9%	
IT		2,023		2,092		(69)	(3.3%)		1,634	390	23.9%	
Bad Debts		95		(5)		99	(2151.4%)		(80)	174	(218.8%)	
FX		(87)		-		(87)	N/A		384	(472)	(122.7%)	
JV Loss (Income)		(218)		(228)		10	(4.3%)		(83)	(136)	163.9%	
Other Expenses	_	863		853		10	1.1%		956	(93)	(9.7%)	
Total Opex	\$	19,069	\$	19,791	\$	(722)	(3.6%)	\$	17,586	\$ 1,483	8.4%	

### Full year outlook and key customers



			Gross	Sales (\$'000)			Gross Margin %									
	 FY	FY	Var		PY	Var		FY	FY	Var		PY	Var			
	 Act	Bud	\$	%	Act	\$	%	Act	Bud	BPs	%	Act	BPs	%		
Customer:																
PGT Industries Inc	\$ 24,438 \$	24,098 \$	340	1.4% \$	21,061 \$	3,377	16.0%	18.0%	18.0%	(0)	(0.0%)	15.6%	243	15.6%		
Eclipse Shutter Systems	15,088	15,789	(701)	(4.4%)	15,365	(277)	(1.8%)	3.4%	3.3%	10	2.9%	3.8%	(39)	(10.3%)		
Atis	8,723	9,424	(701)	(7.4%)	10,380	(1,657)	(16.0%)	(18.6%)	(19.3%)	68	(3.5%)	(15.4%)	(324)	21.0%		
Simonton	10,539	10,859	(320)	(2.9%)	10,221	318	3.1%	16.8%	18.3%	(152)	(8.3%)	8.6%	815	94.4%		
Quaker Window Products	5,566	6,028	(462)	(7.7%)	5,345	220	4.1%	11.0%	11.0%	0	0.0%	9.1%	192	21.1%		
Ostaco 2000	3,663	3,820	(157)	(4.1%)	3,716	(53)	(1.4%)	7.7%	7.1%	53	7.4%	20.8%	(1,316)	(63.2%)		
SOLARIS QUEBEC P & F INC.	4,278	4,075	203	5.0%	4,262	16	0.4%	23.9%	23.9%	1	0.1%	9.9%	1,409	142.8%		
Dashwood Industries Inc	3,615	3,764	(149)	(4.0%)	3,898	(283)	(7.3%)	14.0%	13.8%	25	1.8%	16.2%	(217)	(13.4%)		
Windsor Window Co OEM	3,899	3,710	189	5.1%	3,491	408	11.7%	23.4%	23.6%	(22)	(0.9%)	8.8%	1,459	165.9%		
All Weather	5,600	6,731	(1,131)	(16.8%)	3,395	2,205	65.0%	13.8%	15.0%	(126)	(8.4%)	12.6%	113	8.9%		
Polaris Technologies	5,473	5,822	(349)	(6.0%)	3,577	1,896	53.0%	17.2%	17.4%	(26)	(1.5%)	0.0%	1,715	N/A		
A.M.I.	3,720	3,800	(80)	(2.1%)	3,511	209	5.9%	1.1%	0.3%	77	255.4%	5.4%	(430)	(80.0%)		
ATLANTIC WINDOWS	3,723	3,924	(201)	(5.1%)	3,749	(26)	(0.7%)	12.9%	11.8%	107	9.1%	5.9%	693	117.0%		
Vinyl Profiles, LLC	3,337	3,826	(489)	(12.8%)	1,961	1,376	70.2%	20.8%	20.7%	6	0.3%	18.8%	202	10.8%		
Comfort View Products	2,624	3,135	(511)	(16.3%)	2,920	(296)	(10.1%)	18.1%	16.6%	144	8.7%	12.3%	574	46.6%		
PORTES & FENETRES ABRITEK	2,824	2,786	38	1.4%	2,889	(65)	(2.2%)	16.3%	19.6%	(325)	(16.6%)	15.4%	89	5.7%		
Coeur d'Alene	3,803	4,000	(197)	(4.9%)	2,804	999	35.6%	3.6%	5.1%	(146)	(28.7%)	0.5%	315	665.6%		
SCHLUTER SYSTEMS L.P.	2,357	2,558	(201)	(7.8%)	2,796	(439)	(15.7%)	24.9%	24.1%	86	3.6%	16.0%	895	56.0%		
P & F ISOTHERMIC INC	2,609	2,557	52	2.0%	2,978	(369)	(12.4%)	18.9%	21.6%	(273)	(12.6%)	3.8%	1,510	402.7%		
Sierra Pacific Windows	2,473	2,560	(87)	(3.4%)	2,632	(159)	(6.0%)	10.0%	9.9%	11	1.1%	6.3%	376	60.0%		
Other	62,031	64,771	(2,740)	(4.2%)	69,279	(7,248)	(10.5%)	25.8%	25.8%	(6)	(0.2%)	28.1%	(230)	(8.2%)		
Total Gross	\$ 180,383 \$	188,036 \$	(7,653)	(4.1%) \$	180,283 \$	100	0.1%	16.6%	16.7%	(11)	(0.7%)	15.4%	122	8.0%		



Appendix

**Optional subhead (20pt Bold)** 

# **Monthly P&L**



															_			r	1	
\$'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	_	Vai		PY	Va	
	Act	Act	Act	Act	Act	Fcst	Fcst	Bud		\$	%	Act	\$	%						
Units Produced ('000)	7,786	7,371	8,389	7,725	8,493	10,019	10,057	10,212	9,308	9,637	9,028	5,886	103,912	108,274	ı	(4,362)	(4.0%)	96,146	7,766	8.1%
Units Shipped ('000)	6,941	6,590	7,230	8,092	9,414	10,359	10,062	10,681	9,633	10,255	9,358	6,133	104,747	109,580	)	(4,832)	(4.4%)	104,464	283	0.3%
Bookings (\$'000)	\$ 11,857	\$ 10,031	\$ 11,903	\$ 14,734	\$ 16,015	\$ 17,860	\$ 16,506	\$ 17,313	\$ 16,578	\$ 17,403	\$ 16,182	\$ 9,356	\$ 175,738	\$ 180,948	\$	(5,210)	(2.9%)	\$ 173,588	\$ 2,149	1.2%
Backlog ('\$000)	\$ 9,269	\$ 8,356	\$ 8,460	\$ 9,671	\$ 9,716	\$ 12,824	\$ 11,864	\$ 12,654	\$ 12,898	\$ 13,594	\$ 13,391	\$ 11,911	\$ 11,911	\$ 11,911	L \$	_	0.0%	\$ 8,368	\$ 3,543	42.3%
Gross Revenue	\$ 11,539	\$ 11,249	\$ 11,985	\$ 13,794	\$ 16,301	\$ 17,993	\$ 17,052	\$ 18,655	\$ 16,814	\$ 17,766	\$ 16,477	\$ 10,759	\$ 180,383	\$ 188,036	\$	(7,653)	(4.1%)	\$ 180,283	\$ 100	0.1%
Adj. to Gross Revenue	(597)	(464)	(581)	(699)	(787)	(963)	(887)	(990)	(919)	(983)	(916)	(541)	(9,328)	(9,876	5)	548	(5.5%)	(9,708)	380	(3.9%)
Net Revenue	10,942	10,785	11,404	13,094	15,515	17,030	16,165	17,664	15,895	16,782	15,561	10,218	171,055	178,160	)	(7,105)	(4.0%)	170,574	480	0.3%
Material	5,204	5,301	5,464	6,521	7,703	8,608	8,053	8,864	7,768	8,457	7,836	4,565	84,343	88,355	5	(4,012)	(4.5%)	83,420	924	1.1%
Labor	2,927	2,714	2,913	2,840	3,198	3,241	3,433	3,370	3,208	3,337	3,197	2,915	37,294	38,371	L	(1,076)	(2.8%)	38,503	(1,208)	(3.1%)
Other COGS	1,309	1,015	1,117	1,533	1,968	1,893	1,670	2,029	1,846	2,013	1,780	1,527	19,700	20,261	L	(561)	(2.8%)	20,885	(1,185)	(5.7%)
Total COGS	9,440	9,030	9,494	10,894	12,869	13,742	13,157	14,263	12,821	13,807	12,814	9,007	141,337	146,986	5	(5,649)	(3.8%)	142,807	(1,470)	(1.0%)
Gross Margin	1,502	1,755	1,910	2,201	2,645	3,288	3,008	3,402	3,074	2,975	2,747	1,210	29,717	31,173	3	(1,456)	(4.7%)	27,767	1,950	7.0%
Gross Margin %	13.7%	16.3%	16.7%	16.8%	17.0%	19.3%	18.6%	19.3%	19.3%	17.7%	17.7%	11.8%	17.4%	17.5%				16.3%		
R&D	_	_	_	_	_	_	_	_	_	_	_	_	_	-	-	_	N/A	_	_	N/A
Sales & Marketing	554	603	474	610	586	557	607	595	648	583	633	579	7,028	7,247	7	(219)	(3.0%)	7,045	(16)	(0.2%)
Administrative	1,037	968	879	962	997	1,057	1,096	1,092	1,049	1,094	1,047	1,068	12,346	12,772	2	(425)	(3.3%)	10,240	2,106	20.6%
Other Opex	(127)	(75)	85	(51)	(3)	(21)	(21)	(20)	(17)	(20)	(20)	(16)	(305)	(228	3)	(77)	33.9%	302	(607)	(201.2%)
Total Opex	1,465	1,496	1,438	1,520	1,579	1,593	1,682	1,668	1,680	1,657	1,660	1,631	19,069	19,791	L	(722)	(3.6%)	17,587	1,482	8.4%
EBITDA	37	259	472	680	1,066	1,695	1,326	1,734	1,393	1,318	1,087	(420)	10,648	11,382	2	(734)	(6.5%)	10,180	468	4.6%
EBITDA %	0.3%	2.4%	4.1%	5.2%	6.9%	10.0%	8.2%	9.8%	8.8%	7.9%	7.0%	(4.1%)	6.2%	6.4%				6.0%		
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 356	\$ 30	\$ 458	\$ 121	\$ 59	\$ (82)	\$ (1,356)	\$ (3,262)	\$ (3,300	) \$	38	(1.1%)	\$ (3,490)	\$ 228	(6.5%)
Capex	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (943)	\$ (492)	\$ (492)	\$ (492)	\$ (398)	\$ (398)	\$ (398)	\$ (6,158)	\$ (8,000	) \$	1,842	(23.0%)	\$ (10,215)	\$ 4,057	(39.7%)
Opex Overview:																				
Payroll	\$ 881	\$ 806	\$ 788	\$ 889	\$ 909	\$ 855	\$ 952	\$ 926	\$ 873	\$ 943	\$ 880	\$ 913	\$ 10,616	\$ 10,783	3 \$	(167)	(1.6%)	\$ 10,318	\$ 298	2.9%
Bonus	112	113	112	112	111	113	113	113	113	113	113	113	1,353	1,361	L   `	(7)	(0.5%)	159	1,194	751.5%
Commissions	19	19	16	19	18	30	30	30	30	30	30	30	299	358	3	(59)	(16.5%)	187	112	60.2%
Marketing	95	180	71	116	110	122	122	127	198	109	186	118	1,554	1,780	)	(226)	(12.7%)	1,679	(125)	(7.4%)
Benefits	_	_	_	_	_	_	_	_	_	_	_	_	_	_	-	_	N/A	_	_	N/A
Travel and entertainment	107	128	35	105	66	130	142	137	132	132	128	130	1,372	1,587	7	(216)	(13.6%)	1,231	141	11.4%
Rent and facilities	_	_	_	_	_	_	_	_	_	_	_	_	_	-	-	_	N/A	_	_	N/A
Insurance	29	21	31	20	28	30	32	30	27	27	28	24	328	336	5	(9)	(2.6%)	328	(0)	(0.0%)
Professional fees	45	46	62	45	49	52	44	45	52	45	45	51	581	584	1	(3)	(0.6%)	585	(4)	(0.7%)
Office Expenses	23	26	18	22	33	29	20	26	20	26	22	25	290	287	7	2	0.8%	287	3	0.9%
IT	166	165	132	159	145	179	177	181	178	182	181	178	2,023	2,092	2	(69)	(3.3%)	1,634	390	23.9%
Bad Debts	16	(0)	16	23	42	(0)	(0)	(0)	(0)	(0)	(0)	(0)	95	(5	5)	99	(2151.4%)	(80)	174	(218.8%)
FX	(122)	(76)		(28)	24	_	_	_	_	_	_	_	(87)	· -	-	(87)	N/A	384	(472)	(122.7%)
JV Loss (Income)	(5)		(29)	(23)	(28)	(21)	(21)	(20)	(17)	(20)	(20)	(16)	(218)	(228	3)	10	(4.3%)	(83)	(136)	163.9%
Other Expenses	98	67	73	61	70	73	71	72	74	70	67	66	863	853	-	10	1.1%	956	(93)	(9.7%)
Total Opex	\$ 1,465	\$ 1,496	\$ 1,438	\$ 1,520	\$ 1,579	\$ 1,593	\$ 1,682	\$ 1,668	\$ 1,680	\$ 1,657	\$ 1,660	\$ 1,631	\$ 19,069	\$ 19,791	L \$	(722)	(3.6%)	\$ 17,586	\$ 1,483	8.4%
•			-							-	-									

## Monthly EBITDA to Net Income (Loss) Bridge



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		Var		PY	V	ar
\$'000	Act	Act	Act	Act	Act	Fcst	Fcst	Bud	\$	%	Act	\$	%								
EBITDA - as reported	\$ 37	\$ 259	\$ 472	\$ 680	\$ 1,066	\$ 1,695	\$ 1,326	\$ 1,734	\$ 1,393	\$ 1,318	\$ 1,087	\$ (420)	\$10,648	\$11,382	\$ (734)	(6.5%)	\$ 10,180	\$ 468	4.6%		
Depreciation and amortization	(708)	(721)	(729)	(702)	(725)	(759)	(771)	(781)	(793)	(796)	(799)	(803)	(9,088)	(9,128)	40	(0.4%)	(7,801)	(1,286)	16.5%		
Interest and amortization	(156)	(165)	(189)	(184)	(198)	(203)	(201)	(202)	(190)	(190)	(173)	(168)	(2,219)	(2,290)	71	(3.1%)	(1,869)	(350)	18.7%		
Other financial income/expense	(26)	740	(617)	163	(128)	-	-	-	-	-	-	-	132	-	132	N/A	(1,463)	1,596	(109.0%)		
Monitoring fees (including expenses)	(85)	(97)	(85)	(84)	(84)	(83)	(103)	(83)	(83)	(103)	(83)	(103)	(1,076)	(1,077)	1	(0.1%)	(1,091)	15	(1.4%)		
Restructuring costs	-	-	_	-	-	-	-	-	-	-	-	-	-	-	-	N/A	(776)	776	(100.0%)		
Non-recurring items	(137)	(201)	(128)	(44)	(42)	(58)	-	-	_	-	_	-	(610)	(478)	(132)	27.7%	(770)	160	(20.7%)		
Taxes	189	(87)	(4)	(72)	(58)	(236)	(220)	(210)	(207)	(170)	(115)	138	(1,051)	(1,710)	659	(38.6%)	99	(1,149)	(1163.4%)		
GAAP Net Income (Loss)	\$ (886)	\$ (271)	\$(1,280)	\$ (242)	\$ (169)	\$ 356	\$ 30	\$ 458	\$ 121	\$ 59	\$ (82)	\$ (1,356)	\$ (3,262)	\$(3,300)	\$ 38	(1.1%)	\$ (3,490)	\$ 228	(6.5%)		

#### **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 1.3514 [USD\$0.74] on May 31, 2019
- Non-recurring items in May include IT Costs related to Terrebonne ERP Syteline (\$11K), OBI projects with The Practical Approach (\$15K) and Management Tools Inc (\$5K) and Management staff incentive accrual (\$37K). The was offset by insurance refund of \$26K pertaining to the Laval Water Damage repair costs
- US Tax accrual of 58K in May 2019; Canadian deferred tax asset has not been increased since 2018 year end adjustments

#### **Cost of Goods Sold Variance Analysis**



\$'000

	MTD	QTD	YTD
Material	8,236	16,072	34,205
Labor	3,359	6,628	15,669
Other COGS	1,917	3,663	7,503
COGS Budget	\$ 13,512	\$ 26,362	\$ 57,376
Variances:			
Volume	(800)	(2,219)	(4,508)
Price	_	(82)	(132)
Other	268	453	628
Material	(532)	(1,848)	(4,012)
Volume	(83)	(467)	(574)
Price	_	_	_
Other	(78)	(123)	(502)
Labor	(161)	(590)	(1,076)
Volume	312	449	346
Price	_	_	_
Other	(261)	(610)	(907)
Other COGS	51	(161)	(561)
COGS Actual	\$ 12,869	\$ 23,763	\$ 51,727

#### **Management Discussion - MTD**

- Material COGS: Decrease of \$532K due to lower volume impact of \$800K (Sales volumes (lbs) lower by 8.2%), unfavorable yields at Woodbridge & Delmont and lower regrind usage at Woodbridge, Delmont & Everett due to lower production volumes of \$268K; with favorable resin material prices offset by higher additive pricing, higher glass pricing and higher inventory reserves for E&O and LCM adjustments
- <u>Labor COGS</u>: Lower costs due to volume impact of \$83K, a favorable F/X impact of \$66K and headcount reduction initiatives and improved labor efficiency at Laval, Delmont, Terrebonne and ECS (net of increased overtime at Woodbridge and Everett to support tooling launches) of \$12K
- Other COGS: Increase of \$51K due to an unfavorable absorption impact of \$312K as a result of lower sales and lower production output than Plan; partially offset by lower freight costs of \$84K, lower overhead spending of \$89K (ie. Maintenance costs, utilities, factory supplies), a higher tool & die absorption recovery impact of \$52K and a

favorable F/X impact of \$36K

#### **Monthly Cost of Goods Sold by Component**



\$'000	J	an	Fe	b	Mar	Apr		May	Ju	ın	J	ul	,	Aug	S	iep	Od	t	No	v	De	c	FY	FY	Var			PY	l	Var	
	ı	Act	A	:t	Act	Act		Act	Fc	st	F	cst	F	cst	F	cst	Fc	st	Fcs	t	Fcs	st	Fcst	Bud	\$	%		Act	ł	\$	%
<u>Material</u>																															
Material costs at standard	\$	5,265	\$ 5	,218	\$ 5,418	\$ 6,5	48	\$ 7,512	\$ 8	3,447	\$	7,988	\$	8,815	\$	7,674	\$ 8	,402 \$	5 7,	886 \$	\$ 4,	,585	\$ 83,756	\$ 88,508	\$ (4,752)	(5.4%	) \$	84,102	\$	(346)	(0.4%)
Materials FX loss / (gain)		0		0	0		0	0		(0)		0		0		0		0		-		_	0	0	0	96.0%		0	i	0	21.2%
Purchase price variance		168		272	211	1	57	242		419		389		369		354		357		247		128	3,313	2,816	497	17.6%		(421)	i	3,734	(886.8%)
Supplier resin rebate		-		-	_		_	_		-		_		-		_		-		-		-	_	_	-	N/A	١.	-	i	_	N/A
Freight In		47		46	46		35	43		59		56		63		55		60		57		45	613	663	(50)	(7.6%	)	680	i	(68)	(10.0%)
Scrap costs		(355)		(334)	(282)	(3	02)	(206)		(432)		(488)		(501)		(419)	(	(474)	(-	461)	(	(273)	(4,525)	(4,885)	360	(7.4%	)	(2,101)	i	(2,424)	115.4%
Consumables		78		98	72		83	112		114		108		118		104		113		107		81	1,187	1,253	(67)	(5.3%	)	1,159	<u> </u>	28	2.4%
Total Material COGS	\$	5,204	\$ 5	,301	\$ 5,464	\$ 6,5	21	\$ 7,703	\$ 8	3,608	\$	8,053	\$	8,864	\$	7,768	\$ 8	,457 \$	7,	836 \$	\$ 4,	,565	\$ 84,343	\$ 88,355	\$ (4,012)	(4.5%	) \$	83,420	\$	924	1.1%
																													i		
<u>Labor</u>																													i		
Direct labor	\$	927	\$	898	\$ 984	\$ 1,0	80	\$ 1,133	\$ 1	,213	\$	1,272	\$	1,234	\$	1,139	\$ 1,	,188 \$	5 1,	141 \$	5 1,	,030	\$ 13,168	\$ 13,870	\$ (703)	(5.1%	' I '	′	\$	(706)	(5.1%)
Direct labor - bonus		51		51	51		51	51		51		51		51		51		51		51		51	614	618	(4)	(0.6%	)	79	ı	535	672.8%
Direct labor - overtime		70		97	109		92	124		102		123		125		115		124		107		68	1,256	1,163	93	8.0%		1,594	i	(338)	(21.2%)
Direct labor - benefits		290		264	254		35	254		274		286		283		277		281		268		238	3,203	3,262	(59)	(1.8%	)	3,366	i	(162)	(4.8%)
Direct labor - wcb benefits		18		(20)	17	(	66)	22		22		24		23		23		24		23		19	129	265	(137)	(51.6%	)	321	ı	(193)	(60.0%)
Direct labor - other		0		(1)	(1)		(1)	(2)		0		1		1		1		1		1		1	0	9	(9)	(98.8%	)	(1)	i	1	(108.9%)
Indirect labor		1,520	1	,362	1,447	1,4	62	1,565	1	,514		1,613		1,588		1,540	1,	,605	1,	545	1,	,448	18,210	18,438	(228)	(1.2%	)	19,031	i	(822)	(4.3%)
Indirect labor – bonus		51		51	51		51	51		51		51		51		51		51		51		51	614	618	(4)	(0.6%	)	79	i	535	672.8%
Sub-contractor costs		-		12	2		10	-		12		12		13		10		11		11		7	100	127	(27)	(21.0%	)	159	ш	(59)	(36.9%)
Total Labor COGS	\$	2,927	\$ 2	,714	\$ 2,913	\$ 2,8	40	\$ 3,198	\$ 3	3,241	\$ :	3,433	\$	3,370	\$	3,208	\$ 3	,337 \$	3,	197 \$	5 2,	,915	\$ 37,294	\$ 38,371	\$ (1,076)	(2.8%	) \$	38,503	\$	(1,208)	(3.1%)
																													i		
<u>Other</u>																													ı		
Repairs and maintenance	\$	115	\$		\$ 78	\$	34	\$ 44	\$	87	\$	77	\$	103	\$	74		109 \$	6	104 \$		128	\$ 978	 ,	\$ (59)	(5.7%	,	-	\$	(245)	(20.0%)
Absorption		(234)		(425)	(600)		86	312		44		(140)		67		8		122		(4)		(24)	(790)	\$ (1,049)	260	(24.7%	)	(622)	ı	(167)	26.9%
Freight out		625		533	704	7	12	772		863		834		893		814		863		780		543	8,937	9,368	(431)	(4.6%	)	9,785	i	(849)	(8.7%)
Rent / facilities		125		167	193		76	185		117		117		157		185		139		138		205	1,804	1,840	(36)	(1.9%	)	1,511	ı	293	19.4%
Utilities		479		508	539	4	58	435		573		580		587		573		584		559		512	6,388	6,711	(323)	(4.8%	)	6,579	ı	(191)	(2.9%)
Other cost of sales		199		206	202		67	220		209		202		223		192		197		204		162	2,383	2,355	28	1.2%	_	2,409	Щ.	(26)	(1.1%)
Total Other COGS	\$	1,309	\$ 1	,015	\$ 1,117	\$ 1,5	33	\$ 1,968	\$ 1	,893	\$	1,670	\$	2,029	\$	1,846	\$ 2	,013 \$	1,	780 \$	<b>1</b> ,	,527	\$ 19,700	\$ 20,261	\$ (561)	(2.8%	) \$	20,885	\$	(1,185)	(5.7%)

#### **Management Discussion**

<u>Material COGS:</u> Decrease of \$4,012K due to lower volume impact of \$4,508K (Sales volumes (lbs) lower by 11.2%), unfavorable yields and higher scrap (net of regrind usage) at Woodbridge, Delmont & Everett of \$567K; unfavorable E&O reserves at Woodbridge, Everett and Terrebonne of \$123K, partially offset by improved scrap and favorable PPV at ECS of \$62K

<u>Labor COGS:</u> Lower costs due to volume impact of \$574K, out-of-period workers' compensation refunds at Laval and Everett of \$170K, a favorable F/X impact of \$219K and headcount reduction initiatives / improved labor efficiency at Laval, Delmont, Terrebonne and ECS (net of increased overtime at Woodbridge and Everett to support tooling launches) of \$113K

Other COGS: Decrease of \$561K due to lower freight costs of \$374K, lower overhead spending of \$269K (ie. Maintenance costs, utilities, factory supplies), a higher tool & die absorption recovery impact of \$52K, lower property tax adjustment at Everett of \$87K and a favorable E/X impact of \$125K; partially offset by an unfavorable absorption impact of \$346K as a result of lower sales and lower production than Plan

# **Monthly Balance Sheet**



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	\	ar
\$'000	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets																
Cash and cash equivalents	3 \$	3	\$ 3 \$	3 \$	3 \$	3 \$	3	\$ 3	\$ 2 \$	3 \$	3 \$	3	\$ 3	\$ 0	\$ 3	739066.5%
Short term investments		_					_	_			_ `	_	_	_	_	N/A
Accounts receivable, gross	9,182	9,929	11,613	13,369	14,654	17,404	15,960	16,509	15,206	15,081	13,521	10,481	10,481	8,958	1,523	17.0%
Accounts receivable, reserves	(393)	(393)	(399)	(425)	(465)	(679)	(679)	(679)	(679)	(679)	(679)	(679)	(679)	(363)	(316)	
Accounts receivable, net	8,789	9,536	11,214	12,944	14,190	16,726	15,281	15,830	14,527	14,402	12,842	9,802	9,802	8,594	1,208	14.1%
Inventory, gross	34,588	36,157	35,647	34,119	32,304	34,311	34,732	34,475	34,521	32,837	32,471	32,668	32,668	31,776	892	2.8%
Inventory, reserves	(1,497)	(1,514)	(1,497)	(1,562)	(1,608)	(1,687)	(1,649)	(1,660)	(1,674)	(1,696)	(1,702)	(1,706)	(1,706)	(1,467)	(239)	16.3%
Inventory, net	33,091	34,642	34,150	32,557	30,697	32,624	33,083	32,815	32,847	31,140	30,769	30,962	30,962	30,309	653	2.2%
Prepaid expenses and other current assets	3,145	3,030	3,051	3,909	4,233	3,663	3,627	3,336	3,216	3,348	3,110	2,832	2,832	2,942	(109)	(3.7%
Other current assets	761	864	804	790	865	854	857	1,050	1,525	1,771	1,829	682	682	901	(218)	(24.2%
Total Current Assets	45.790	48,076	49,223	50,203	49,987	53,869	<b>52,851</b>	53,034	52,117	50,663	48,552	44,281	44,281	42,746	1,536	3.6%
	45,750	40,070	45,225	30,203	43,307	33,003	32,031	33,034	52,117	30,003	40,552	71,202	11,201	42,740	1,550	3.070
Non-Current Assets	66 697	67.240	66 919	67 502	67.026	71 660	72 200	72.661	72 107	72 521	72.025	74 202	74 202	64.077	0.226	1.4.40/
Property, plant & equipment, gross	66,687	67,249	66,818	67,503	67,826	71,660	72,208	72,661	73,107	73,531	73,935	74,303	74,303	64,977	9,326	14.4% 39.3%
Accumulated depreciation	(18,755)	(19,488)	(19,863)	(20,649)	(21,300)	(20,661)	(21,293)	(21,936)	(22,589)	(23,245)	(23,906)	(24,569)	(24,569)	(17,639)	(6,930)	
Property, plant & equipment, net	47,932	47,761	46,955	46,853	46,525	50,999	50,915	50,725	50,518	50,286	50,028	49,734	49,734	47,338	2,395	5.1%
Deferred financing cost	546	533	510	499	484	477	463	450	436	422	408	395	395	548	(153)	(27.9%
Deferred tax asset	2,961	2,963	2,898	2,913	2,901	1,367	1,367	1,367	1,367	1,367	1,367	1,367	1,367	2,879	(1,513)	(52.5%
Other non-current assets	2,688	2,690	2,644	2,685	2,698	3,134	3,155	3,216	3,237	3,257	3,274	3,331	3,331	2,616	715	27.3%
Total Non-Current Assets	54,127	53,947	53,007	52,950	52,607	55,977	55,900	55,757	55,558	55,332	55,077	54,826	54,826	53,382	1,444	2.7%
Total Assets \$	99,917	102,023	\$ 102,229 \$	103,153 \$	102,595 \$	109,846 \$	108,751	\$ 108,791	\$ 107,675 \$	105,995 \$	103,630 \$	99,107	\$ 99,107	\$ 96,127	\$ 2,980	3.1%
Current Liabilities																
Bank Debt \$	\$ 14,340 \$	16,533	\$ 18,750 \$	19,505 \$	19,025 \$	21,463 \$	20,653	\$ 20,722	\$ 18,469 \$	18,098 \$	14,909 \$	13,864	\$ 13,864	\$ 10,222	\$ 3,641	35.6%
Current Portion - Long Term Debt	1,678	1,665	1,639	1,648	1,640	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,628	172	10.6%
Accounts payable	11,725	12,319	12,200	12,267	12,359	15,234	14,482	14,035	14,850	13,308	14,456	12,627	12,627	12,709	(82)	(0.6%
Accrued liabilities	4,045	3,378	3,727	3,515	3,556	3,824	3,699	3,689	3,439	3,366	3,189	2,808	2,808	3,343	(535)	(16.0%
Accrued compensation	2,492	2,800	2,877	3,338	3,488	3,826	4,303	4,195	4,585	4,804	4,780	5,149	5,149	2,521	2,628	104.2%
Income taxes payable	(189)	(102)	(344)	(275)	(215)	927	1,147	1,357	1,564	1,734	1,848	1,710	1,710	(246)	1,956	(793.7%
Contingent consideration	1,301	1,301	1,301	1,301	1,301	-	_	_	_	_	_	_	-	1,301	(1,301)	(100.0%
Other current liabilities	101	97	124	125	132	139	137	139	127	128	111	107	107	97	11	11.0%
Total Current Liabilities	35,493	37,990	40,273	41,423	41,287	47,212	46,222	45,937	44,835	43,238	41,094	38,065	38,065	31,576	6,490	20.6%
Long-term liabilities																
Long-term debt less current maturities	12,248	12,114	11,679	11,609	11,418	11,287	11,144	11,001	10,857	10,714	10,571	10,428	10,428	12,006	(1,579)	(13.1%
Deferred income taxes	9,753	9,757	9,642	9,669	9,647	7,785	7,785	7,785	7,785	7,785	7,785	7,785	7,785	9,610	(1,825)	(19.0%
Other non-current liabilities	1,525	1,530	1,491	1,503	1,497	1,449	1,458	1,467	1,476	1,477	1,482	1,486	1,486	1,468	18	1.2%
Total Long-Term Liabilities	23,526	23,400	22,812	22,781	22,562	20,521	20,387	20,253	20,119	19,976	19,838	19,699	19,699	23,084	(3,386)	(14.7%
Total Liabilities	59,019	61,391	63,085	64,205	63,849	67,733	66,609	66,190	64,953	63,214	60,931	57,764	57,764	54,660	3,104	5.7%
	33,013	•	· · · · · · · · · · · · · · · · · · ·	04,203	03,043	07,733	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	37,704	37,704	34,000	,	3.770
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)	•
Retained earnings	29,143	28,871	27,592	27,350	27,180	30,032	30,062	30,521	30,641	30,701	30,619	29,263	29,263	30,039	(776)	(2.6%
Accumulated other comprehensive income	(855)	(850)	(1,058)	(1,011)	(1,045)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(1,181)	652	(55.2%
Total Shareholders' Equity	40,898	40,632	39,144	38,948	38,746	42,112	42,142	42,601	42,722	42,781	42,699	41,343	41,343	41,467	(124)	(0.3%
	99,917	102,023	\$ 102,229 \$	103,153 \$	102,595 \$	109,846 \$	108.751	\$ 108,791	\$ 107,675 \$	105,995 \$	103,630 \$	99.107	\$ 99.107	\$ 96.127	\$ 2.980	3.1%

# **Balance Sheet – Year on Year Comparison**



	YT	ſD		Variance					
\$'000	 CY		PY		\$	%			
<u>Current Assets</u>									
Cash and cash equivalents	\$ 3	\$	0	\$	3	1155.7%			
Short term investments	_		_		_	N/A			
Accounts receivable, gross	14,654		16,276		(1,621)	(10.0%)			
Accounts receivable, reserves	(465)		(682)		218	(31.9%)			
Accounts receivable, net	14,190		15,593		(1,404)	(9.0%)			
Inventory, gross	32,304		37,472		(5,167)	(13.8%)			
Inventory, reserves	(1,608)		(1,699)		91	(5.3%)			
Inventory, net	30,697		35,773		(5,077)	(14.2%)			
Prepaid expenses and other current assets	4,233		3,816		417	10.9%			
Other current assets	865		1,020		(154)	(15.1%)			
Total Current Assets	49,987		56,203		(6,215)	(11.1%)			
Non-Current Assets									
Property, plant & equipment, gross	67,826		60,613		7,212	11.9%			
Accumulated depreciation	(21,300)		(13,602)		(7,699)	56.6%			
Property, plant & equipment, net	46,525		47,012		(486)	(1.0%)			
Deferred financing cost	484		471		12	2.6%			
Deferred tax asset	2,901		1,372		1,528	111.4%			
Other non-current assets	2,698		2,733		(35)	(1.3%)			
Total Non-Current Assets	52,607		51,588		1,019	2.0%			
Total Assets	\$ 102,595	\$	107,791	\$	(5,196)	(4.8%)			
Current Liabilities									
Bank Debt	\$ 19,025	\$	17,616	\$	1,409	8.0%			
Current Portion - Long Term Debt	1,640		1,395		246	17.6%			
Accounts payable	12,359		14,617		(2,258)	(15.4%)			
Accrued liabilities	3,556		3,590		(34)	(0.9%)			
Accrued compensation	3,488		3,745		(256)	(6.8%)			
Income taxes payable	(215)		96		(311)	(323.4%)			
Contingent consideration	1,301		1,265		36	2.8%			
Other current liabilities	132		98		34	34.7%			
Total Current Liabilities	41,287		42,423		(1,135)	(2.7%)			
Long-term liabilities									
Long-term debt less current maturities	11,418		13,133		(1,715)	(13.1%)			
Deferred income taxes	9,647		7,804		1,843	23.6%			
Other non-current liabilities	1,497		1,318		178	13.5%			
Total Long-Term Liabilities	22,562		22,255		307	1.4%			
Total Liabilities	63,849		64,678		(829)	(1.3%)			
Commitments and contingencies	_		_		_	N/A			
Shareholders' Equity									
Common stock	12,610		12,610		_	0.0%			
Retained earnings	27,180		30,984		(3,804)	(12.3%)			
Accumulated other comprehensive income	 (1,045)		(481)		(564)	117.3%			
Total Shareholders' Equity	38,746		43,113		(4,367)	(10.1%)			
Total Liabilities and Shareholders' Equity	\$ 102,595	\$	107,791	\$	(5,196)	(4.8%)			

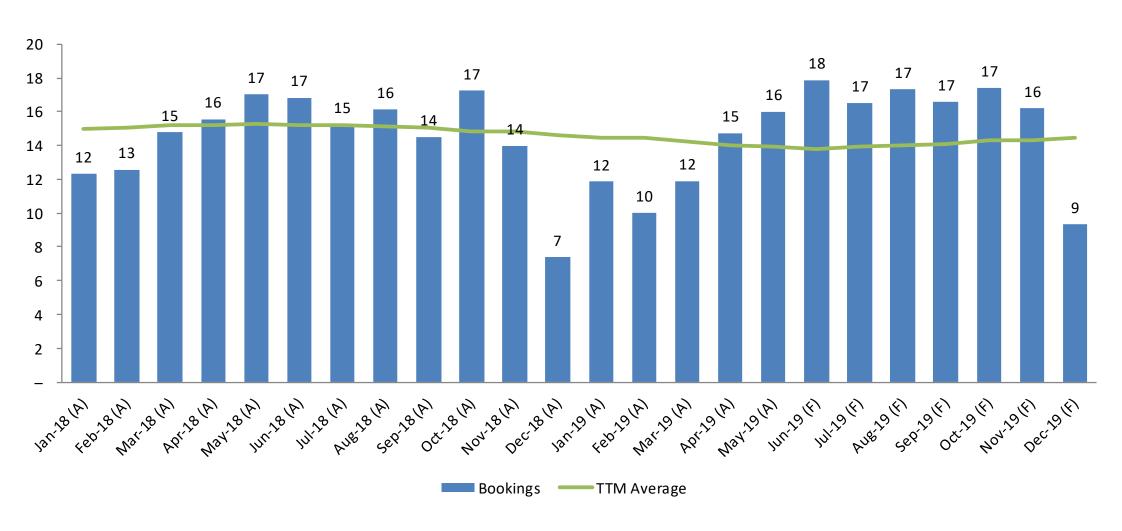
# **Monthly Cash Flow**



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-1	l9 Sep-	19 (	Oct-19	Nov-19	Dec-19	FY	FY		Var	PY		Var
\$'000	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcs	t	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Cash flow from operations																				
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ (169)	\$ 356	\$ 30	) \$ 4.	58 \$ 1	21 \$	5 59	\$ (82)	\$ (1,356)	\$ (3,262)	\$ (3,300)	\$ 38	(1.1%)	\$ (3,987)	\$ 72	4 (18.2%)
Depreciation, amortization and other	708	721	729	702	725	759	771	. 78	31 7	93	796	799	803	9,088	9,128	(40)	(0.4%)	7,801	1,28	6 16.5%
Non-cash loss/expense (gain)	(161)	(7)	201	(62)	36	(52)	(196	5) (1	39) (	95)	(173)	(145)	(151)	(946)	(307)	(639)	208.2%	377	(1,32	3) (350.7%)
Deferred income tax	143	3	(115)	27	(22)	(1,862)	-	-	-	-	-	_	_	(1,825)	148	(1,973)	(1331.0%)	(1,301)	(52	4) 40.3%
Change in operating assets and liabilities:																	N/A			
Accounts receivable	(195)	(747)	(1,678)	(1,730)	(1,246)	(2,536)	1,444	ļ (5 <sub>1</sub>	19) 1,3	04	125	1,560	3,040	(1,208)	(1,173)	(35)	3.0%	3,252	(4,46	0) (137.1%)
Inventory	(2,782)	(1,552)	492	1,593	1,861	(1,927)	(459	9) 20	57 (	32)	1,707	371	(193)	(653)	(690)	37	(5.4%)	(594)	(5	9) 9.9%
Prepaid expenses and other current assets	(64)	12	39	(843)	(400)	581	32	2 !	99 (3	55)	(378)	179	1,425	328	328	_	0.0%	456	(12	8) (28.1%)
Accounts payable	(984)	594	(119)	68	92	2,875	(752	2) (4	17) 8	15	(1,542)	1,148	(1,829)	(82)	(82)	_	0.0%	(379)	29	6 (78.3%)
Accrued expenses	673	(359)	426	249	192	605	352	2 (1:	18) 1	40	146	(201)	(12)	2,093	2,344	(251)	(10.7%)	(2,316)	4,40	8 (190.4%)
Accrued income taxes	58	87	(242)	69	60	1,141	220	) 2:	10 2	07	170	115	(138)	1,956	1,060	896	84.5%	751	1,20	5 160.6%
Other changes in operating assets and liabilities	4	(4)	27	1	7	(1,294)	(2	2)	2	12)	1	(17)	(4)	(1,290)	(1,290)	_	0.0%	65	(1,35	5) (2097.6%)
Other cash flow from operations	_	_	_	_	_	_	_	-	_	_	_	_	_	_	_	_	N/A	_		– N/A
Total Cash Flow from Operations	\$(3,487)	\$ (1,522)	\$ (1,520)	\$ (168)	\$ 1,136	\$ (1,354)	\$ 1,442	\$ 5	54 \$ 2,8	85 \$	910	\$ 3,728	\$ 1,584	\$ 4,198	\$ 6,166	\$ (1,968	(31.9%)	\$ 4,126	\$ 7	2 1.8%
Cash flow from investing																				
Additions to property, plant and equipment	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (519)	\$ (943)	\$ (492	2) \$ (49	92) \$ (4	92) \$	(398)	\$ (398)	\$ (398)	\$ (6,158)	\$ (8,000)	\$ 1,842	(23.0%)	\$(10,215)	\$ 4,05	7 (39.7%)
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)	\$ (943)	\$ (492	2) \$ (49	92) \$ (4	92) \$	(398)	\$ (398)	\$ (398)	\$ (6,158)	\$ (8,000)	\$ 1,842	(23.0%)	\$(10,215)	\$ 4,05	7 (39.7%)
Cash flow from financing																				
Proceeds from the issuance (repayment) of short-term debt	\$ 4,118	\$ 2,193	\$ 2,218	\$ 754	\$ (479)	\$ 2,438	\$ (809	9) \$ (	59 \$(2,2	53) \$	(371)	\$(3,189)	\$ (1,045)	\$ 3,641	\$ 3,556	\$ 85	2.4%	\$ 6,282	\$ (2,64	1) (42.0%)
Proceeds from the issuance of debt	(0)	0	(0)	0	(0)	0	C	)	0	0	0	0	0	0	_	0	N/A	1,207	(1,20	7) (100.0%)
Repayment of debt	(138)	(139)	(138)	(138)	(137)	(141)	(141	.) (14	<b>11) (1</b>	41)	(141)	(141)	(141)	(1,678)	(1,719)	41	(2.4%)	(1,400)	(27	8) 19.9%
Common stock cash dividends paid	-	_	-	_	-	(0)	-	-	-	-	-	_	-	(0)	_	(0)	N/A	_	(	0) N/A
Other cash flow from financing		_	_	_	_	_		-	_	_	_	_	_	_	_	_	N/A	_		– N/A
Total Cash Flow from Financing	\$ 3,979	\$ 2,053	\$ 2,080	\$ 616	\$ (617)	\$ 2,297	\$ (950	) \$ (	72) \$(2,3	94) \$	(512)	\$ (3,330)	\$ (1,186)	\$ 1,963	\$ 1,837	\$ 126	6.9%	\$ 6,089	\$ (4,12	6) (67.8%)
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)	\$ 3	\$ 3	\$ (0	(0.0%)	\$ (0)	\$	3 (1065.9%)
Beginning cash	0	3	3	3	3	3	3	3	3	3	2	3	3	0	0	_	_	(0)	\$	0 (100.1%)
Changein cash	3	0	(0)	0	(0)	(0)	(	)	(0)	(0)	0	0	(0)	3	3	(0)	(0.0%)	(0)	\$	3 (1065.9%)
Ending cash	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ \$	3 \$	2 \$	3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	0.0%	\$ 0	\$	3 26325688.9%

## **Trended Monthly Bookings**





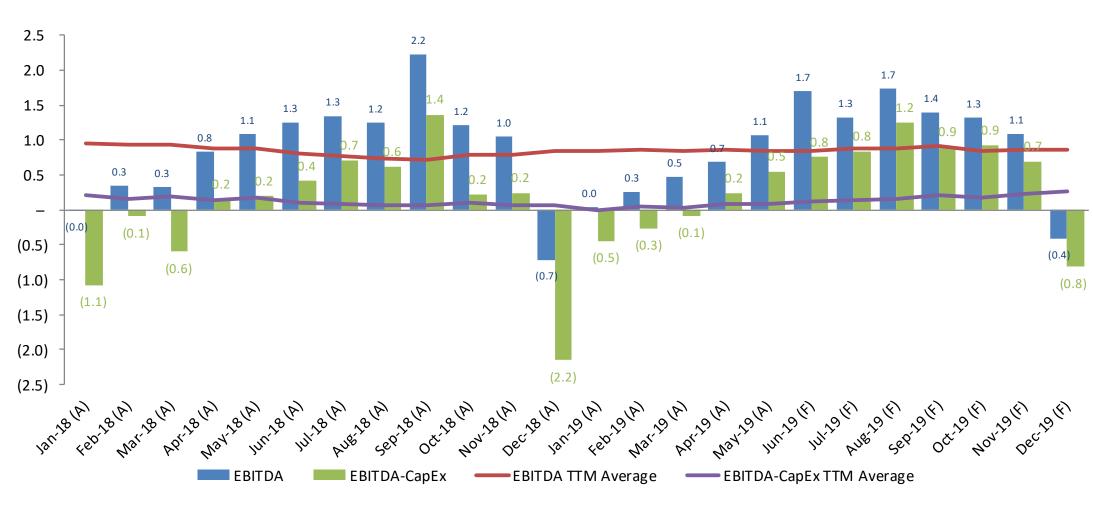
### **Trended Monthly Backlog**





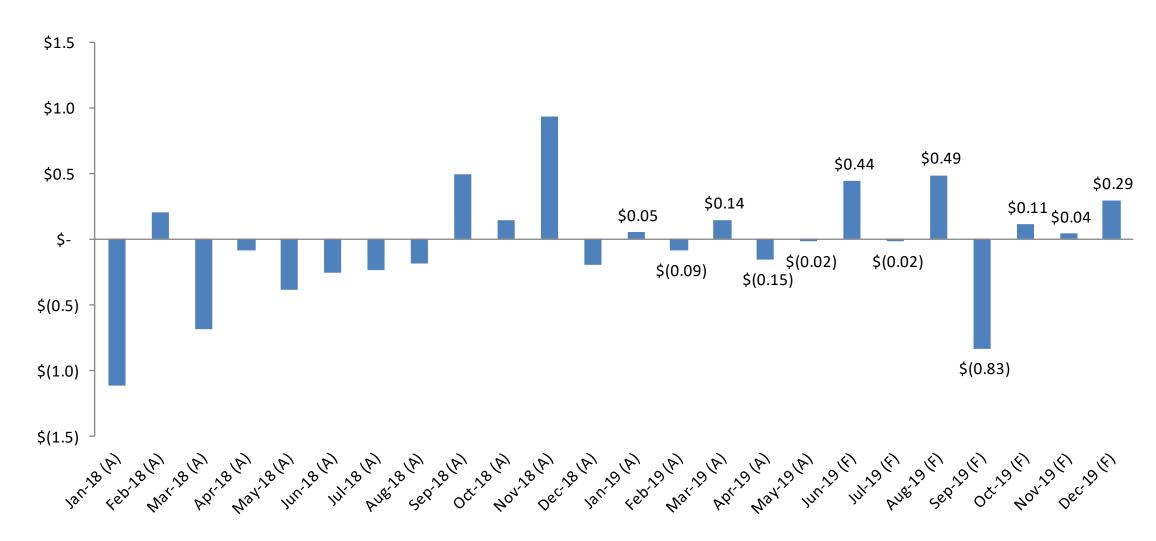


#### **EBITDA and EBITDA-CapEx**



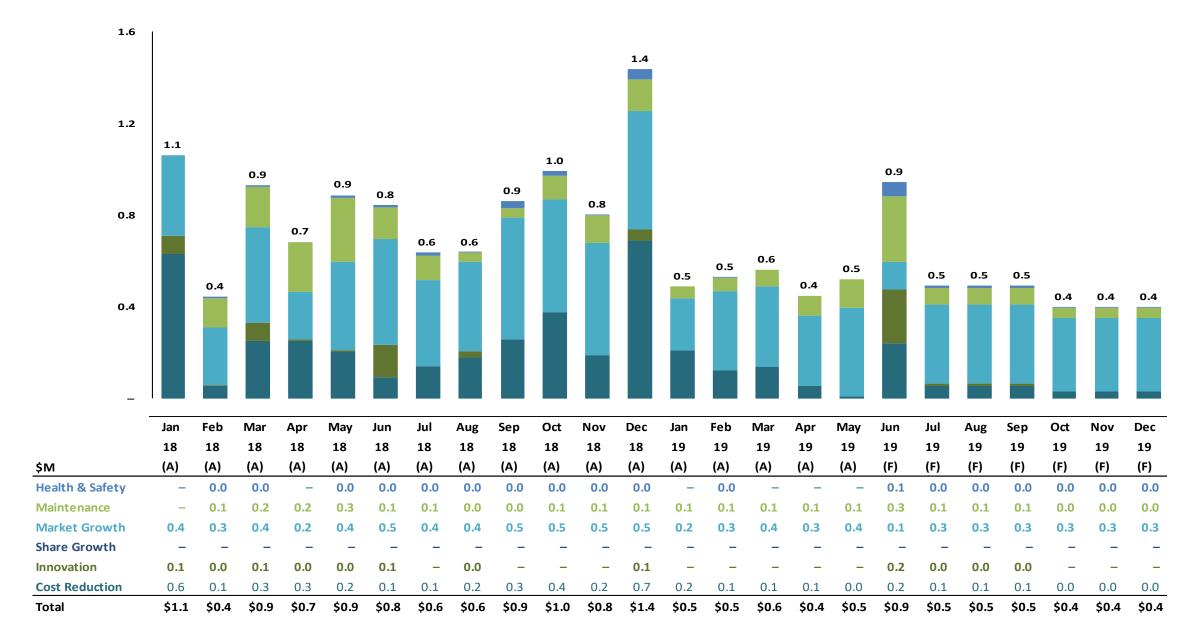
#### Y-o-Y \$ EBITDA Change





### **Capital Expenditures**









		Indirect Labor - I	ndirect Labor -	Delivery &	Research &	Sales &			Total	Agency FTE &	Total		Difference to
Month	Direct Labor	Hourly	Salary	Dist.	Development	Marketing	Administrative	Other	Permanent	Temps		Bud Headcount	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 (F)	366	164	88	38	15	29	59	-	759	73	832	832	_
2019 July (F)	362	164	88	38	15	30	59	-	756	70	826	826	_
2019 August (F)	362	164	88	38	15	30	59	-	756	69	825	825	_
2019 September (F)	362	164	88	38	15	30	59	-	756	41	797	797	_
2019 October (F)	357	164	88	37	15	30	59	-	750	47	797	797	_
2019 November (F)	349	164	88	37	15	30	59	-	742	52	794	794	_
2019 December (F)	349	164	88	37	15	30	59	-	742	40	782	782	_
Final Headcount	349	164	88	37	15	30	59	-	742	40	782	782	_

#### **Management Discussion**

- Net increase of 46 employees in May (10 permanent and 36 temporary)
- Increase primarily at Woodbridge and Terrebonne in response to staff turnover and production requirements



#### **Headcount Hires and Attrition**

				Involuntary				
Functional Area	Start of Month	Hires	Transfers	Term	Voluntary Term	End of Month	Rfc Headcount	Difference to Rfc
Direct Labor	321	10	2	(4)	(5)	324	366	42
Indirect Labor - Hourly	158	4			(1)	161	164	3
Indirect Labor - Salary	81				(1)	80	88	8
Delivery & Dist.	36		1			37	38	1
Research & Development	13					13	15	2
Sales & Marketing	25	2	2		(1)	28	29	1
Administrative	61	2				63	59	(4)
Other	-					-	-	-
Agency FTE & Temps	29	39		(1)	(3)	64	59	(5)
Total	724	57	5	(5)	(11)	770	818	48

#### **Management Discussion**

- Terrebonne Addition of 29 people for production (mainly from agencies)
- Terrebonne Hiring of Customer Service Rep (Eric Belisle)
- Woodbridge Addition of 10 people in permanent and temporary positions in Production and Quality Control
- Woodbridge Hiring of Plant Manager (Joseph Stefanov)
- Delmont Hiring of Health & Safety Business Partner (Nick Lamantia)
- HO Hiring of Sales Account Manager for Quebec and Eastern region (Samuel St-Pierre) to replace Benoit Audette, who moved to the Terrebonne customer service department

## **Liquidity Forecast**



