



Audit Committee Meeting – Quarter Ended September 30th, 2019

October 28th, 2019



Q3 2019 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q3 2019

➔ Financial Matters:

Q3 FY 2019 Operating Results Overview

Key Reserves

Debt Covenant Compliance

➔ 2019 Financial Outlook

➔ Special Topics and Executive Session

➔ Appendix

CFO Hot Buttons

- As a result of the conflict of interest issues with Grant Thornton being OGC's auditors, ENERGI will need to find an alternative option for the 2019 tax support
- Need to follow up with Canada Revenue Agency regarding CEO's 2018 Canadian income tax return refund (Teli from GT). Finalized CEO's 2018 tax returns and equalization payment processed
- Need to finalize 2019 payroll tax withholdings and remittances for US employees working in Canada (working with Teli from GT)

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Auditor Discussion / Update on FY19 Audit

- 2019 Audit Plan & Fees:
 - Develop 2019 audit plan
 - Continuity on the account
 - Steve Bishop (Partner)
 - David Irwin (Senior Manager)
 - PBC listing issued to controllers – data uploads due in GT Portal by November 15th
 - Preliminary field work scheduled for week of November 18th for two weeks
 - 2019 audit fees proposal
- New accounting pronouncements:
 - Lease Accounting – effective date for ENERGI is 2020 fiscal year
 - No significant changes in accounting standards and auditing standards
- Other Matters to discuss
 - GT conflict of interest issues re: tax provision work for ENERGI

Management Governance Report

Disclosure Committee:

- Members include: CEO, CFO, VP Sales, VP Operations, VP Manufacturing & VP Supply Chain
- Meeting held on October 7th, 2019
- Financial results were reviewed and found to be complete and accurate in all material respects
- CEO & CFO reviewed Board presentation separately and found to be complete

Anonymous Hotline:

- Hotline Web message received on September 10th, 2019 from an anonymous Everett employee
 - Individual has issued a complaint against the Everett Maintenance Dept, indicating that the employees in this department are unprofessional and do not effectively resolve issues
 - A comment was also made that two good maintenance employees left the Company because of being treated poorly by the Tooling Manager
 - Accusations are currently being investigated

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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Q3 FY 2019 Overview

➔ Highlights:

- Unfavorable impact from volume shortfall offset by continued focus on lower material cost inputs, alternative material usage, optimization of labor costs and lower overhead spending across the business
- EBITDA also benefiting from lower OPEX costs including labor and all discretionary spending
- EBITDA has improved at Laval, Delmont and Terrebonne year-over-year with improvements in margins, quality, delivery and continued focus on production optimization and labor planning
- CDI Resin Index increased by 2cpp in June, but increased by 1cpp at the end of August, remaining the same in September. This resulted in favorable PPV on resin purchases for the Quarter versus the original Plan forecasts. Industry consensus is that resin will remain flat for the remainder of the year with a potential for a 1cpp decrease in November due to lower domestic demand
- TiO2 negotiated price increase of 3cpp effective July 1st, which is below Plan expectations, is expected to remain flat for the remainder of the year

➔ Lowlights:

- Overall sales revenues and volumes were behind Plan for the Quarter due to lower than anticipated demand at all the extrusion plants from both Canadian and US customers impacted by slowdown in most Canadian and US regions, continued high inventory levels and customers' inability to find and maintain skilled labor (ie. installers)
- EBITDA is behind Plan by for the Quarter due to lower sales volumes and lower production volumes resulting in higher inefficiencies and unfavorable absorption. EBITDA also impacted by production challenges at Woodbridge resulting in lower production yields and higher scrap
- Terrebonne had negotiated the purchase of capital equipment from a local Montreal distributor of a well-known and reputable equipment manufacturer (Sturtz Machinery) in 2018. An initial deposit to the distributor was made in 2018 and after further reviews and modifications to the equipment, the second payment was made in early 2019, at the time it was ready for shipment. The equipment was never shipped to ENERGI and the distributor filed for bankruptcy shortly thereafter. ENERGI's legal representation attended the bankruptcy hearing and learned that Sturtz only received a portion of the funds from the distributor for the ENERGI equipment, which they still have in their possession. There is no claim against the distributor due to secured debt obligations having preference over remaining funds & assets. However, ENERGI is currently negotiating with Sturtz to try and take possession of the equipment or return some of the deposit funds paid. ENERGI has paid approx. US\$380K (CAD\$506K), which has been recorded as CAPEX (Construction in Process) in 2018 and 2019

Consolidated Summary P&L – Q3 2019

| \$'000 | QTD | | Var | | YTD | | Var | |
|--------------------------|------------|------------|------------|-----------|------------|------------|-------------|-----------|
| | Act | Bud | \$ | % | Act | Bud | \$ | % |
| Units Produced ('000) | 25,965 | 29,578 | (3,612) | (12.2%) | 74,634 | 83,723 | (9,088) | (10.9%) |
| Units Shipped ('000) | 26,374 | 30,375 | (4,001) | (13.2%) | 72,722 | 83,833 | (11,110) | (13.3%) |
| Bookings (\$'000) | \$ 44,780 | \$ 50,397 | \$ (5,616) | (11.1%) | \$ 124,368 | \$ 138,007 | \$ (13,638) | (9.9%) |
| Backlog (\$'000) | \$ 10,856 | \$ 12,898 | \$ (2,042) | (15.8%) | \$ 10,856 | \$ 12,898 | \$ (2,042) | (15.8%) |
| Gross Revenue | \$ 45,901 | \$ 52,520 | \$ (6,619) | (12.6%) | \$ 125,024 | \$ 143,035 | \$ (18,011) | (12.6%) |
| Adj. to Gross Revenue | (2,428) | (2,796) | 368 | (13.2%) | (6,219) | (7,436) | 1,217 | (16.4%) |
| Net Revenue | 43,473 | 49,724 | (6,251) | (12.6%) | 118,806 | 135,599 | (16,793) | (12.4%) |
| Material | 21,220 | 24,684 | (3,465) | (14.0%) | 57,840 | 67,497 | (9,657) | (14.3%) |
| Labor | 9,624 | 10,011 | (387) | (3.9%) | 27,355 | 28,920 | (1,566) | (5.4%) |
| Other COGS | 5,272 | 5,545 | (273) | (4.9%) | 13,468 | 14,941 | (1,473) | (9.9%) |
| Total COGS | 36,116 | 40,240 | (4,125) | (10.2%) | 98,663 | 111,359 | (12,696) | (11.4%) |
| Gross Margin | 7,357 | 9,484 | (2,126) | (22.4%) | 20,143 | 24,241 | (4,098) | (16.9%) |
| Gross Margin % | 16.9% | 19.1% | | | 17.0% | 17.9% | | |
| R&D | – | – | – | N/A | – | – | – | N/A |
| Sales & Marketing | 1,709 | 1,850 | (142) | (7.7%) | 5,064 | 5,453 | (389) | (7.1%) |
| Administrative | 2,989 | 3,237 | (249) | (7.7%) | 8,793 | 9,563 | (770) | (8.0%) |
| Other Opex | 16 | (57) | 74 | (128.8%) | (252) | (172) | (80) | 46.2% |
| Total Opex | 4,714 | 5,030 | (317) | (6.3%) | 13,606 | 14,844 | (1,238) | (8.3%) |
| EBITDA | 2,644 | 4,453 | (1,810) | (40.6%) | 6,537 | 9,397 | (2,860) | (30.4%) |
| EBITDA % | 6.1% | 9.0% | | | 5.5% | 6.9% | | |
| Net Income (Loss) | \$ (1,051) | \$ 609 | \$ (1,660) | (272.4%) | \$ (3,046) | \$ (1,921) | \$ (1,126) | 58.6% |
| Capex | \$ (1,647) | \$ (1,475) | \$ (172) | 11.7% | \$ (4,999) | \$ (6,806) | \$ 1,807 | (26.6%) |
| Opex Overview: | | | | | | | | |
| Payroll | \$ 2,508 | \$ 2,752 | \$ (243) | (8.8%) | \$ 7,591 | \$ 8,047 | \$ (456) | (5.7%) |
| Bonus | 338 | 340 | (3) | (0.8%) | 1,009 | 1,020 | (11) | (1.1%) |
| Commissions | 74 | 90 | (16) | (17.9%) | 188 | 269 | (81) | (30.2%) |
| Marketing | 447 | 447 | 0 | 0.0% | 1,126 | 1,367 | (241) | (17.6%) |
| Benefits | – | – | – | N/A | – | – | – | N/A |
| Travel and entertainment | 272 | 410 | (138) | (33.7%) | 826 | 1,198 | (372) | (31.0%) |
| Rent and facilities | – | – | – | N/A | – | – | – | N/A |
| Insurance | 87 | 90 | (2) | (2.8%) | 240 | 257 | (17) | (6.6%) |
| Professional fees | 192 | 141 | 51 | 36.2% | 483 | 444 | 39 | 8.8% |
| Office Expenses | 58 | 67 | (9) | (13.0%) | 192 | 215 | (23) | (10.7%) |
| IT | 480 | 535 | (56) | (10.4%) | 1,412 | 1,551 | (140) | (9.0%) |
| Bad Debts | 26 | (1) | 27 | (2366.0%) | 123 | (3) | 127 | (3662.7%) |
| FX | 37 | – | 37 | N/A | (130) | – | (130) | N/A |
| JV Loss (Income) | (20) | (57) | 37 | (64.3%) | (122) | (172) | 51 | (29.4%) |
| Other Expenses | 216 | 217 | (2) | (0.8%) | 667 | 650 | 17 | 2.6% |
| Total Opex | \$ 4,714 | \$ 5,030 | \$ (317) | (6.3%) | \$ 13,606 | \$ 14,844 | \$ (1,238) | (8.3%) |

Management Discussion

Net Revenue – Q3 -\$6,251K:

- Extrusion external sales volume unfavorable by 16.0% or \$6,548K due to lower demand from both Canadian and US customers; with lower sales out of Woodbridge by \$3,285K, Laval by \$157K, Delmont by \$1,835K and Everett by \$1,271K
- Patio Door gross sales were in line with Budget for the Quarter. External compound sales were behind Budget by \$67K due to reduced orders from Vinyl Profiles, Window Seal, Nuform and Vinyl Company
- Favorable product/customer mix impact of \$454K primarily from Woodbridge and Delmont partially offset by Everett; Favorable rebates & discounts variance of \$296K due to lower sales and customer mix; and lower Returns & allowances by \$45K due to quality improvements
- Unfavorable F/X impact of \$428K (actual rate of 1.3206 [or \$USD 0.7572] vs. Budget rate of 1.30 [or \$USD 0.7692])

EBITDA – Q3 -\$1,810K:

- Material COGS:** Decrease of \$3,465K primarily due to the mix and volume impact of \$3,842K from lower sales; favorable resin material prices and favorable scrap at ECS of \$858K (net of higher TiO2, glass, steel and aluminum pricing); offset by unfavorable yields and lower regrind usage of \$1,110K at Woodbridge, Delmont & Everett due to tool trials, dark capstock launch and lower production volumes, and higher E&O/LCM reserves of \$125K
- Labor COGS:** Decrease of \$387K due to a volume impact of \$62K, favorable impact of \$234K from headcount reduction initiatives and improved labor efficiency at Laval, Delmont, Terrebonne & ECS and a favorable F/X impact of \$91K
- Other COGS:** Decrease of \$273K comprised of: lower freight costs due to sales volume and customer mix of \$249K, higher tool & die overhead recovery of \$149K, lower overhead spending (ie. Maintenance, utilities and factory supplies) of \$29K and a favorable F/X impact of \$53K; partially offset by an unfavorable net absorption impact of \$207K as a result of selling more out of inventory than Plan
- Sales and Marketing:** Lower payroll costs as a result of lower headcount and vacations taken of \$105K, lower T&E spend of \$39K and a favorable F/X impact of \$22K; offset by bad debts
- Administrative:** Lower payroll costs of \$112K due to lower headcount, lower T&E spend of \$96K and a favorable F/X impact of \$31K
- Other Opex:** Unfavorable realized F/X re-valuation impact of \$37K due to net USD working capital held by the Canadian entity (change in F/X from 1.3099 on June 30th, 2019 to 1.3246 on September 30th, 2019) and lower JV equity income due to reduced sales volumes

Consolidated Summary P&L (vs PY) – Q3 2019

| \$'000 | QTD | | Var | | YTD | | Var | |
|--------------------------|------------|------------|------------|----------|------------|------------|-------------|----------|
| | Act | PY-Act | \$ | % | Act | PY-Act | \$ | % |
| Units Produced ('000) | 25,965 | 24,443 | 1,522 | 6.2% | 74,634 | 75,232 | (597) | (0.8%) |
| Units Shipped ('000) | 26,374 | 27,434 | (1,061) | (3.9%) | 72,722 | 80,698 | (7,976) | (9.9%) |
| Bookings (\$'000) | \$ 44,780 | \$ 45,857 | \$ (1,077) | (2.3%) | \$ 124,368 | \$ 134,973 | \$ (10,604) | (7.9%) |
| Backlog ('\$000) | \$ 10,856 | \$ 10,797 | \$ 59 | 0.5% | \$ 10,856 | \$ 10,797 | \$ 59 | 0.5% |
| Gross Revenue | \$ 45,901 | \$ 47,804 | \$ (1,903) | (4.0%) | \$ 125,024 | \$ 138,762 | \$ (13,738) | (9.9%) |
| Adj. to Gross Revenue | (2,428) | (2,544) | 115 | (4.5%) | (6,219) | (7,332) | 1,114 | (15.2%) |
| Net Revenue | 43,473 | 45,261 | (1,788) | (3.9%) | 118,806 | 131,430 | (12,624) | (9.6%) |
| Material | 21,220 | 21,887 | (668) | (3.1%) | 57,840 | 63,511 | (5,671) | (8.9%) |
| Labor | 9,624 | 8,995 | 629 | 7.0% | 27,355 | 30,045 | (2,691) | (9.0%) |
| Other COGS | 5,272 | 6,241 | (969) | (15.5%) | 13,468 | 15,956 | (2,487) | (15.6%) |
| Total COGS | 36,116 | 37,123 | (1,007) | (2.7%) | 98,663 | 109,512 | (10,849) | (9.9%) |
| Gross Margin | 7,357 | 8,138 | (780) | (9.6%) | 20,143 | 21,918 | (1,775) | (8.1%) |
| Gross Margin % | 16.9% | 18.0% | | | 17.0% | 16.7% | | |
| R&D | – | – | – | N/A | – | – | – | N/A |
| Sales & Marketing | 1,709 | 1,574 | 135 | 8.5% | 5,064 | 5,509 | (445) | (8.1%) |
| Administrative | 2,989 | 1,843 | 1,145 | 62.1% | 8,793 | 7,772 | 1,021 | 13.1% |
| Other Opex | 16 | (93) | 110 | (117.7%) | (252) | (3) | (248) | 7212.8% |
| Total Opex | 4,714 | 3,324 | 1,389 | 41.8% | 13,606 | 13,278 | 328 | 2.5% |
| EBITDA | 2,644 | 4,813 | (2,170) | (45.1%) | 6,537 | 8,640 | (2,103) | (24.3%) |
| EBITDA % | 6.1% | 10.6% | | | 5.5% | 6.6% | | |
| Net Income (Loss) | \$ (1,051) | \$ 1,396 | \$ (2,447) | (175.2%) | \$ (3,046) | \$ (1,272) | \$ (1,775) | 139.5% |
| Capex | \$ (1,647) | \$ (2,135) | \$ 488 | (22.9%) | \$ (4,999) | \$ (6,983) | \$ 1,984 | (28.4%) |
| Opex Overview: | | | | | | | | |
| Payroll | \$ 2,508 | \$ 2,335 | \$ 173 | 7.4% | \$ 7,591 | \$ 7,909 | \$ (317) | (4.0%) |
| Bonus | 338 | (518) | 856 | (165.2%) | 1,009 | 159 | 850 | 535.0% |
| Commissions | 74 | 57 | 17 | 30.0% | 188 | 147 | 41 | 27.7% |
| Marketing | 447 | 379 | 68 | 18.0% | 1,126 | 1,340 | (214) | (15.9%) |
| Benefits | – | – | – | N/A | – | – | – | N/A |
| Travel and entertainment | 272 | 322 | (49) | (15.4%) | 826 | 956 | (130) | (13.6%) |
| Rent and facilities | – | – | – | N/A | – | – | – | N/A |
| Insurance | 87 | 86 | 1 | 1.0% | 240 | 252 | (12) | (4.6%) |
| Professional fees | 192 | 121 | 71 | 59.0% | 483 | 440 | 43 | 9.8% |
| Office Expenses | 58 | 56 | 2 | 4.4% | 192 | 226 | (34) | (14.9%) |
| IT | 480 | 376 | 104 | 27.5% | 1,412 | 1,233 | 179 | 14.5% |
| Bad Debts | 26 | (6) | 32 | (521.0%) | 123 | (69) | 192 | (278.4%) |
| FX | 37 | (38) | 75 | (198.0%) | (130) | 160 | (290) | (181.4%) |
| JV Loss (Income) | (20) | (55) | 35 | (63.2%) | (122) | (163) | 42 | (25.5%) |
| Other Expenses | 216 | 211 | 5 | 2.3% | 667 | 690 | (24) | (3.4%) |
| Total Opex | \$ 4,714 | \$ 3,324 | \$ 1,389 | 41.8% | \$ 13,606 | \$ 13,277 | \$ 328 | 2.5% |

Management Discussion

Net Revenue – Q3 -\$1,788K:

- Extrusion external sales volume unfavorable by 7.% or \$2,710K due to lower demand from both Canadian & US customers and lost business (Ventana, J-W, KP, Thompson Creek); with lower sales out of Woodbridge by \$2,352K, Laval by \$29K and Everett by \$443K (loss of SI); partially offset by higher sales out of Delmont by \$114K
- Patio Door gross sales were ahead of Prior Year by \$283K mainly driven by increased demand from Golden, Isothermic, Abritek and AMI. External compound sales were ahead of Prior Year by \$364K due to increases from Window Seal, Nuform, The Vinyl Company and Resin Tech (tolling business)
- Favorable product/customer mix impact of \$462K primarily from Woodbridge, Delmont and Terrebonne; Favorable rebates & discounts variance of \$36K due to Woodbridge and Everett volumes; and lower returns & allowances by \$60K due to quality improvements
- Unfavorable F/X impact of \$283K (actual rate of 1.3206 [or \$USD 0.7572] vs. Prior Year rate of 1.3069 [or \$USD 0.7652])

EBITDA – Q3 -\$2,170K:

- Unfavorable impact to Gross Margin of \$481K due to significant volume shortfall
- Material costs impacted unfavorably by Woodbridge production issues of \$456K (lower yields, regrind usage and increased JV scrap); higher material pricing impact of \$286K due to glass, steel and aluminum materials at Terrebonne and TiO2 at ECS; and a higher E&O/LCM inventory reserves of \$71K
- Labor costs were unfavorable due to the bonus accrual reversal in the Prior Year of \$842K; partially offset by reduced costs in 2019 due to headcount reduction initiatives and improved labor efficiencies at Laval, Delmont and ECS
- Other COGS lower than the Prior Year as a result of lower freight costs of \$238K and a favorable absorption impact of \$474K as a result of producing more than Prior Year and a favorable warranty variance of \$232K due to a Prior Year expense at Terrebonne
- Sales and Marketing expenses increased as a result of higher marketing costs in the Quebec region (timing), higher testing/certification costs of \$39K and a bad debts reserve of \$32K
- Administrative costs impacted by a Prior Year bonus accrual reversal of \$852K, 3 additional corporate heads (commenced employment in Q4-18) and new H&S specialist at Delmont (\$155K) and IT costs due to prior year timing of expenses
- Unfavorable realized F/X re-valuation impact of \$75K due to net USD working capital held by the Canadian entity and lower JV equity income impacted by lower volumes

YTD Opex Analysis

\$'000

| | YTD | | | Explanation of Variance | | | | | | Variance Impact | | |
|--------------------------|-----------|-----------|------------|-------------------------|----------|-----------|----------|----------------|------------|-----------------|---------|---------|
| | Variance | | | One-Time / | | Change in | | Total Variance | YoY Impact | Annualized | | |
| | Act | Bud | (B) / W | Non-recurring | Timing | Run-rate | Other/FX | | | | (B) / W | (B) / W |
| Payroll | \$ 7,591 | \$ 8,047 | \$ (456) | \$ (45) | \$ (15) | \$ (284) | \$ (112) | \$ (456) | \$ (317) | \$ — | | |
| Bonus | \$ 1,009 | \$ 1,020 | \$ (11) | \$ - | \$ - | \$ - | \$ (11) | (11) | \$ 850 | — | | |
| Commissions | \$ 188 | \$ 269 | \$ (81) | \$ (13) | \$ - | \$ (65) | \$ (4) | (81) | \$ 41 | — | | |
| Marketing | \$ 1,126 | \$ 1,367 | \$ (241) | \$ - | \$ (221) | \$ - | \$ (20) | (241) | \$ (214) | — | | |
| Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | — | \$ - | — | | |
| Travel and entertainment | \$ 826 | \$ 1,198 | \$ (372) | \$ (93) | \$ (50) | \$ (218) | \$ (10) | (372) | \$ (130) | — | | |
| Rent and facilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | — | \$ - | — | | |
| Insurance | \$ 240 | \$ 257 | \$ (17) | \$ - | \$ (12) | \$ (5) | \$ (0) | (17) | \$ (12) | — | | |
| Professional fees | \$ 483 | \$ 444 | \$ 39 | \$ 18 | \$ - | \$ 30 | \$ (9) | 39 | \$ 43 | — | | |
| Office expense | \$ 192 | \$ 215 | \$ (23) | | | \$ (19) | \$ (4) | (23) | \$ (34) | — | | |
| IT | \$ 1,412 | \$ 1,551 | \$ (140) | \$ 125 | \$ (76) | \$ (161) | \$ (29) | (140) | \$ 179 | — | | |
| Bad Debts | \$ 123 | \$ (3) | \$ 127 | \$ 130 | \$ - | \$ - | \$ (3) | 127 | \$ 192 | — | | |
| FX | \$ (130) | \$ - | \$ (130) | \$ - | \$ - | \$ - | \$ (130) | (130) | \$ (290) | — | | |
| JV Loss (Income) | \$ (122) | \$ (172) | \$ 51 | \$ (2) | \$ 20 | \$ 36 | \$ (3) | 51 | \$ 42 | — | | |
| Other Expenses | \$ 667 | \$ 650 | \$ 17 | \$ (4) | \$ - | \$ 39 | \$ (18) | 17 | \$ (24) | — | | |
| Total Opex | \$ 13,606 | \$ 14,844 | \$ (1,238) | \$ 116 | \$ (353) | \$ (647) | \$ (354) | \$ (1,238) | \$ 328 | \$ — | | |

Management Discussion

- Lower payroll largely due to lower headcount and delays in hiring for open positions, lower than Planned benefits costs coupled with a positive Canadian FX impact
- Lower commissions as a result of revised estimates for accrual based on current sales
- Marketing expenses lower due to timing with budgeted expenditure
- Lower than anticipated sales volume affecting Travel and Entertainment
- IT coming in slightly behind budget as a result of a combination of discontinuation as well as lower than anticipated pricing on certain services, and timing of contract negotiations as part of cost management and a positive Canadian FX impact offset by unbudgeted expense for Spend HQ and DSI MEP software subscriptions.
- Top up of Bad Debts provision in Q3 2019 to cover Quebec exposures with Enterprises Doco, West Coast Designs and SDO Renovation.

1x Costs

\$'000

| | YTD | | | Explanation of Variance | | | Variance Impact | |
|------------------------------|---------------|---------------|-----------------|-------------------------|---------------|-----------------|-----------------|--------------------------|
| | Variance | | | Change in | | | Total Variance | Total Change in Estimate |
| | Act | AOP | B / (W) | Estimate | Timing | Other | B / (W) | B / (W) |
| Banking | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Environmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insight Sourcing | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| IT | \$ 120 | \$ 70 | \$ (50) | \$ (34) | \$ - | \$ (16) | (50) | \$ (34) |
| Legal Fees | \$ 23 | \$ - | \$ (23) | \$ - | \$ - | \$ (23) | (23) | \$ - |
| Professional Fees | \$ 392 | \$ 117 | \$ (275) | \$ (227) | \$ (4) | \$ (44) | (275) | \$ (227) |
| Mgmt Incentive | \$ 245 | \$ 342 | \$ 97 | \$ 97 | \$ - | \$ - | 97 | \$ 97 |
| Laval Water Damage | \$ 90 | \$ - | \$ (90) | \$ - | \$ - | \$ (90) | (90) | \$ - |
| Profit Velocity | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| CAD Transfer Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TSA | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employee Restructuring Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | \$ 3 | \$ - | \$ (3) | \$ - | \$ - | \$ (3) | (3) | \$ - |
| Total 1X Costs | \$ 874 | \$ 529 | \$ (345) | \$ (164) | \$ (4) | \$ (177) | \$ (345) | \$ (164) |

Management Discussion

- IT Costs relate to Terrebonne ERP Syteline Project to set up certain modules and perform an upgrade to the system (\$64K), Disaster Recovery testing for JDE (\$40K) and DDL Consultant for ITSM Project (\$16K)
- Legal Costs of \$23K for Corporate Management Services
- Professional Fees include costs incurred for the Quality of Earnings study with KPMG (\$181K), OBI projects with The Practical Approach (\$94K), Project Monaco costs (\$14K), Management Tools Inc (\$21K) and Smart Ventures (\$82K).
- Management staff incentive (\$245K)
- Laval Water Damage costs relate to water clean-up services performed by Qualinet (\$90K, not planned)

Balance Sheet

| \$'000 | Dec-18 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | | Variance | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| | Act | Act | Act | Act | Act | Bud | \$ | % |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | \$ 0 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 2 | \$ 0 | 20.0% |
| Short term investments | — | — | — | — | — | — | — | N/A |
| <i>Accounts receivable, gross</i> | 8,958 | 15,793 | 13,673 | 13,780 | 13,915 | 15,023 | (1,108) | (7.4%) |
| <i>Accounts receivable, reserves</i> | (363) | (479) | (477) | (472) | (501) | (679) | 178 | (26.2%) |
| Accounts receivable, net | 8,594 | 15,313 | 13,196 | 13,308 | 13,414 | 14,345 | (930) | (6.5%) |
| <i>Inventory, gross</i> | 31,776 | 34,675 | 34,503 | 34,146 | 34,529 | 34,558 | (29) | (0.1%) |
| <i>Inventory, reserves</i> | (1,467) | (1,789) | (1,797) | (1,783) | (1,764) | (1,674) | (90) | 5.4% |
| Inventory, net | 30,309 | 32,887 | 32,705 | 32,363 | 32,765 | 32,884 | (119) | (0.4%) |
| Prepaid expenses and other current assets | 2,942 | 4,279 | 4,257 | 4,035 | 3,848 | 3,216 | 632 | 19.6% |
| Other current assets | 901 | 830 | 1,026 | 932 | 911 | 1,525 | (614) | (40.3%) |
| Total Current Assets | 42,746 | 53,312 | 51,187 | 50,640 | 50,941 | 51,972 | (1,031) | (2.0%) |
| Non-Current Assets | | | | | | | | |
| <i>Property, plant & equipment, gross</i> | 64,977 | 69,761 | 70,321 | 70,322 | 70,962 | 73,107 | (2,145) | (2.9%) |
| <i>Accumulated depreciation</i> | (17,639) | (22,479) | (23,152) | (23,765) | (24,601) | (22,589) | (2,012) | 8.9% |
| Property, plant & equipment, net | 47,338 | 47,282 | 47,169 | 46,557 | 46,361 | 50,518 | (4,157) | (8.2%) |
| Deferred financing cost | 548 | 479 | 464 | 448 | 435 | 436 | (1) | (0.1%) |
| Deferred tax asset | 2,879 | 2,973 | 2,963 | 2,938 | 2,947 | 1,367 | 1,580 | 115.7% |
| Other non-current assets | 2,616 | 2,800 | 2,791 | 2,784 | 2,791 | 3,237 | (447) | (13.8%) |
| Total Non-Current Assets | 53,382 | 53,535 | 53,388 | 52,727 | 52,534 | 55,558 | (3,024) | (5.4%) |
| Total Assets | \$ 96,127 | \$ 106,848 | \$ 104,574 | \$ 103,368 | \$ 103,475 | \$ 107,530 | \$ (4,055) | (3.8%) |
| Current Liabilities | | | | | | | | |
| Bank Debt | \$ 10,222 | \$ 17,818 | \$ 17,338 | \$ 16,897 | \$ 16,663 | \$ 18,324 | \$ (1,661) | (9.1%) |
| Current Portion - Long Term Debt | 1,628 | 1,683 | 1,676 | 1,662 | 1,667 | 1,800 | (133) | (7.4%) |
| Accounts payable | 12,709 | 15,487 | 15,146 | 14,498 | 14,476 | 14,850 | (374) | (2.5%) |
| Accrued liabilities | 3,343 | 3,864 | 3,513 | 3,630 | 3,707 | 3,439 | 268 | 7.8% |
| Accrued compensation | 2,521 | 3,931 | 3,435 | 3,952 | 4,303 | 4,585 | (282) | (6.2%) |
| Income taxes payable | (246) | (118) | 46 | 86 | 192 | 1,564 | (1,372) | (87.7%) |
| Contingent consideration | 1,301 | 1,301 | 1,301 | 1,301 | 1,301 | — | 1,301 | N/A |
| Other current liabilities | 97 | 125 | 127 | 122 | 116 | 127 | (11) | (8.3%) |
| Total Current Liabilities | 31,576 | 44,090 | 42,582 | 42,149 | 42,425 | 44,690 | (2,265) | (5.1%) |
| Long-term liabilities | | | | | | | | |
| Long-term debt less current maturities | 12,006 | 11,587 | 11,403 | 11,163 | 11,060 | 10,857 | 203 | 1.9% |
| Deferred income taxes | 9,610 | 9,775 | 9,756 | 9,713 | 9,729 | 7,785 | 1,944 | 25.0% |
| Other non-current liabilities | 1,468 | 1,597 | 1,591 | 1,577 | 1,585 | 1,476 | 109 | 7.4% |
| Total Long-Term Liabilities | 23,084 | 22,959 | 22,751 | 22,453 | 22,374 | 20,119 | 2,255 | 11.2% |
| Total Liabilities | 54,660 | 67,049 | 65,333 | 64,602 | 64,799 | 64,808 | (10) | (0.0%) |
| Commitments and contingencies | — | — | — | — | — | — | — | N/A |
| Shareholders' Equity | | | | | | | | |
| Common stock | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 0 | 0.0% |
| Retained earnings | 30,039 | 28,033 | 27,505 | 27,095 | 26,982 | 30,641 | (3,659) | (11.9%) |
| Accumulated other comprehensive income | (1,181) | (845) | (873) | (938) | (916) | (530) | (386) | 73.0% |
| Total Shareholders' Equity | 41,467 | 39,798 | 39,241 | 38,766 | 38,676 | 42,722 | (4,045) | (9.5%) |
| Total Liabilities and Shareholders' Equity | \$ 96,127 | \$ 106,848 | \$ 104,574 | \$ 103,368 | \$ 103,475 | \$ 107,530 | \$ (4,055) | (3.8%) |

Management Discussion

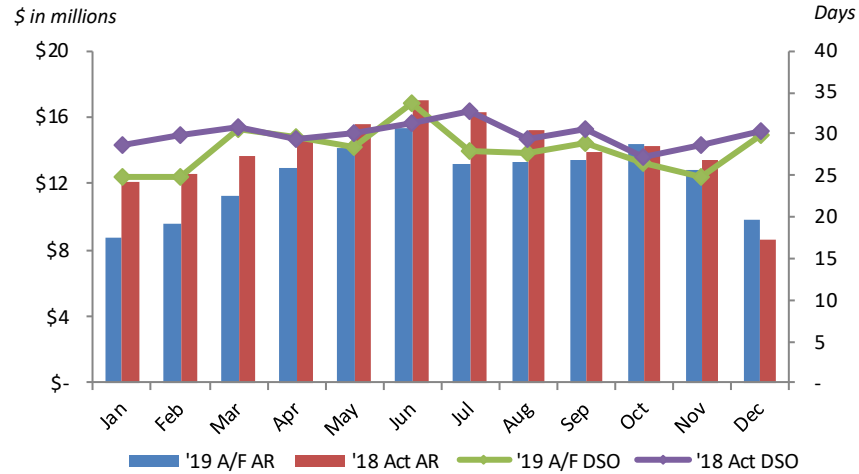
- Net A/R vs. Budget is lower by \$930K (6.5%) largely due to reduction in Sales by 12.7% vs Budget. Furthermore, there is an unfavorable F/X impact of \$180K (actual rate of 1.3246 [or USD\$ 0.75] vs. Budget rate of 1.30 [or USD\$ 0.77])
- Inventory levels almost inline vs Bud as a result of lower production following inventory buildup in prior months to match the current sales trend.
- Increase in Prepaid expenses vs Bud due to higher property insurance premium renewal for 2019/2020 period vs budget of \$8K and prepayment of advertisement campaign and Windoor earlier then scheduled of \$218K and Real Estate Tax in the US for \$33K and a higher Non-inventory stock of \$372K as a result of new product developments.
- Decrease in Other current assets vs Bud attributed to lower GST receivable \$732k due to GST refunds not budgeted to be received until the year end. This was offset by higher receivable vs budget related to Customer Tooling of \$142K
- Gross PP&E lower vs Bud by 2,145K largely due to lower Capex spending than budgeted YTD of \$1,433K and an unfavorable F/X impact of \$712K (actual rate of 1.3246 [or USD\$ 0.75] vs. the Budget rate of 1.30 [or USD\$ 0.77])
- Other non-current assets reduction of \$447K vs Bud due to a reduction in JV equity income in the month and an unfavorable F/X impact
- Decrease in Bank Debt due to a combination of not paying out the contingent consideration liability of \$1.3M, lower Capex spending due to 'Hold-off' strategy. Also, a favorable FX impact on Canadian Debt (actual rate of 1.3246 [or USD\$ 0.75] vs. the Budget rate of 1.30 [or USD\$ 0.77])

Cash Flow Statement

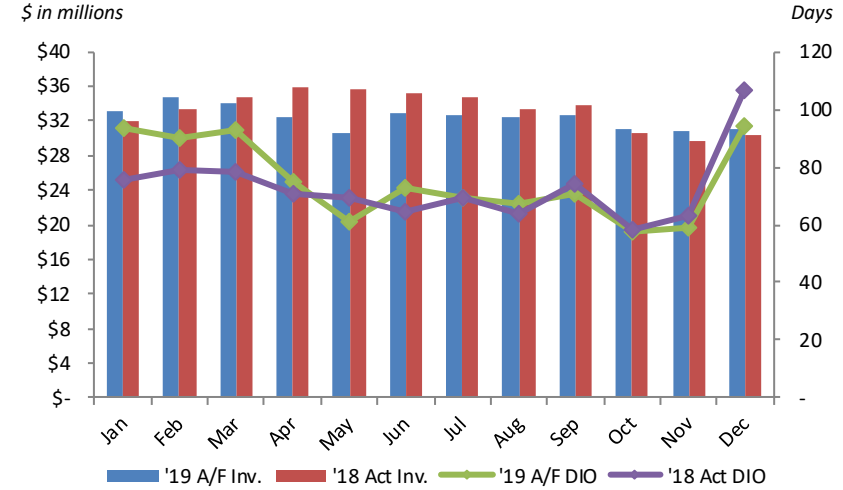
| \$'000 | MTD | | Variance | | PY-MTD | | Variance | | YTD | | Variance | | PY YTD | | Variance | | | | | | | | | |
|---|-----|-------|----------|---------|--------|---------|----------|-----|---------|----|----------|--------------|--------|---------|----------|---------|----|---------|----------|----|---------|----|---------|-----------|
| | Act | Bud | \$ | % | Act | \$ | % | Act | Bud | \$ | % | ACT | \$ | % | | | | | | | | | | |
| Cash flow from operations | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Income (Loss) | \$ | (112) | \$ | 121 | \$ | (233) | (193.0%) | \$ | 887 | \$ | (999) | (112.6%) | \$ | (3,046) | \$ | (1,921) | \$ | (1,126) | 58.6% | \$ | (1,272) | \$ | (1,775) | 139.5% |
| Depreciation, amortization and other | | 779 | | 793 | | (14) | (1.8%) | | 668 | | 110 | 16.5% | | 6,633 | | 6,730 | | (96) | (1.4%) | | 5,730 | | 904 | 15.8% |
| Non-cash loss/expense (gain) | | (14) | | (93) | | 79 | (84.9%) | | (6) | | (8) | 151.0% | | (75) | | 156 | | (230) | (148.0%) | | 38 | | (112) | (298.5%) |
| Deferred income tax | | 15 | | — | | 15 | N/A | | 6 | | 10 | 177.5% | | 119 | | 148 | | (29) | (19.7%) | | (1,152) | | 1,271 | (110.3%) |
| Change in operating assets and liabilities: | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable | | (107) | | 1,277 | | (1,383) | (108.3%) | | 1,366 | | (1,473) | (107.8%) | | (4,820) | | (5,838) | | 1,018 | (17.4%) | | (2,009) | | (2,811) | 139.9% |
| Inventory | | (403) | | (32) | | (371) | 1168.6% | | (421) | | 19 | (4.5%) | | (2,457) | | (2,576) | | 119 | (4.6%) | | (4,059) | | 1,602 | (39.5%) |
| Prepaid expenses and other current assets | | 208 | | (355) | | 563 | (158.6%) | | (131) | | 339 | (259.5%) | | (916) | | (898) | | (18) | 2.0% | | (497) | | (419) | 84.2% |
| Accounts payable | | (22) | | 815 | | (837) | (102.7%) | | 563 | | (585) | (103.9%) | | 1,767 | | 2,141 | | (374) | (17.5%) | | 1,000 | | 767 | 76.8% |
| Accrued expenses | | 427 | | 140 | | 287 | 205.2% | | (1,586) | | 2,012 | (126.9%) | | 2,145 | | 2,411 | | (266) | (11.0%) | | (1,882) | | 4,028 | (214.0%) |
| Accrued income taxes | | 106 | | 207 | | (101) | (48.9%) | | 282 | | (176) | (62.5%) | | 438 | | 915 | | (476) | (52.1%) | | 844 | | (406) | (48.1%) |
| Other changes in operating assets and liabilities | | (6) | | (12) | | 6 | (52.3%) | | (8) | | 3 | (32.7%) | | 20 | | (1,271) | | 1,290 | (101.5%) | | 89 | | (70) | (78.1%) |
| Other cash flow from operations | | — | | — | | — | N/A | | — | | — | N/A | | — | | — | | — | N/A | | — | | — | N/A |
| Total Cash Flow from Operations | \$ | 873 | \$ | 2,861 | \$ | (1,988) | (69.5%) | \$ | 1,620 | \$ | (748) | (46.1%) | \$ | (191) | \$ | (3) | \$ | (188) | 5656.1% | \$ | (3,170) | \$ | 2,979 | (94.0%) |
| Cash flow from investing | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions to property, plant and equipment | \$ | (500) | \$ | (492) | \$ | (8) | 1.7% | \$ | (860) | \$ | 360 | (41.9%) | \$ | (4,999) | \$ | (6,806) | \$ | 1,807 | (26.6%) | \$ | (6,983) | \$ | 1,984 | (28.4%) |
| 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 | \$ | (500) | \$ | (492) | \$ | (8) | 1.7% | \$ | (860) | \$ | 360 | (41.9%) | \$ | (4,999) | \$ | (6,806) | \$ | 1,807 | (26.6%) | \$ | (6,983) | \$ | 1,984 | (28.4%) |
| Cash flow from financing | | | | | | | | | | | | | | | | | | | | | | | | |
| Proceeds from the issuance (repayment) of short-term debt | \$ | (234) | \$ | (2,226) | \$ | 1,993 | (89.5%) | \$ | (651) | \$ | 417 | (64.1%) | \$ | 6,440 | \$ | 8,102 | \$ | (1,661) | (20.5%) | \$ | 10,537 | \$ | (4,096) | (38.9%) |
| Proceeds from the issuance of debt | | 0 | | — | | 0 | N/A | | — | | 0 | N/A | | 0 | | — | | 0 | N/A | | 630 | | (630) | (100.0%) |
| Repayment of debt | | (139) | | (143) | | 4 | (3.0%) | | (109) | | (30) | 27.2% | | (1,247) | | (1,289) | | 42 | (3.3%) | | (1,013) | | (234) | 23.1% |
| 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 | \$ | (373) | \$ | (2,370) | \$ | 1,997 | (84.3%) | \$ | (760) | \$ | 387 | (51.0%) | \$ | 5,193 | \$ | 6,812 | \$ | (1,619) | (23.8%) | \$ | 10,153 | \$ | (4,960) | (48.8%) |
| Effect of FX rates on cash and cash equivalents | \$ | — | \$ | — | \$ | — | N/A | \$ | — | \$ | — | N/A | \$ | — | \$ | — | \$ | — | N/A | \$ | — | \$ | — | N/A |
| Net change in cash | \$ | (0) | \$ | (0) | \$ | 0 | (53%) | \$ | 0 | \$ | (0) | (25303.8%) | \$ | 3 | \$ | 2 | \$ | 0 | 20.0% | \$ | (0) | \$ | 3 | (1158.4%) |
| Beginning cash | | 3 | | 3 | | 0 | 11.2% | | (0) | | 3 | (1250717.1%) | | 0 | | 0 | | — | 0.0% | | (0) | | 0 | (100.1%) |
| Change in cash | | (0) | | (0) | | 0 | (53%) | | 0 | | (0) | (25303.8%) | | 3 | | 2 | | 0 | 20.0% | | (0) | | 3 | (1158.4%) |
| Ending cash | \$ | 3 | \$ | 2 | \$ | 0 | 20.0% | \$ | 0 | \$ | 3 | 798646.8% | \$ | 3 | \$ | 2 | \$ | 0 | 20.0% | \$ | 0 | \$ | 3 | 798646.8% |

Working Capital and Cash Conversion Cycle

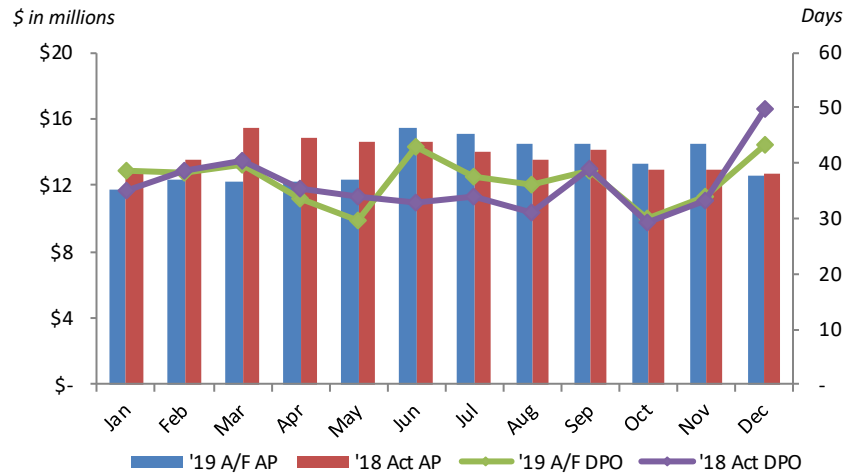
Accounts Receivable



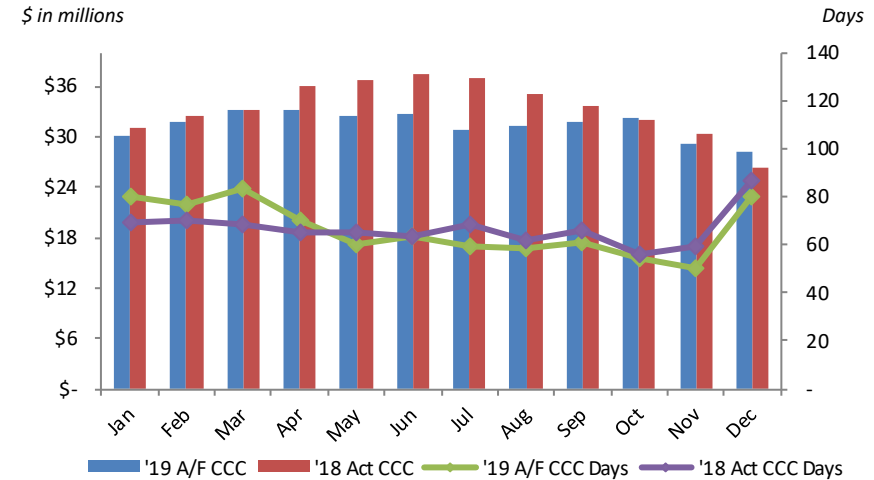
Inventory



Accounts Payable



Cash Conversion Cycle



AR and AP Aging Detail

\$'000

| AR Aging | | | | |
|--------------|------------------|------------------|------------------|---------------|
| Days | Jul-19 | Aug-19 | Sep-19 | % |
| 0-30 | \$ 11,802 | \$ 11,177 | \$ 11,307 | 84.3% |
| 30-60 | 1,077 | 1,722 | 1,588 | 11.8% |
| 60-90 | 16 | 106 | 198 | 1.5% |
| >90 | 301 | 302 | 321 | 2.4% |
| Total | \$ 13,196 | \$ 13,308 | \$ 13,414 | 100.0% |

| AP Aging | | | | |
|--------------|------------------|------------------|------------------|---------------|
| Days | Jul-19 | Aug-19 | Sep-19 | % |
| 0-30 | \$ 11,244 | \$ 11,058 | \$ 10,913 | 75.4% |
| 30-60 | 3,245 | 2,852 | 3,082 | 21.3% |
| 60-90 | 489 | 440 | 360 | 2.5% |
| >90 | 168 | 148 | 121 | 0.8% |
| Total | \$ 15,146 | \$ 14,498 | \$ 14,476 | 100.0% |

Management Discussion

- Minor increase in DSO days from 28 to 29 as a result of timing of cash collected subsequent to month-end from customers with non-traditional payment terms
- Increase in DPO days from 36 to 39 due to focused effort to manage payments to improve working capital as well as cost of borrowing on the bank revolver

Covenant Analysis

| (US\$ '000s) | Actual Dec-18 | Actual Jan-19 | Actual Feb-19 | Actual Mar-19 | Actual Apr-19 | Actual May-19 | Actual Jun-19 | Actual Jul-19 | Actual Aug-19 | Actual Sep-19 | Budget Oct-19 | Budget Nov-19 | Budget Dec-19 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Excess Availability | | | | | | | | | | | | | |
| Borrowing Base | 27,127 | 24,989 | 24,640 | 25,741 | 28,175 | 29,067 | 28,711 | 29,941 | 27,848 | 28,477 | 32,828 | 32,953 | 32,448 |
| Total Revolver Debt | 10,222 | 14,340 | 16,533 | 18,750 | 19,505 | 19,025 | 17,818 | 17,338 | 16,897 | 16,663 | 18,098 | 14,909 | 13,864 |
| Excess Availability | 16,904 | 10,649 | 8,107 | 6,991 | 8,670 | 10,042 | 10,893 | 12,602 | 10,951 | 11,814 | 14,730 | 18,044 | 18,584 |
| EA % of Borrowing Base | 62.3% | 42.6% | 32.9% | 27.2% | 30.8% | 34.5% | 37.9% | 42.1% | 39.3% | 41.5% | 44.9% | 54.8% | 57.3% |
| Minimum EA% (or <\$5.25M) | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Compliance | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK | OK |
| FCCR Calculation | | | | | | | | | | | | | |
| TTM EBITDA | 8,112 | 7,865 | 8,971 | 8,618 | 8,575 | 8,526 | 9,943 | 8,843 | 8,306 | 7,274 | 7,878 | 8,162 | 9,177 |
| Total Capex | 462 | 489 | 531 | 560 | 448 | 519 | 805 | 761 | 386 | 500 | 398 | 398 | 398 |
| TTM Capex | 7,822 | 7,266 | 7,354 | 7,115 | 7,577 | 7,209 | 7,315 | 7,293 | 7,041 | 6,931 | 6,787 | 6,257 | 6,193 |
| Cash Taxes | - | (252) | - | 257 | - | - | - | (14) | - | - | - | - | - |
| TTM Cash Taxes | 671 | 418 | 418 | 140 | 5 | 5 | 5 | (9) | (9) | (9) | (9) | (9) | (9) |
| Numerator | (381) | 180 | 1,198 | 1,364 | 993 | 1,313 | 2,624 | 1,559 | 1,273 | 352 | 1,100 | 1,914 | 2,993 |
| Cash Interest on existing ABL | 161 | 156 | 165 | 189 | 184 | 198 | 187 | 191 | 189 | 182 | 190 | 173 | 168 |
| Cash Interest on additional debt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TTM Cash Interest | 1,869 | 1,918 | 1,966 | 2,019 | 2,051 | 2,087 | 2,099 | 2,109 | 2,120 | 2,134 | 2,154 | 2,165 | 2,172 |
| Principal Payments on additional debt | 138 | 138 | 139 | 138 | 138 | 137 | 139 | 140 | 139 | 139 | 141 | 141 | 141 |
| TTM Principal Payments | 1,387 | 1,412 | 1,436 | 1,462 | 1,490 | 1,516 | 1,544 | 1,574 | 1,604 | 1,634 | 1,665 | 1,667 | 1,670 |
| Denominator | 3,256 | 3,330 | 3,402 | 3,482 | 3,541 | 3,603 | 3,643 | 3,683 | 3,724 | 3,767 | 3,819 | 3,832 | 3,843 |
| FCCR Ratio | (0.1) | 0.1 | 0.4 | 0.4 | 0.3 | 0.4 | 0.7 | 0.4 | 0.3 | 0.1 | 0.3 | 0.5 | 0.8 |
| Minimum FCC | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Compliance | Breach | Breach | Breach | Breach | Breach | Breach | Breach | Breach | Breach | Breach | Breach | Breach | Breach |

Q3 2019 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q3 2019

➔ Financial Matters:

Q3 FY 2019 Operating Results Overview

Key Reserves

Debt Covenant Compliance

➔ 2019 Financial Outlook

➔ Special Topics and Executive Session

➔ Appendix

2018 Act to 2019 Bud - Summary Bridge

| 2018 Act | | 2019 Bud |
|----------------------------------|--|----------------------------------|
| Volume/Units 104.5 LBS | +4.9% <ul style="list-style-type: none"> Increase in extrusion volumes by 4.3M LBS and external compound volume by 0.8M LBS. Market growth underlined by increases with PGT, Simonton, Quaker, Westech and Coeur d'Alene, together with Share growth from All Weather and Polaris, partially offset by customer losses & risk re: Solar Industries, JELD-WEN, KP Building, Lorendo, Thompson Creek, Panes and Okna | Volume/Units 109.6M LBS |
| Revenue \$170.5M | +4.5% <ul style="list-style-type: none"> Increase due to a net volume growth impact of \$4.2M (organic, inorganic and external compound volume increases offset by customer losses & risk), a price increase impact & CDI resin impact of \$2.8M and higher Patio Door sales of \$0.9M. This is partially offset by an unfavorable F/X impact of \$0.3M | Revenue \$178.2M |
| Gross Margin \$27.9M 16.4% | +110bps <ul style="list-style-type: none"> Increase of \$3.3M attributable to volume growth of \$1.8M, price increases of \$2.8M and operational initiative savings of \$4.9M offsetting significant raw material cost increases of \$4.0M and inflationary impacts from labor and overhead costs of \$1.2M. Gross Margin is also negatively impacted by the bonus accrual for Direct & Indirect of \$1.1M | Gross Margin \$31.2M 17.5% |
| OPEX \$17.6M 10.3% | +80bps <ul style="list-style-type: none"> Increase in OPEX of \$2.2M due to a bonus accrual for the SG&A employees of \$1.2M, higher IT costs of \$0.5M due to increased security applications and inflationary impacts, higher payroll costs of \$0.6M due to additions and wage/benefit inflation and higher travel & entertainment costs of \$0.3M partially offset by a favorable F/X impact of \$0.4M | OPEX \$19.8M 11.1% |
| EBITDA \$10.3M 6.1% | +30bps <ul style="list-style-type: none"> Increase in EBITDA by \$1.1M driven by volume growth, price increases and operational initiative savings of \$9.6M offsetting significant raw material cost increases of \$4.0M, labor & overhead inflationary impacts of \$1.5M, bonus accrual impact of \$2.3M and additional OPEX costs of \$0.7M | EBITDA \$11.4M 6.4% |
| Capex \$10.2M 6.0% | -40bps <ul style="list-style-type: none"> Continued significant investments in Customer Growth opportunities of \$3.4M, Cost Reduction initiatives of \$2.2M, maintenance projects of \$1.7M and Health & Safety improvement initiatives of \$0.6M Investment in IT infrastructure enhancements and plant level systems of \$2.1M | Capex \$10.0M 5.6% |

2019 Bud Key Assumptions

Confidence Level

Key Assumptions

90%

Revenue

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

80%

Gross Profit

- Material Cost:
 - PVC Resin cost increase of 6.9% Year-Over-Year based on latest CDI resin index and IHS Markit data
 - PVC Resin cost inflation impact ~\$2.5M
 - TiO2/Additives/Stabilizers/Fillers impact ~\$1.2M (2% - 14% YoY increases)
- Labor inflation of 3.0% effective April 1, 2019 for both Canadian and US operations
- Canadian benefits rate kept consistent with 2018 rates – 0% increase based on latest negotiations
- US benefits rate kept consistent with 2018 rates – 0% increase based on latest negotiation for Medical & Dental, but assumed 8% increase for Life & Disability
- Freight cost increase of 4.0% effective January 1, 2018 (inclusive of rate and surcharges)
- Energy cost increases in alignment with regional inflation (approx. 3.0%)
- 100% of bonus assumed for Direct & Indirect employees (\$1.2M)

90%

OPEX

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

85%

Foreign Exchange

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

90%

Capex

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

2019 Bud Summary P&L

Consolidated Statement of Operations

(\$ in Millions)

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

Q3 2019 Audit Committee Agenda

➔ CFO Hot Buttons

➔ Controllership Matters:

Auditor Discussion / Update on FY19 Audit

Management Governance Report – Q3 2019

➔ Financial Matters:

Q3 FY 2019 Operating Results Overview

Key Reserves

Debt Covenant Compliance

➔ 2019 Financial Outlook

➔ Special Topics and Executive Session

➔ Appendix

Special Topics

- None noted at this time

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Monthly P&L

| \$'000 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | FY | | FY | | Var | | PY | Var | |
|--------------------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|-------------|-----------|-------------|-------------|----------|-----|---|
| | Act | Act | Act | Act | Act | Act | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | | Bud | | \$ | % | Act | \$ | % |
| | | | | | | | | | | | | | | | | | | | | | |
| Units Produced ('000) | 7,786 | 7,371 | 8,389 | 7,725 | 8,493 | 8,905 | 8,339 | 9,076 | 8,551 | 9,637 | 9,028 | 5,886 | 99,185 | 108,274 | (9,088) | (8.4%) | 96,146 | 3,040 | 3.2% | | |
| Units Shipped ('000) | 6,941 | 6,590 | 7,230 | 8,092 | 9,414 | 8,083 | 9,001 | 8,865 | 8,508 | 10,255 | 9,358 | 6,133 | 98,470 | 109,580 | (11,110) | (10.1%) | 104,464 | (5,995) | (5.7%) | | |
| Bookings (\$'000) | \$ 11,857 | \$ 10,031 | \$ 11,903 | \$ 14,734 | \$ 16,015 | \$ 15,048 | \$ 15,207 | \$ 15,021 | \$ 14,552 | \$ 17,403 | \$ 16,182 | \$ 9,356 | \$ 167,310 | \$ 180,948 | \$ (13,638) | (7.5%) | \$ 173,588 | \$ (6,279) | (3.6%) | | |
| Backlog ('\$000) | \$ 9,269 | \$ 8,356 | \$ 8,460 | \$ 9,671 | \$ 9,716 | \$ 11,128 | \$ 11,147 | \$ 10,612 | \$ 10,856 | \$ 13,594 | \$ 13,391 | \$ 11,911 | \$ 11,911 | \$ 11,911 | \$ – | 0.0% | \$ 8,368 | \$ 3,543 | 42.3% | | |
| Gross Revenue | \$ 11,539 | \$ 11,249 | \$ 11,985 | \$ 13,794 | \$ 16,301 | \$ 14,255 | \$ 15,452 | \$ 15,784 | \$ 14,665 | \$ 17,766 | \$ 16,477 | \$ 10,759 | \$ 170,026 | \$ 188,036 | \$ (18,011) | (9.6%) | \$ 180,283 | \$ (10,257) | (5.7%) | | |
| Adj. to Gross Revenue | (597) | (464) | (581) | (699) | (787) | (662) | (784) | (859) | (786) | (983) | (916) | (541) | (8,659) | (9,876) | 1,217 | (12.3%) | (9,708) | 1,049 | (10.8%) | | |
| Net Revenue | 10,942 | 10,785 | 11,404 | 13,094 | 15,515 | 13,593 | 14,669 | 14,926 | 13,879 | 16,782 | 15,561 | 10,218 | 161,366 | 178,160 | (16,793) | (9.4%) | 170,574 | (9,208) | (5.4%) | | |
| Material | 5,204 | 5,301 | 5,464 | 6,521 | 7,703 | 6,428 | 7,195 | 7,385 | 6,640 | 8,457 | 7,836 | 4,565 | 78,698 | 88,355 | (9,657) | (10.9%) | 83,420 | (4,721) | (5.7%) | | |
| Labor | 2,927 | 2,714 | 2,913 | 2,840 | 3,198 | 3,138 | 3,242 | 3,263 | 3,119 | 3,337 | 3,197 | 2,915 | 36,805 | 38,371 | (1,566) | (4.1%) | 38,503 | (1,698) | (4.4%) | | |
| Other COGS | 1,309 | 1,015 | 1,117 | 1,533 | 1,968 | 1,255 | 2,014 | 1,776 | 1,482 | 2,013 | 1,780 | 1,527 | 18,788 | 20,261 | (1,473) | (7.3%) | 20,885 | (2,097) | (10.0%) | | |
| Total COGS | 9,440 | 9,030 | 9,494 | 10,894 | 12,869 | 10,820 | 12,451 | 12,424 | 11,241 | 13,807 | 12,814 | 9,007 | 134,291 | 146,986 | (12,696) | (8.6%) | 142,807 | (8,516) | (6.0%) | | |
| Gross Margin | 1,502 | 1,755 | 1,910 | 2,201 | 2,645 | 2,773 | 2,217 | 2,502 | 2,638 | 2,975 | 2,747 | 1,210 | 27,075 | 31,173 | (4,098) | (13.1%) | 27,767 | (692) | (2.5%) | | |
| Gross Margin % | 13.7% | 16.3% | 16.7% | 16.8% | 17.0% | 20.4% | 15.1% | 16.8% | 19.0% | 17.7% | 17.7% | 11.8% | 16.8% | 17.5% | | | 16.3% | | | | |
| R&D | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A | | |
| Sales & Marketing | 554 | 603 | 474 | 610 | 586 | 529 | 504 | 534 | 671 | 583 | 633 | 579 | 6,859 | 7,247 | (389) | (5.4%) | 7,045 | (186) | (2.6%) | | |
| Administrative | 1,037 | 968 | 879 | 962 | 997 | 962 | 1,026 | 1,001 | 962 | 1,094 | 1,047 | 1,068 | 12,002 | 12,772 | (770) | (6.0%) | 10,240 | 1,762 | 17.2% | | |
| Other Opex | (127) | (75) | 85 | (51) | (3) | (97) | 1 | 18 | (3) | (20) | (20) | (16) | (308) | (228) | (80) | 34.9% | 302 | (609) | (201.9%) | | |
| Total Opex | 1,465 | 1,496 | 1,438 | 1,520 | 1,579 | 1,394 | 1,531 | 1,553 | 1,630 | 1,657 | 1,660 | 1,631 | 18,553 | 19,791 | (1,238) | (6.3%) | 17,587 | 966 | 5.5% | | |
| EBITDA | 37 | 259 | 472 | 680 | 1,066 | 1,379 | 687 | 949 | 1,008 | 1,318 | 1,087 | (420) | 8,522 | 11,382 | (2,860) | (25.1%) | 10,180 | (1,658) | (16.3%) | | |
| EBITDA % | 0.3% | 2.4% | 4.1% | 5.2% | 6.9% | 10.1% | 4.7% | 6.4% | 7.3% | 7.9% | 7.0% | (4.1%) | 5.3% | 6.4% | | | 6.0% | | | | |
| Net Income (Loss) | \$ (886) | \$ (271) | \$ (1,280) | \$ (242) | \$ (169) | \$ 853 | \$ (528) | \$ (410) | \$ (112) | \$ 59 | \$ (82) | \$ (1,356) | \$ (4,425) | \$ (3,300) | \$ (1,126) | 34.1% | \$ (3,490) | \$ (935) | 26.8% | | |
| Capex | \$ (489) | \$ (531) | \$ (560) | \$ (448) | \$ (519) | \$ (805) | \$ (761) | \$ (386) | \$ (500) | \$ (398) | \$ (398) | \$ (398) | \$ (6,193) | \$ (8,000) | \$ 1,807 | (22.6%) | \$ (10,215) | \$ 4,023 | (39.4%) | | |
| Opex Overview: | | | | | | | | | | | | | | | | | | | | | |
| Payroll | \$ 881 | \$ 806 | \$ 788 | \$ 889 | \$ 909 | \$ 810 | \$ 868 | \$ 838 | \$ 803 | \$ 943 | \$ 880 | \$ 913 | \$ 10,327 | \$ 10,783 | \$ (456) | (4.2%) | \$ 10,318 | \$ 9 | 0.1% | | |
| Bonus | 112 | 113 | 112 | 112 | 111 | 112 | 113 | 112 | 112 | 113 | 113 | 113 | 1,350 | 1,361 | (11) | (0.8%) | 159 | 1,191 | 749.0% | | |
| Commissions | 19 | 19 | 16 | 19 | 18 | 24 | 22 | 26 | 26 | 30 | 30 | 30 | 277 | 358 | (81) | (22.6%) | 187 | 90 | 48.4% | | |
| Marketing | 95 | 180 | 71 | 116 | 110 | 107 | 100 | 123 | 225 | 109 | 186 | 118 | 1,540 | 1,780 | (241) | (13.5%) | 1,679 | (140) | (8.3%) | | |
| Benefits | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A | | |
| Travel and entertainment | 107 | 128 | 35 | 105 | 66 | 112 | 99 | 63 | 110 | 132 | 128 | 130 | 1,216 | 1,587 | (372) | (23.4%) | 1,231 | (16) | (1.3%) | | |
| Rent and facilities | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A | | |
| Insurance | 29 | 21 | 31 | 20 | 28 | 25 | 28 | 32 | 27 | 27 | 28 | 24 | 320 | 336 | (17) | (5.0%) | 328 | (8) | (2.6%) | | |
| Professional fees | 45 | 46 | 62 | 45 | 49 | 43 | 45 | 68 | 79 | 45 | 45 | 51 | 623 | 584 | 39 | 6.7% | 585 | 38 | 6.5% | | |
| Office Expenses | 23 | 26 | 18 | 22 | 33 | 13 | 20 | 18 | 20 | 26 | 22 | 25 | 264 | 287 | (23) | (8.0%) | 287 | (23) | (8.0%) | | |
| IT | 166 | 165 | 132 | 159 | 145 | 163 | 162 | 173 | 145 | 182 | 181 | 178 | 1,952 | 2,092 | (140) | (6.7%) | 1,634 | 319 | 19.5% | | |
| Bad Debts | 16 | (0) | 16 | 23 | 42 | (0) | (0) | (0) | 27 | (0) | (0) | (0) | 122 | (5) | 127 | (2747.1%) | (80) | 202 | (253.3%) | | |
| FX | (122) | (76) | 115 | (28) | 24 | (80) | 5 | 40 | (8) | – | – | – | (130) | – | (130) | N/A | 384 | (515) | (133.8%) | | |
| JV Loss (Income) | (5) | 1 | (29) | (23) | (28) | (17) | (4) | (22) | 5 | (20) | (20) | (16) | (178) | (228) | 51 | (22.1%) | (83) | (95) | 114.6% | | |
| Other Expenses | 98 | 67 | 73 | 61 | 70 | 82 | 74 | 82 | 59 | 70 | 67 | 66 | 870 | 853 | 17 | 2.0% | 956 | (86) | (9.0%) | | |
| Total Opex | \$ 1,465 | \$ 1,496 | \$ 1,438 | \$ 1,520 | \$ 1,579 | \$ 1,394 | \$ 1,531 | \$ 1,553 | \$ 1,630 | \$ 1,657 | \$ 1,660 | \$ 1,631 | \$ 18,553 | \$ 19,791 | \$ (1,238) | (6.3%) | \$ 17,586 | \$ 967 | 5.5% | | |

Monthly EBITDA to Net Income (Loss) Bridge

| \$'000 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | FY | FY | Var | | PY | Var | |
|--------------------------------------|-----------------|-----------------|-------------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|--------------|----------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------------|-----------------|--------------|
| | Act | Act | Act | Act | Act | Act | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| EBITDA - as reported | \$ 37 | \$ 259 | \$ 472 | \$ 680 | \$ 1,066 | \$ 1,379 | \$ 687 | \$ 949 | \$ 1,008 | \$ 1,318 | \$ 1,087 | \$ (420) | \$ 8,522 | \$11,382 | \$ (2,860) | (25.1%) | \$ 10,180 | \$ (1,658) | (16.3%) |
| Depreciation and amortization | (708) | (721) | (729) | (702) | (725) | (741) | (761) | (768) | (779) | (796) | (799) | (803) | (9,032) | (9,128) | 96 | (1.1%) | (7,801) | (1,230) | 15.8% |
| Interest and amortization | (156) | (165) | (189) | (184) | (198) | (187) | (191) | (189) | (182) | (190) | (173) | (168) | (2,172) | (2,290) | 117 | (5.1%) | (1,869) | (303) | 16.2% |
| Other financial income/expense | (26) | 740 | (617) | 163 | (128) | 774 | (111) | (238) | 97 | – | – | – | 654 | – | 654 | N/A | (1,463) | 2,118 | (144.7%) |
| Monitoring fees (including expenses) | (85) | (97) | (85) | (84) | (84) | (85) | (103) | (82) | (82) | (103) | (83) | (103) | (1,076) | (1,077) | 1 | (0.1%) | (1,091) | 15 | (1.4%) |
| Restructuring costs | – | – | – | – | – | 36 | – | – | (65) | – | – | – | (29) | – | (29) | N/A | (776) | 747 | (96.3%) |
| Non-recurring items | (137) | (201) | (128) | (44) | (42) | (215) | (20) | (45) | (39) | – | – | – | (873) | (478) | (395) | 82.7% | (770) | (103) | 13.4% |
| Taxes | 189 | (87) | (4) | (72) | (58) | (109) | (29) | (37) | (69) | (170) | (115) | 138 | (421) | (1,710) | 1,289 | (75.4%) | 99 | (519) | (525.7%) |
| GAAP Net Income (Loss) | \$ (886) | \$ (271) | \$ (1,280) | \$ (242) | \$ (169) | \$ 853 | \$ (528) | \$ (410) | \$ (112) | \$ 59 | \$ (82) | \$ (1,356) | \$ (4,425) | \$ (3,300) | \$ (1,126) | 34.1% | \$ (3,490) | \$ (935) | 26.8% |

Management Discussion

- Other financial income/expense relates to unrealized F/X (gain)/loss on \$USD debt held by Canadian entity; YTD F/X gain attributable to the change in the month-end rate from 1.364 [USD\$0.73] on December 31, 2018 to 1.3246 [USD\$0.75] on September 30, 2019
- Restructuring costs in September represent severance accrual for VP of Operations
- Non-recurring items in September include Project Monaco (\$15K), Smart Ventures LP (\$32K) and Management Tools Inc (4K), offset by incentive from Job Skills for OBI projects with The Practical Approach (\$12K)
- US Tax accrual of 69K in September 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 | 7,768 | 24,684 | 67,497 |
| Labor | 3,208 | 10,011 | 28,920 |
| Other COGS | 1,846 | 5,545 | 14,941 |
| COGS Budget | \$ 12,821 | \$ 40,240 | \$ 111,359 |
| <u>Variances:</u> | | | |
| Volume | (1,272) | (3,786) | (10,477) |
| Price | (220) | (805) | (1,236) |
| Other | 364 | 1,126 | 2,056 |
| Material | (1,128) | (3,465) | (9,657) |
| Volume | 21 | (62) | (649) |
| Price | – | – | – |
| Other | (110) | (325) | (917) |
| Labor | (89) | (387) | (1,566) |
| Volume | (145) | 207 | (2) |
| Price | – | – | – |
| Other | (219) | (480) | (1,471) |
| Other COGS | (364) | (273) | (1,473) |
| COGS Actual | \$ 11,241 | \$ 36,116 | \$ 98,663 |

Management Discussion - QTD

- **Material COGS:** Decrease of \$3,465K due to lower volume impact of \$3,786K (Sales volumes (lbs) lower by 16.0%), favorable resin material prices offset by higher additive pricing & higher glass pricing of \$805K and improved scrap utilization at ECS of \$109K; offset by unfavorable yields lower regrind usage at Woodbridge, Delmont & Everett of \$1,110K and higher E&O/LCM inventory reserves of \$125K
- **Labor COGS:** Lower costs due to volume impact of \$62K, a favorable F/X impact of \$91K and headcount reduction initiatives and improved labor efficiency at Laval, Delmont and ECS (net of increased overtime at Woodbridge and Everett to support tooling launches) of \$234K
- **Other COGS:** Decrease of \$273K due to an unfavorable absorption impact of \$207K as a result of selling more out of inventory than Plan, lower overhead spending (ie. Utilities, maintenance, factory supplies) of \$25K, lower freight costs due to sales volume and customer mix of \$250K, higher tool & die overhead recovery of \$149K and a favorable F/X impact of \$56K

Monthly Cost of Goods Sold by Component

| \$'000 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | FY | FY | Var | | PY | Var | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-------------------|----------------|------------------|-------------------|----------------|
| | Act | Act | Act | Act | Act | Act | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| Material | | | | | | | | | | | | | | | | | | | |
| Material costs at standard | \$ 5,265 | \$ 5,218 | \$ 5,418 | \$ 6,548 | \$ 7,512 | \$ 6,461 | \$ 6,984 | \$ 7,167 | \$ 6,465 | \$ 8,402 | \$ 7,886 | \$ 4,585 | \$ 77,909 | \$ 88,508 | \$ (10,599) | (12.0%) | \$ 84,102 | \$ (6,193) | (7.4%) |
| Materials FX loss / (gain) | 0 | 0 | 0 | 0 | 0 | 1 | (0) | 0 | 0 | 0 | — | — | 1 | 0 | 1 | 545.3% | 0 | 1 | 299.0% |
| Purchase price variance | 168 | 272 | 211 | 157 | 242 | 141 | 253 | 232 | 156 | 357 | 247 | 128 | 2,563 | 2,816 | (253) | (9.0%) | (421) | 2,984 | (708.7%) |
| Supplier resin rebate | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | N/A | — | — | N/A |
| Freight In | 47 | 46 | 46 | 35 | 43 | 60 | 44 | 55 | 41 | 60 | 57 | 45 | 581 | 663 | (82) | (12.4%) | 680 | (100) | (14.7%) |
| Scrap costs | (355) | (334) | (282) | (302) | (206) | (307) | (177) | (185) | (99) | (474) | (461) | (273) | (3,454) | (4,885) | 1,432 | (29.3%) | (2,101) | (1,353) | 64.4% |
| Consumables | 78 | 98 | 72 | 83 | 112 | 72 | 90 | 116 | 77 | 113 | 107 | 81 | 1,098 | 1,253 | (155) | (12.4%) | 1,159 | (61) | (5.2%) |
| Total Material COGS | \$ 5,204 | \$ 5,301 | \$ 5,464 | \$ 6,521 | \$ 7,703 | \$ 6,428 | \$ 7,195 | \$ 7,385 | \$ 6,640 | \$ 8,457 | \$ 7,836 | \$ 4,565 | \$ 78,698 | \$ 88,355 | \$ (9,657) | (10.9%) | \$ 83,420 | \$ (4,721) | (5.7%) |
| Labor | | | | | | | | | | | | | | | | | | | |
| Direct labor | \$ 927 | \$ 898 | \$ 984 | \$ 1,008 | \$ 1,133 | \$ 1,112 | \$ 1,216 | \$ 1,208 | \$ 1,155 | \$ 1,188 | \$ 1,141 | \$ 1,030 | \$ 13,000 | \$ 13,870 | \$ (871) | (6.3%) | \$ 13,874 | \$ (874) | (6.3%) |
| Direct labor - bonus | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 612 | 618 | (6) | (0.9%) | 79 | 533 | 670.4% |
| Direct labor - overtime | 70 | 97 | 109 | 92 | 124 | 165 | 125 | 163 | 133 | 124 | 107 | 68 | 1,378 | 1,163 | 215 | 18.5% | 1,594 | (216) | (13.5%) |
| Direct labor - benefits | 290 | 264 | 254 | 235 | 254 | 273 | 250 | 258 | 250 | 281 | 268 | 238 | 3,115 | 3,262 | (147) | (4.5%) | 3,366 | (251) | (7.4%) |
| Direct labor - wcb benefits | 18 | (20) | 17 | (66) | 22 | 21 | 21 | 21 | 20 | 24 | 23 | 19 | 121 | 265 | (145) | (54.5%) | 321 | (200) | (62.4%) |
| Direct labor - other | 0 | (1) | (1) | (1) | (2) | 2 | (0) | (0) | (0) | 1 | 1 | 1 | (2) | 9 | (10) | (119.6%) | (1) | (1) | 43.7% |
| Indirect labor | 1,520 | 1,362 | 1,447 | 1,462 | 1,565 | 1,463 | 1,528 | 1,512 | 1,458 | 1,605 | 1,545 | 1,448 | 17,915 | 18,438 | (523) | (2.8%) | 19,031 | (1,117) | (5.9%) |
| Indirect labor – bonus | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 612 | 618 | (6) | (0.9%) | 79 | 533 | 670.4% |
| Sub-contractor costs | — | 12 | 2 | 10 | — | — | — | — | — | 11 | 11 | 7 | 53 | 127 | (74) | (58.0%) | 159 | (106) | (66.5%) |
| Total Labor COGS | \$ 2,927 | \$ 2,714 | \$ 2,913 | \$ 2,840 | \$ 3,198 | \$ 3,138 | \$ 3,242 | \$ 3,263 | \$ 3,119 | \$ 3,337 | \$ 3,197 | \$ 2,915 | \$ 36,805 | \$ 38,371 | \$ (1,566) | (4.1%) | \$ 38,503 | \$ (1,698) | (4.4%) |
| Other | | | | | | | | | | | | | | | | | | | |
| Repairs and maintenance | \$ 115 | \$ 26 | \$ 78 | \$ 34 | \$ 44 | \$ 62 | \$ 83 | \$ 80 | \$ (35) | \$ 109 | \$ 104 | \$ 128 | \$ 825 | \$ 1,037 | \$ (211) | (20.4%) | \$ 1,222 | \$ (397) | (32.5%) |
| Absorption | (234) | (425) | (600) | 86 | 312 | (475) | 235 | (71) | (135) | 122 | (4) | (24) | (1,214) | (1,049) | (165) | 15.7% | (622) | (592) | 95.1% |
| Freight out | 625 | 533 | 704 | 712 | 772 | 724 | 752 | 762 | 747 | 863 | 780 | 543 | 8,517 | 9,368 | (851) | (9.1%) | 9,785 | (1,268) | (13.0%) |
| Rent / facilities | 125 | 167 | 193 | 76 | 185 | 183 | 189 | 208 | 183 | 139 | 138 | 205 | 1,992 | 1,840 | 152 | 8.2% | 1,511 | 481 | 31.8% |
| Utilities | 479 | 508 | 539 | 458 | 435 | 590 | 535 | 611 | 506 | 584 | 559 | 512 | 6,319 | 6,711 | (393) | (5.9%) | 6,579 | (261) | (4.0%) |
| Other cost of sales | 199 | 206 | 202 | 167 | 220 | 171 | 221 | 186 | 216 | 197 | 204 | 162 | 2,350 | 2,355 | (5) | (0.2%) | 2,409 | (60) | (2.5%) |
| Total Other COGS | \$ 1,309 | \$ 1,015 | \$ 1,117 | \$ 1,533 | \$ 1,968 | \$ 1,255 | \$ 2,014 | \$ 1,776 | \$ 1,482 | \$ 2,013 | \$ 1,780 | \$ 1,527 | \$ 18,788 | \$ 20,261 | \$ (1,473) | (7.3%) | \$ 20,885 | \$ (2,097) | (10.0%) |

Management Discussion

Material COGS: Decrease of \$9,657K due to lower volume impact of \$10,477K (Sales volumes (lbs) lower by 13.3%), unfavorable yields and higher scrap (net of regrind usage) at Woodbridge, Delmont & Everett of \$1,908K; unfavorable E&O reserves at Woodbridge, Everett and Terrebonne of \$317K, partially offset by improved scrap and favorable PPV at ECS of \$1,405K

Labor COGS: Lower costs due to volume impact of \$649K, out-of-period workers' compensation refunds at Laval and Everett of \$170K, a favorable F/X impact of \$352K 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 \$395K

Other COGS: Decrease of \$1,473K due to lower freight costs of \$753K, lower overhead spending of \$315K (ie. Maintenance costs, utilities, factory supplies), a higher tool & die absorption recovery impact of \$217K, lower property tax adjustment at Everett of \$87K, a favorable F/X impact of \$212K partially offset by an unfavorable absorption impact of \$111K

Monthly Balance Sheet

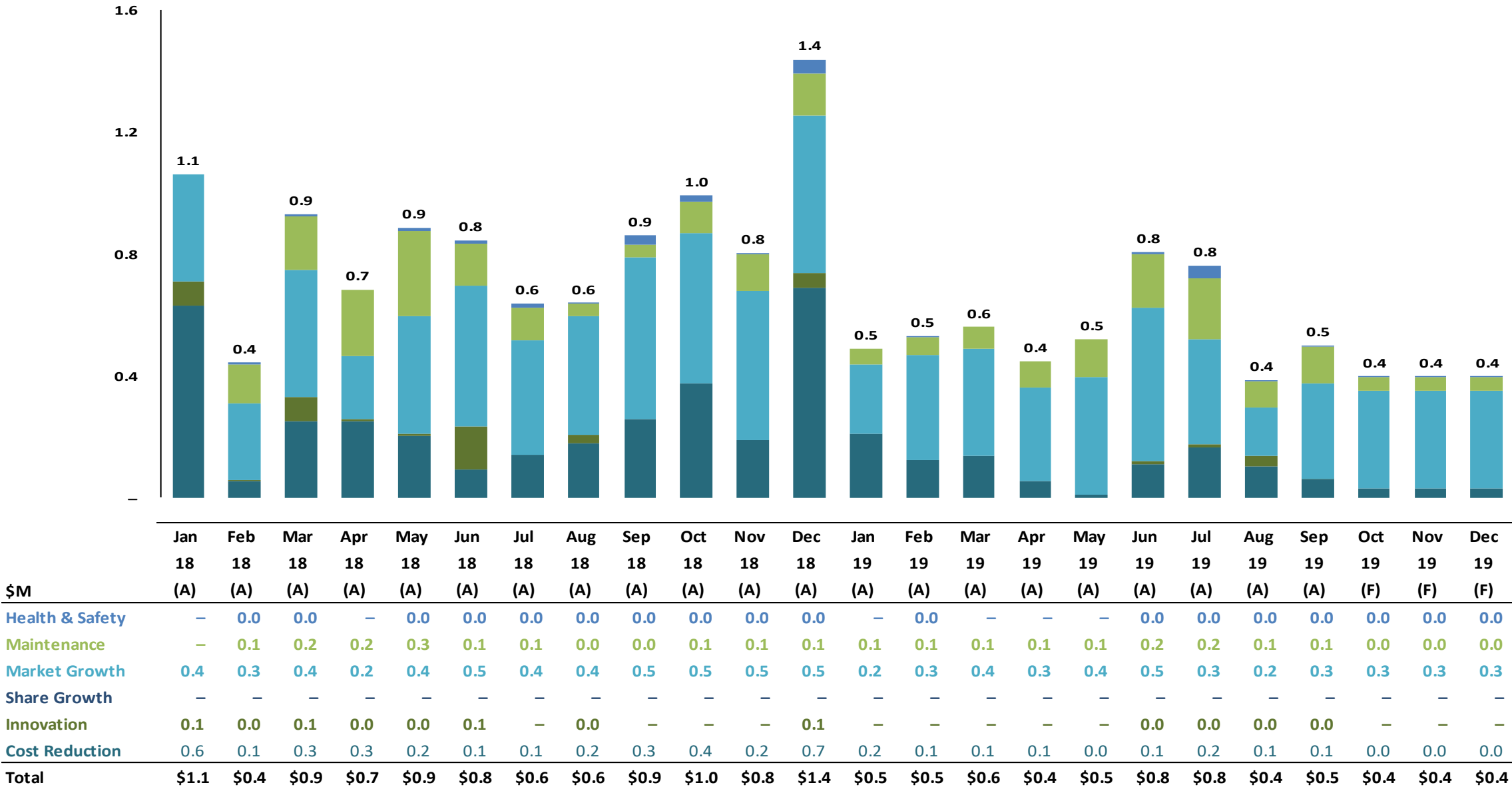
| | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | FY | FY | Var | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-----------------|----------------|
| \$'000 | Act | Act | Act | Act | Act | Act | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % |
| Current Assets | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 0 | \$ 3 | 739066.5% |
| Short term investments | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | N/A |
| <i>Accounts receivable, gross</i> | 9,182 | 9,929 | 11,613 | 13,369 | 14,654 | 15,793 | 13,673 | 13,780 | 13,915 | 15,081 | 13,521 | 10,481 | 10,481 | 8,958 | 1,523 | 17.0% |
| <i>Accounts receivable, reserves</i> | (393) | (393) | (399) | (425) | (465) | (479) | (477) | (472) | (501) | (679) | (679) | (679) | (679) | (363) | (316) | 86.9% |
| Accounts receivable, net | 8,789 | 9,536 | 11,214 | 12,944 | 14,190 | 15,313 | 13,196 | 13,308 | 13,414 | 14,402 | 12,842 | 9,802 | 9,802 | 8,594 | 1,208 | 14.1% |
| <i>Inventory, gross</i> | 34,588 | 36,157 | 35,647 | 34,119 | 32,304 | 34,675 | 34,503 | 34,146 | 34,529 | 32,837 | 32,471 | 32,668 | 32,668 | 31,776 | 892 | 2.8% |
| <i>Inventory, reserves</i> | (1,497) | (1,514) | (1,497) | (1,562) | (1,608) | (1,789) | (1,797) | (1,783) | (1,764) | (1,696) | (1,702) | (1,706) | (1,706) | (1,467) | (239) | 16.3% |
| Inventory, net | 33,091 | 34,642 | 34,150 | 32,557 | 30,697 | 32,887 | 32,705 | 32,363 | 32,765 | 31,140 | 30,769 | 30,962 | 30,962 | 30,309 | 653 | 2.2% |
| Prepaid expenses and other current assets | 3,145 | 3,030 | 3,051 | 3,909 | 4,233 | 4,279 | 4,257 | 4,035 | 3,848 | 3,348 | 3,110 | 2,832 | 2,832 | 2,942 | (109) | (3.7%) |
| Other current assets | 761 | 864 | 804 | 790 | 865 | 830 | 1,026 | 932 | 911 | 1,771 | 1,829 | 682 | 682 | 901 | (218) | (24.2%) |
| Total Current Assets | 45,790 | 48,076 | 49,223 | 50,203 | 49,987 | 53,312 | 51,187 | 50,640 | 50,941 | 50,663 | 48,552 | 44,281 | 44,281 | 42,746 | 1,536 | 3.6% |
| Non-Current Assets | | | | | | | | | | | | | | | | |
| <i>Property, plant & equipment, gross</i> | 66,687 | 67,249 | 66,818 | 67,503 | 67,826 | 69,761 | 70,321 | 70,322 | 70,962 | 73,531 | 73,935 | 74,303 | 74,303 | 64,977 | 9,326 | 14.4% |
| <i>Accumulated depreciation</i> | (18,755) | (19,488) | (19,863) | (20,649) | (21,300) | (22,479) | (23,152) | (23,765) | (24,601) | (23,245) | (23,906) | (24,569) | (24,569) | (17,639) | (6,930) | 39.3% |
| Property, plant & equipment, net | 47,932 | 47,761 | 46,955 | 46,853 | 46,525 | 47,282 | 47,169 | 46,557 | 46,361 | 50,286 | 50,028 | 49,734 | 49,734 | 47,338 | 2,395 | 5.1% |
| Deferred financing cost | 546 | 533 | 510 | 499 | 484 | 479 | 464 | 448 | 435 | 422 | 408 | 395 | 395 | 548 | (153) | (27.9%) |
| Deferred tax asset | 2,961 | 2,963 | 2,898 | 2,913 | 2,901 | 2,973 | 2,963 | 2,938 | 2,947 | 1,367 | 1,367 | 1,367 | 1,367 | 2,879 | (1,513) | (52.5%) |
| Other non-current assets | 2,688 | 2,690 | 2,644 | 2,685 | 2,698 | 2,791 | 2,784 | 2,784 | 2,791 | 3,257 | 3,274 | 3,331 | 3,331 | 2,616 | 715 | 27.3% |
| Total Non-Current Assets | 54,127 | 53,947 | 53,007 | 52,950 | 52,607 | 53,535 | 53,388 | 52,727 | 52,534 | 55,332 | 55,077 | 54,826 | 54,826 | 53,382 | 1,444 | 2.7% |
| Total Assets | \$ 99,917 | \$ 102,023 | \$ 102,229 | \$ 103,153 | \$ 102,595 | \$ 106,848 | \$ 104,574 | \$ 103,368 | \$ 103,475 | \$ 105,995 | \$ 103,630 | \$ 99,107 | \$ 99,107 | \$ 96,127 | \$ 2,980 | 3.1% |
| Current Liabilities | | | | | | | | | | | | | | | | |
| Bank Debt | \$ 14,340 | \$ 16,533 | \$ 18,750 | \$ 19,505 | \$ 19,025 | \$ 17,818 | \$ 17,338 | \$ 16,897 | \$ 16,663 | \$ 18,098 | \$ 14,909 | \$ 13,864 | \$ 13,864 | \$ 10,222 | \$ 3,641 | 35.6% |
| Current Portion - Long Term Debt | 1,678 | 1,665 | 1,639 | 1,648 | 1,640 | 1,683 | 1,676 | 1,662 | 1,667 | 1,800 | 1,800 | 1,800 | 1,800 | 1,628 | 172 | 10.6% |
| Accounts payable | 11,725 | 12,319 | 12,200 | 12,267 | 12,359 | 15,487 | 15,146 | 14,498 | 14,476 | 13,308 | 14,456 | 12,627 | 12,627 | 12,709 | (82) | (0.6%) |
| Accrued liabilities | 4,045 | 3,378 | 3,727 | 3,515 | 3,556 | 3,864 | 3,513 | 3,630 | 3,707 | 3,366 | 3,189 | 2,808 | 2,808 | 3,343 | (535) | (16.0%) |
| Accrued compensation | 2,492 | 2,800 | 2,877 | 3,338 | 3,488 | 3,931 | 3,435 | 3,952 | 4,303 | 4,804 | 4,780 | 5,149 | 5,149 | 2,521 | 2,628 | 104.2% |
| Income taxes payable | (189) | (102) | (344) | (275) | (215) | (118) | 46 | 86 | 192 | 1,734 | 1,848 | 1,710 | 1,710 | (246) | 1,956 | (793.7%) |
| Contingent consideration | 1,301 | 1,301 | 1,301 | 1,301 | 1,301 | 1,301 | 1,301 | 1,301 | 1,301 | — | — | — | — | 1,301 | (1,301) | (100.0%) |
| Other current liabilities | 101 | 97 | 124 | 125 | 132 | 125 | 127 | 122 | 116 | 128 | 111 | 107 | 107 | 97 | 11 | 11.0% |
| Total Current Liabilities | 35,493 | 37,990 | 40,273 | 41,423 | 41,287 | 44,090 | 42,582 | 42,149 | 42,425 | 43,238 | 41,094 | 38,065 | 38,065 | 31,576 | 6,490 | 20.6% |
| Long-term liabilities | | | | | | | | | | | | | | | | |
| Long-term debt less current maturities | 12,248 | 12,114 | 11,679 | 11,609 | 11,418 | 11,587 | 11,403 | 11,163 | 11,060 | 10,714 | 10,571 | 10,428 | 10,428 | 12,006 | (1,579) | (13.1%) |
| Deferred income taxes | 9,753 | 9,757 | 9,642 | 9,669 | 9,647 | 9,775 | 9,756 | 9,713 | 9,729 | 7,785 | 7,785 | 7,785 | 7,785 | 9,610 | (1,825) | (19.0%) |
| Other non-current liabilities | 1,525 | 1,530 | 1,491 | 1,503 | 1,497 | 1,597 | 1,591 | 1,577 | 1,585 | 1,477 | 1,482 | 1,486 | 1,486 | 1,468 | 18 | 1.2% |
| Total Long-Term Liabilities | 23,526 | 23,400 | 22,812 | 22,781 | 22,562 | 22,959 | 22,751 | 22,453 | 22,374 | 19,976 | 19,838 | 19,699 | 19,699 | 23,084 | (3,386) | (14.7%) |
| Total Liabilities | 59,019 | 61,391 | 63,085 | 64,205 | 63,849 | 67,049 | 65,333 | 64,602 | 64,799 | 63,214 | 60,931 | 57,764 | 57,764 | 54,660 | 3,104 | 5.7% |
| Commitments and contingencies | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Shareholders' Equity | | | | | | | | | | | | | | | | |
| Common stock | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | 12,610 | (0) | (0.0%) |
| Retained earnings | 29,143 | 28,871 | 27,592 | 27,350 | 27,180 | 28,033 | 27,505 | 27,095 | 26,982 | 30,701 | 30,619 | 29,263 | 29,263 | 30,039 | (776) | (2.6%) |
| Accumulated other comprehensive income | (855) | (850) | (1,058) | (1,011) | (1,045) | (845) | (873) | (938) | (916) | (530) | (530) | (530) | (530) | (1,181) | 652 | (55.2%) |
| Total Shareholders' Equity | 40,898 | 40,632 | 39,144 | 38,948 | 38,746 | 39,798 | 39,241 | 38,766 | 38,676 | 42,781 | 42,699 | 41,343 | 41,343 | 41,467 | (124) | (0.3%) |
| Total Liabilities and Shareholders' Equity | \$ 99,917 | \$ 102,023 | \$ 102,229 | \$ 103,153 | \$ 102,595 | \$ 106,848 | \$ 104,574 | \$ 103,368 | \$ 103,475 | \$ 105,995 | \$ 103,630 | \$ 99,107 | \$ 99,107 | \$ 96,127 | \$ 2,980 | 3.1% |

Monthly Cash Flow

| | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | FY | FY | Var | | PY | Var | |
|---|-------------------|-------------------|-------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|--------------------|-------------------|--------------------|
| \$'000 | Act | Act | Act | Act | Act | Act | Act | Act | Act | Fcst | Fcst | Fcst | Fcst | Bud | \$ | % | Act | \$ | % |
| Cash flow from operations | | | | | | | | | | | | | | | | | | | |
| Net Income (Loss) | \$ (886) | \$ (271) | \$ (1,280) | \$ (242) | \$ (169) | \$ 853 | \$ (528) | \$ (410) | \$ (112) | \$ 59 | \$ (82) | \$ (1,356) | \$ (4,425) | \$ (3,300) | \$ (1,126) | 34.1% | \$ (3,987) | \$ (439) | 11.0% |
| Depreciation, amortization and other | 708 | 721 | 729 | 702 | 725 | 741 | 761 | 768 | 779 | 796 | 799 | 803 | 9,032 | 9,128 | (96) | (1.1%) | 7,801 | 1,230 | 15.8% |
| Non-cash loss/expense (gain) | (161) | (7) | 201 | (62) | 36 | (213) | 64 | 83 | (14) | 670 | (145) | (151) | 299 | (307) | 606 | (197.4%) | 377 | (78) | (20.7%) |
| Deferred income tax | 143 | 3 | (115) | 27 | (22) | 128 | (19) | (43) | 15 | (1,944) | – | – | (1,825) | 148 | (1,973) | (1331.0%) | (1,301) | (524) | 40.3% |
| Change in operating assets and liabilities: | | | | | | | | | | | | | | | | N/A | | | |
| Accounts receivable | (195) | (747) | (1,678) | (1,730) | (1,246) | (1,124) | 2,118 | (112) | (107) | (987) | 1,560 | 3,040 | (1,208) | (1,173) | (35) | 3.0% | 3,252 | (4,460) | (137.1%) |
| Inventory | (2,782) | (1,552) | 492 | 1,593 | 1,861 | (2,190) | 181 | 342 | (403) | 1,625 | 371 | (193) | (653) | (690) | 37 | (5.4%) | (594) | (59) | 9.9% |
| Prepaid expenses and other current assets | (64) | 12 | 39 | (843) | (400) | (11) | (173) | 316 | 208 | (360) | 179 | 1,425 | 328 | 328 | – | 0.0% | 456 | (128) | (28.1%) |
| Accounts payable | (984) | 594 | (119) | 68 | 92 | 3,128 | (340) | (648) | (22) | (1,168) | 1,148 | (1,829) | (82) | (82) | (0) | 0.0% | (379) | 296 | (78.3%) |
| Accrued expenses | 673 | (359) | 426 | 249 | 192 | 750 | (846) | 635 | 427 | 160 | (201) | (12) | 2,093 | 2,344 | (251) | (10.7%) | (2,316) | 4,408 | (190.4%) |
| Accrued income taxes | 58 | 87 | (242) | 69 | 60 | 96 | 164 | 40 | 106 | 1,542 | 115 | (138) | 1,956 | 1,060 | 896 | 84.5% | 751 | 1,205 | 160.6% |
| Other changes in operating assets and liabilities | 4 | (4) | 27 | 1 | 7 | (7) | 1 | (5) | (6) | (1,289) | (17) | (4) | (1,290) | (1,290) | – | 0.0% | 65 | (1,355) | (2097.6%) |
| Other cash flow from operations | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Total Cash Flow from Operations | \$ (3,487) | \$ (1,522) | \$ (1,520) | \$ (168) | \$ 1,136 | \$ 2,150 | \$ 1,381 | \$ 966 | \$ 873 | \$ (896) | \$ 3,728 | \$ 1,584 | \$ 4,224 | \$ 6,166 | \$ (1,942) | (31.5%) | \$ 4,126 | \$ 99 | 2.4% |
| Cash flow from investing | | | | | | | | | | | | | | | | | | | |
| Additions to property, plant and equipment | \$ (489) | \$ (531) | \$ (560) | \$ (448) | \$ (519) | \$ (805) | \$ (761) | \$ (386) | \$ (500) | \$ (398) | \$ (398) | \$ (398) | \$ (6,193) | \$ (8,000) | \$ 1,807 | (22.6%) | \$ (10,215) | \$ 4,023 | (39.4%) |
| Earnout payments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Other cash flow from investing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Total Cash Flow from Investing | \$ (489) | \$ (531) | \$ (560) | \$ (448) | \$ (519) | \$ (805) | \$ (761) | \$ (386) | \$ (500) | \$ (398) | \$ (398) | \$ (398) | \$ (6,193) | \$ (8,000) | \$ 1,807 | (22.6%) | \$ (10,215) | \$ 4,023 | (39.4%) |
| Cash flow from financing | | | | | | | | | | | | | | | | | | | |
| Proceeds from the issuance (repayment) of short-term debt | \$ 4,118 | \$ 2,193 | \$ 2,218 | \$ 754 | \$ (479) | \$ (1,207) | \$ (480) | \$ (442) | \$ (234) | \$ 1,435 | \$ (3,189) | \$ (1,045) | \$ 3,641 | \$ 3,556 | \$ 85 | 2.4% | \$ 6,282 | \$ (2,641) | (42.0%) |
| Proceeds from the issuance of debt | (0) | 0 | (0) | 0 | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | – | 0 | N/A | 1,207 | (1,207) | (100.0%) |
| Repayment of debt | (138) | (139) | (138) | (138) | (137) | (139) | (140) | (139) | (139) | (141) | (141) | (141) | (1,670) | (1,719) | 49 | (2.8%) | (1,400) | (270) | 19.3% |
| Common stock cash dividends paid | – | – | – | – | – | – | – | – | – | (0) | – | – | (0) | – | (0) | N/A | – | (0) | N/A |
| Other cash flow from financing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | N/A | – | – | N/A |
| Total Cash Flow from Financing | \$ 3,979 | \$ 2,053 | \$ 2,080 | \$ 616 | \$ (617) | \$ (1,345) | \$ (620) | \$ (580) | \$ (373) | \$ 1,294 | \$ (3,330) | \$ (1,186) | \$ 1,971 | \$ 1,837 | \$ 134 | 7.3% | \$ 6,089 | \$ (4,118) | (67.6%) |
| Effect of FX rates on cash and cash equivalents | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | N/A | \$ – | \$ - | N/A |
| Net change in cash | \$ 3 | \$ 0 | \$ (0) | \$ 0 | \$ (0) | \$ 0 | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ 3 | \$ 3 | \$ (0) | (0.0%) | \$ (0) | \$ 3 | (1065.7%) |
| Beginning cash | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 0 | 0 | – | – | (0) | \$ 0 | (100.1%) |
| Change in cash | 3 | 0 | (0) | 0 | (0) | 0 | (0) | (0) | (0) | (0) | (0) | (0) | 3 | 3 | (0) | (0.0%) | (0) | \$ 3 | (1065.7%) |
| Ending cash | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ (0) | (0.0%) | \$ 0 | \$ 3 | 26320641.0% |

Capital Expenditures

\$ in millions



Headcount Trending by Month

| Month | Direct Labor | Indirect Labor - Hourly | Indirect Labor - Salary | Delivery & Dist. | Research & Development | Sales & Marketing | Administrative | Other | Total Permanent | Agency FTE & Temps | Total Headcount | Bud Headcount | Difference to Bud |
|------------------------|--------------|-------------------------|-------------------------|------------------|------------------------|-------------------|----------------|-------|-----------------|--------------------|-----------------|---------------|-------------------|
| 2019 January (A) | 324 | 154 | 81 | 35 | 13 | 26 | 59 | – | 692 | 24 | 716 | 780 | (64) |
| 2019 February (A) | 331 | 156 | 81 | 35 | 13 | 26 | 60 | – | 702 | 27 | 729 | 802 | (73) |
| 2019 March (A) | 331 | 160 | 81 | 36 | 13 | 26 | 62 | – | 709 | 36 | 745 | 802 | (57) |
| 2019 April (A) | 321 | 158 | 81 | 36 | 13 | 25 | 61 | – | 695 | 29 | 724 | 813 | (89) |
| 2019 May (A) | 324 | 161 | 80 | 37 | 13 | 28 | 63 | – | 706 | 64 | 770 | 818 | (48) |
| 2019 June (A) | 328 | 160 | 79 | 36 | 13 | 24 | 63 | – | 703 | 108 | 811 | 832 | (21) |
| 2019 July (A) | 320 | 163 | 79 | 36 | 13 | 25 | 62 | – | 698 | 125 | 823 | 826 | (3) |
| 2019 August (A) | 318 | 160 | 81 | 36 | 13 | 25 | 61 | – | 694 | 110 | 804 | 825 | (21) |
| 2019 September (A) | 317 | 159 | 80 | 35 | 13 | 26 | 61 | – | 691 | 96 | 787 | 797 | (10) |
| 2019 October (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

- Woodbridge: Hired 3 permanent and 3 temps and 2 maintenance technicians offset by 5 resignations and 2 students went back to school and transfer of CSR to Patio Door
- Terrebonne: Increase from 153 to 159 due to hiring of temps, 2 CSRs, foreman and a Production Clerk offset by terminations/resignations of temps/hourly
- Laval: Down from 145 to 134 due to end of term of 10 interns, termination of 7 temps offset by some hiring
- Everett: Hourly pretty stable. Resignation of Plant manager. Hiring to cover staff exits in Admin
- Delmont: Pretty stable
- Corporate: Resignation of Admin staff

Headcount Hires and Attrition

| Functional Area | Start of Quarter | Hires | Transfers | Involuntary | | QTD | Bud Headcount | Difference to Bud |
|-------------------------|------------------|-----------|-----------|-------------|----------------|------------|---------------|-------------------|
| | | | | Term | Voluntary Term | | | |
| Direct Labor | 328 | 14 | 1 | (9) | (17) | 317 | 362 | 45 |
| Indirect Labor - Hourly | 160 | 6 | 2 | (2) | (7) | 159 | 164 | 5 |
| Indirect Labor - Salary | 79 | 2 | — | — | (1) | 80 | 88 | 8 |
| Delivery & Dist. | 36 | — | — | — | (1) | 35 | 38 | 3 |
| Research & Development | 13 | — | — | — | — | 13 | 15 | 2 |
| Sales & Marketing | 24 | 3 | 1 | — | (2) | 26 | 30 | 4 |
| Administrative | 63 | 1 | — | — | (3) | 61 | 59 | (2) |
| Other | - | — | — | — | — | - | - | - |
| Agency FTE & Temps | 108 | 64 | 7 | (64) | (19) | 96 | 41 | (55) |
| Total | 811 | 90 | 11 | (75) | (50) | 787 | 797 | 10 |

Management Discussion

- Net decrease of 24 employees during the quarter, mainly temps and DL
- Hiring mainly in Terrebonne in response to staff turnover, vacation replacement and production requirements
- Some hiring in Administration to cover for staff exits

Liquidity Forecast

\$ in millions

