

VITREOUS GLASS INC.
TWELVE MONTHS ENDED SEPTEMBER 30, 2021
MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) is dated December 9, 2021.

The following is management's discussion and analysis of the business and financial results of Vitreous Glass Inc. (“Vitreous” or the “Company”) for the three months and for the year ended September 30, 2021. This MD&A should be read in conjunction with the audited financial statements of the Company for the year ended September 30, 2021. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements and additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. Results are reported in Canadian dollars unless otherwise noted.

Advisory regarding forward looking statements and information

This MD&A contains forward looking statements and information. Forward looking statements and information are based upon current expectations and assumptions that involve a number of risks and uncertainties, of which some are beyond the Company's control and could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements and information are based upon the estimates and opinions of the Company's management at the time the statements were made.

Readers of this MD&A are strongly cautioned that any statements relating to the future business prospects of the Company (and therefore its ability to meet its financial obligations, and potentially continue to pay dividends) are entirely subject to the continuation of satisfactory business conditions. These include, but are not limited to, availability of waste glass for processing, demand for fiberglass building insulation by the consumer, willingness and ability of the Company's customers to continue to use waste glass as part of their raw material, availability of hauling product to and from the Company's plant, adequate margins to cover the Company's costs, and the financial health of the Company's customers.

In particular, forward looking statements and information include assumptions that (i) there will be continuing market demand for fiberglass insulation; (ii) the Company's customers will continue to operate their Alberta plants at a level where historical levels of demand for glass are present; and (iii) glass supply and transportation will continue to be available on an economically viable basis. In addition, management has made assumptions about the impacts of the COVID-19 pandemic (and duration thereof) on the operations of the Company. Based on these assumptions, which management believes to be reasonable, management believes that the Company has sufficient cash and available credit facilities to meet its obligations as they fall due, and anticipates no change in the ability to meet such obligations on an ongoing basis.

Particularly in light of the COVID-19 pandemic and resulting economic impacts, the reader is strongly cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements are made as of the date of this MD&A and the Company does not undertake any obligation to update publicly or revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Risk and uncertainties, including COVID-19 pandemic

Risk is inherent in all business activities and cannot be entirely eliminated. Except for the new risks and uncertainties arising from the COVID-19 pandemic as further discussed below, the risks and uncertainties discussed in “Business Risks” are considered by management to be the most important in the context of the Company’s business. Those risks and uncertainties are not inclusive of all the risks and uncertainties the Company may be subjected to and other risks may apply.

Since its advent in early 2020, the COVID-19 pandemic has introduced new unprecedented risks and uncertainties throughout the world, and unpredictable impacts on economic and social activities throughout the world. The full extent of the potential impacts of this pandemic are generally unknown and unknowable.

In this MD&A, the Company has endeavoured to identify specific COVID-19 pandemic related risks that the Company faces, the actions the Company has taken to mitigate these risks to the greatest extent possible, the potential impacts that these risks and actions may have on the Company’s ability to conduct its business and on its financial performance and financial condition. See sections ‘COVID-19 pandemic: impact on operations’, ‘COVID-19 pandemic: impact on financial performance and financial condition’ and ‘COVID-19 pandemic: impact on liquidity and financial resources.’

The Company

Vitreous operates a waste glass processing plant at Airdrie, Alberta. The plant gathers post-consumer waste glass from Alberta and elsewhere in western Canada, crushes it, removes contaminants, and sells the final product to three manufacturers of fiberglass building insulation for use as a raw material in their production facilities in Alberta.

Business risks

All production from the Company’s Alberta glass plant is sold to two large customers and one smaller one in the fiberglass manufacturing industry in Alberta, which is heavily dependent on housing starts in Western Canada and the Northwest United States.

Inventory is maintained at levels that are dictated largely by available supply and customer demand. The Company is subject to unpredictable variations in demand for its product and in supply of raw glass. The Company is required to manage an appropriate balance between supply and demand while maintaining an appropriate level of inventory of raw glass on hand.

Revenue is dependent upon the quantity of Vitreous product purchased by its customers. Customer demand is in turn driven by demand for fiberglass building insulation that is affected by seasonal variations in the building industry, cyclical variations in the building industry and unexpected events including events of a nature that can cause unexpected increases or decreases in building activity. The Company ships to its customers based on their day-to-day consumption.

On the supply side the Company generally must accept glass as it becomes available from one major supplier, and two other suppliers of modest scale, all three of which involve a different cost, including hauling. The Company makes every effort not to interrupt supply. The loss of any of the Company’s current suppliers could have an adverse impact on the operations of the Company.

As discussed above in 'Advisory regarding forward looking statements', the ongoing operations and future business prospects of the Company depend upon a number of assumptions, including an assumption that glass supply and transportation will continue to be available on an economically viable basis. In November 2021 weather events in western Canada resulted in severe flooding which caused damage to transportation infrastructure and temporary closure of commercial trucking routes between parts of British Columbia and Alberta. This caused a temporary delay in the supply of raw glass from the lower mainland area of British Columbia, which is a minor portion of the Company's total supply of raw glass. The temporary delay means that some undelivered amount of raw glass remains in the Lower Mainland area which may be delivered to the Company at a later date. This delay has not caused the Company to curtail delivery of finished product to customers to date.

There are indications in the North American market of a trend of decline in the market share of glass containers versus other beverage containers. Notwithstanding these indications, the volume of raw glass available to the Company has increased in the current year ended September 30, 2021 and prior year ended September 30, 2020, after having declined slightly in the year prior. Some of the increased supply of raw glass has originated in geographic areas more distant from Airdrie AB which has required increased hauling costs, and contributes to a higher average cost of raw glass.

There is a risk that the volume of glass beverage containers sold may decline which would result in a decline in the available supply of raw glass. Furthermore, the return of recyclable glass beverage containers to depots is erratic in quantity and timing. The Company is not able to forecast the volumes of raw glass that may be available in the future.

The Company continues to monitor the balance between supply and demand. See comments under 'Inventory and Supply'.

COVID-19 pandemic: impact on operations.

The COVID-19 pandemic, commencing in the month of March 2020, has introduced new risks of disruption to the Company's day to day operations. Beginning in March 2020, the Company has taken specific actions to mitigate these risks.

In the year ended September 30, 2021 COVID-19 has impacted the operations of the Company as follows:

(a) Risk of disruption of day to day operations

The Company has modified how it conducts its business activities to be in accordance with all relevant rulings and directives from the Alberta Provincial Health Authority. The Company intends to continue managing its operations in compliance with any and all such rulings and directives.

All management and office staff are working remotely to the greatest extent possible, and conducting virtual meetings.

All plant workers are scheduled in manners to minimize close contact in every shift. Sanitization of all work stations takes place between each shift.

Deliveries of incoming supply of waste glass from locations in Alberta, British Columbia and Saskatchewan and outbound loading of product being trucked to customers are managed so that interaction of personnel are conducted in accordance with prevailing health and safety rulings and directives.

These actions have not had any significant impact on the Company's cost of operations to September 30, 2021. However, if these actions are required to be maintained over an extended period, or more stringent actions are required, operating conditions and operating costs are likely to be adversely impacted, and possibly to a significant degree.

There is a risk that, in the future, this pandemic or others like it may cause government mandated lockdowns whereby no staff or plant workers are able or permitted to come to work on site, or truck transportation of incoming raw material and outgoing product to customers are reduced or suspended. In such events, the Company may be required to suspend plant operations indefinitely. (See additional comments on COVID-19 pandemic impacts in sections below).

(b) Risk of disruption in supply chain

As noted below in 'Inventory and Supply', the volume of waste glass entering the recycling stream is unpredictable and not susceptible to forecast. The COVID-19 pandemic has caused increased volatility and instability in the flow of recycled glass in our market area. The Company's ability to continue operations and to deliver product to customers is dependent upon the volume of incoming supply of waste glass.

(c) Risk of disruption in demand for product by customers

To date, the COVID-19 pandemic has had no impact on our three customers' demand for our product, which in turn is heavily dependent on housing starts in Western Canada and Northwest United States as discussed in 'Business Risks'. There is a risk that COVID-19 pandemic and the general economic impacts caused by it could adversely affect housing starts and/or the ability of our three customers to maintain their historic levels of demand for our product. Any significant and/or sustained reduction in either the incoming supply of waste glass or customer demand for the Company's product would have significant adverse impact on the earnings and distributable cash arising from operations.

(d) Other COVID-19 related risks of disruption in operations

Management continues to monitor and assess any additional risks to disruption of operations arising from COVID-19. See also 'COVID-19 pandemic: Impact on financial condition and financial performance' and 'COVID-19 pandemic: Impact on Liquidity and capital resources'.

Sales

Sales for the three months ended September 30, 2021 decreased by 9.6% (\$276,497) from the same three months of the preceding fiscal year due to a 12.4% decrease in volume of product sold offset by a 3.2% increase in the average product selling price.

Sales for the year ended September 30, 2021 increased by 29.5% (\$2,757,072) from the preceding fiscal year due to the combined impact of 25.2% increase in volume of product sold and an increase in average product selling price of 3.4%. The significant increase in volume of product sold and the underlying

conditions that gave rise to this significant increase are further discussed below under 'Comments on selected annual information'.

During the periods ended September 30, 2021 and 2020, all sales were to three customers in the fiberglass insulation manufacturing industry, of which two customers exceeded 10% of total sales. Sales to these two customers comprised 59.1% and 35.9% respectively of total sales for the three months ended September 30, 2021 (2020 – 58.9% and 35.6% respectively). Sales to each of these two customers comprised 55.1% and 39.2% respectively of total sales for the year ended September 30, 2021 (2020 – 64.7 and 28.7% respectively). As at September 30, 2021, 93.8% (September 30, 2020 – 88.7%) of accounts receivable are due from those two customers.

Fluctuations in customer demand for the Company's product and the supply of raw glass are discussed above in 'Business Risks'.

Cost of sales not including depreciation

Cost of sales not including depreciation, as a percentage of sales revenue for the three months ended September 30, 2021, increased by 4.3 percentage points to 49.1% for the current fiscal year from 44.8% for the same period of the preceding fiscal year. This increase in cost of sales not including depreciation, as a percentage of sales revenue, is due to a higher average cost per unit of raw glass consumed in the three months ended September 30, 2021 compared to the same period of the prior year. Labour costs, repairs & maintenance costs and other facility costs remained relatively constant in terms of absolute total amounts and percentage of sales revenue in both periods

Cost of sales not including depreciation, as a percentage of sales revenue for the year ended September 30, 2021, decreased by 1.9 percentage points to 47.0% for the current fiscal year from 48.9% for the preceding fiscal year. The average cost per unit of raw glass consumed in the current year was essentially the same as the average for the prior year. The 1.9 percentage decrease is due to labour costs, repairs & maintenance costs, and other facility costs being less impacted by the significantly higher volume of product processed and sold in the current year and thus having a favorable impact on total cost of sales before depreciation as a percentage of sales revenue.

General and administrative expenses

General and administrative expenses for the three months ended September 30, 2021 decreased by 13.3% (\$61,123) from the same period of the preceding fiscal year primarily due to the incentive-based nature of compensation for the Chief Executive Officer which decreased by 17.9% (\$50,372). This incentive-based compensation is primarily determined by the gross margin amount before depreciation, which decreased by 16.6% (262,706) in the three months ended September 30, 2021 compared to the same period of the preceding fiscal year.

General and administrative expenses for the year ended September 30, 2021 increased by 32.0% (\$468,709) from the same period of the preceding fiscal year primarily due to (i) the incentive-based nature of compensation for the Chief Executive Officer which increased by 34.9% (290,646). This incentive-based compensation is primarily determined by the gross margin amount before depreciation, which increased by 34.1% (1,642,041) in the year ended September 30, 2021 compared to the preceding fiscal year, and (ii) the incentive base compensation for the Vice President, Chief Operating Officer which increased by 41.0% (\$84,163).

COVID-19 pandemic: impact on financial performance and financial condition

The COVID-19 pandemic has not caused any significant impact on financial results for the year ended September 30, 2021. The extent of any possible impact on financial results for the coming months and years is not determinable, however management expects that financial performance and financial condition may become less predictable and more volatile including unpredictable variations in earnings and distributable cash arising from operations. See 'Risk and Uncertainties, including COVID-19 pandemic'.

Federal Government CEWS assistance arising from COVID-19

In March 2020, the Government of Canada introduced the Canadian Emergency Wage Subsidy (CEWS) program to assist employers in meeting payroll costs in the event that employer revenues were adversely affected by impacts arising from COVID-19 subject to terms and conditions regarding eligibility and calculation of claimable amounts. In the year ended September 30, 2021, the Company qualified for and received grant payments under the CEWS program totaling \$Nil (\$114,582 for the year ended September 30, 2020).

In the prior year ended September 30, 2020, all amounts received under the CEWS program were applied to reduce wage expenses as follows:

Reduction in plant wages	\$85,516
Reduction in general & administrative expense	<u>29,066</u>
Total for year ended September 30, 2020	<u>\$114,582</u>

Accounts receivable

Accounts receivable at September 30, 2021 were consistent with sales in the period leading up to the end of the fiscal year. All accounts receivable as at September 30, 2021 are considered collectible.

Inventory and supply

Inventory is maintained at levels that are dictated largely by available supply and customer demand as discussed above in 'Business Risks'.

Inventory on hand as at September 30, 2021 comprises raw glass on hand, a modest amount of finished crushed glass on hand, and spare parts on hand as required to ensure timely repairs to plant equipment to minimize the risk of interruptions in production due to breakdowns.

The total carrying value of this inventory as at September 30, 2021 decreased by 42.4% (383,977) from the total carrying value as at the end of the prior year, primarily due to a 67.7% (\$373,441) reduction in the carrying value of raw glass supplies. This 67.7% reduction in the carrying value of raw glass was primarily due to a significant reduction in the quantity of raw glass on hand as at September 30, 2021 compared to the end of the prior year.

As discussed in 'Business Risks', the Company accepts deliveries of raw glass from its major supplier and other suppliers as it becomes available.

Purchase of property, plant and equipment

In the three months ended September 30, 2021, the Company spent \$76,469 on additions to property, plant and equipment (comprising \$69,526 to increase the capacity of storage silos, and \$6,943 on capital spares) compared to \$nil in the same period of the prior fiscal year

In the year September 30, 2021, additions to property, plant and equipment totaled \$108,565 compared to \$67,351 in the prior fiscal year. Additions in the current year comprise \$6,880 on the plant building, \$92,252 on plant equipment, and \$9,433 on capital spares compared to \$67,351 on additions to property, plant and equipment in the prior fiscal year (comprising \$53,100 improvements to the building, \$10,500 for additions to plant equipment and \$3,751 for capital spares). The \$92,252 spent on plant equipment was the first stage of construction of new storage silos to provide additional short term storage capacity for finished product awaiting shipment to customers. The project was completed in October, 2021 at a total cost of \$656,200.

Liquidity and financial resources

The Company's current liabilities at September 30, 2021 comprised normal trade payables and accrued liabilities, and the current portion of a capitalized lease liability. Assuming that there is continuing market demand for fiberglass insulation, assuming that its customers continue to operate their Alberta plants at a level where sufficient levels of demand for glass are present, and assuming that glass supply and transportation continue to be available on an economically viable basis, management believes that Vitreous will generate sufficient cash flows from operations to meet its obligations as they fall due, and anticipates no change in the ability to meet such obligations on an ongoing basis.

The Company follows a practice of maintaining cash reserves from cash generated by operations to meet expected quarterly dividend declarations. In addition, the Company holds cash in the amount of approximately \$450,000 in order to fund possible capital additions or significant maintenance that may arise on short notice. The Company also maintains a cash reserve in the approximate amount of one month's sales to our two major customers to provide the Company with liquidity in the event of any unexpected adverse change in business conditions.

Cash flow arising from operations in the six months ending September 30, 2021 were sufficient to provide payment of a dividend on August 15, 2021 in the amount of \$0.15 (cash distribution of \$565,530) while also providing cash on hand as at September 30, 2021 of \$2,452,871.

On October 15, 2021 the Directors approved the payment of a dividend on November 15, 2021 in the amount of \$0.08 for a total cash distribution of \$502,693. After payment of this dividend, the total cash on hand as of December 9, 2021 is \$1,704,561. Management estimates that this level of cash reserve provides adequate liquidity to sustain the Company in the event of any possible suspension of operations for up to 12 months.

COVID-19 pandemic: impact on liquidity and financial resources

As discussed in 'The COVID-19 pandemic: impact on financial performance and financial condition', the COVID-19 pandemic has increased the risk of reduced earnings and reduced net cash arising from operations.

Commitments

The Company is committed to monthly payments of \$2,000 under a property lease agreement expiring May 31, 2022 for storage of the Company's raw material inventory. The present value calculation of this lease liability assumes the Company will exercise its option to extend the lease to May 31, 2027.

Share capital

As at September 30, 2021 and December 9, 2021, there were 6,283,667 common shares ("Common Shares") outstanding (6,283,667 at September 30, 2020).

Effective November 12, 2018, the Board of Directors granted to Meredith Cashion, a director of the Company, an option to acquire 100,000 Common Shares at an option price of \$3.54 per share expiring on November 11, 2023. This option for 100,000 Common Shares remains outstanding as at September 30, 2021 and as at December 9, 2021.

Effective March 25, 2020, the Board of Directors granted to Darcy Forbes, Chief Operating Officer of the Company, an option to acquire 100,000 Common Shares at an option price of \$2.75 per share expiring on March 24, 2025. This option for 100,000 Common Shares remains outstanding as at September 30, 2021 and as at December 9, 2021.

As at September 30, 2021 and as at December 9, 2021 there were options outstanding for 200,000 Common Shares (200,000 at September 30, 2020).

Selected annual information

The following charts and related comments provide selected annual information for the fiscal years 2021, 2020 and 2019.

Year ended September 30:	2021	2020	2019
Sales	\$12,118,631	\$9,361,559	\$8,504,942
Net income	\$3,374,100	\$2,254,989	\$1,768,892
Net income per share	\$0.54	\$0.36	\$0.28
Diluted net income per share	\$0.52	\$0.35	\$0.28
Total assets	\$5,145,176	\$5,505,941	\$4,899,459
Long-term financial liabilities	\$99,772	\$123,560	\$ 0
Dividends paid, per share	\$0.55	\$0.30	\$0.38

Comments on selected annual information

The volume of product sold is dependent upon the volume of supply of raw glass available for purchase as discussed above in 'Inventory and Supply' and 'Business Risks'.

In the year ended September 30, 2021, the Company earned net income of \$3,374,100 (\$0.54 Net income per share) on sales of \$12,118,631 compared to \$2,254,898 (\$0.36 Net income per share) on sales of \$9,361,559 in the prior year. This increase in sales and net income was primarily due to an unexpected additional supply of raw glass being available to the Company combined with unexpected additional demand by our two main customers driven by higher demand for fiberglass insulation. In the year ended September 30, 2021, the Company benefited significantly from an unexpected surge in demand that fortuitously coincided with an unanticipated and unrelated increase in the supply of raw glass that enabled the Company to meet the increase in demand. As discussed above in 'Inventory and Supply' and 'Business Risks', the levels of supply of raw glass and the levels of demand by our customers will continue to fluctuate beyond the control of the Company. These fluctuations are not susceptible to prediction or forecast by the Company.

Sales for the year ended September 30, 2021 increased by 29.5% (\$2,757,072) from the preceding fiscal year due to the combined impact of 25.2% increase in volume of product sold and an increase in average product selling price of 3.4%.

Gross margin amount before depreciation and amortization in the year ending September 30 2021 increased by 34.1% (\$1,632,041) compared to the prior year primarily due to the 29.5% increase in the sales in the current period compared to the prior year, while the overall average unit cost of glass sold remained essentially the same in this current compared to the prior year, the average cost of glass purchased in the current year increased by 6.0%, the overall average cost of glass sold did not increase in the current year due to write ups in the inventory of raw glass in the current year. Specifically, the Company recorded a write up of the inventory of raw glass on hand at the Airdrie plant site as at December 31, 2020 in the amount of \$89,006, and a write up of the inventory of raw glass on hand at the Linden storage site as at March 31, 2021 by an amount of \$121,064. Both write-ups were made to adjust the book value of raw glass on hand to the actual amount on hand according to physical measurement processes as at those dates. Management regards these two adjustments as periodic non-recurring items. If these two write-ups totaling \$210,070 had not been made, the gross margin amount before depreciation and amortization in the year ended September 30, 2021 would have increased by only 29.7% (1,421,971) compared to the same period of the prior year.

Net income for the year ending September 30, 2021 increased by 45.7% (\$1,057,838) compared to the prior year primarily due to the 34.1% (\$1,632,041) increase in gross margin amount before depreciation and amortization offset by a 32.0% (\$468,709) increase in General & Administrative expenses. General & Administrative expenses increased due to an increase in the incentive-based nature of the compensation of the Chief Executive Officer and the Chief Operating Officer as discussed under 'General and administrative expenses'

Sales for the year ended September 30, 2020 increased by 10.1% (\$856,617) from the preceding fiscal year due to a 11.0% increase in volume of product sold, offset by a slight decrease in average product selling price of 0.9%.

Gross Margin before depreciation as a percentage of sales revenue for the year ended September 30, 2020 increased by 4.7 percentage points to 51.2% from 46.5% for the preceding fiscal year.

Net income for the year ended September 30, 2020 increased by 31.0% (\$547,368) primarily due to the combined factors of (a) a 10.1% (\$856,617) increase in sales, and (b) a 48.7% (\$196,600) decrease in total depreciation and amortization expense included in total cost of sales, as discussed below, offset by (c) a 35.0% (\$379,340) increase in general and administrative expenses, and (d) a 20.4% (\$129,480) increase in total income tax expense.

For the year ended September 30, 2020, the non-cash charge for depreciation expense included in total cost of sales declined by 48.7% in accordance with the accounting policy of depreciating the plant and equipment capital costs on a 20-year straight line basis. The Company's plant and equipment has been operating for more than 20 years, with the result that original cost layers invested at the time of commencement of operation of the plant have become fully depreciated. The Company's program of continuous additions and maintenance provides that the plant and equipment continue to be fully productive despite the declining net book value.

For a discussion of dividends paid, see below in 'Shareholder value and dividends'.

Selected quarterly information

The following charts and related comments provide selected information for the eight most recent fiscal quarters.

Quarter ended:	Sep 21	Jun 21	Mar 21	Dec 20
Sales	\$2,589,801	\$3,047,689	\$3,065,845	\$3,415,296
Net income	\$683,983	\$773,244	\$880,260	\$1,036,613
Per share	\$0.12	\$0.12	\$0.14	\$0.16
Diluted per share	\$0.10	\$0.12	\$0.14	\$0.16

Quarter ended:	Sep 20	Jun 20	Mar 20	Dec 19
Sales	\$2,866,298	\$1,298,960	\$2,642,089	\$2,554,212
Net income	\$882,964	\$232,070	\$551,841	\$649,387
Per share	\$0.14	\$0.04	\$0.09	\$0.10
Diluted per share	\$0.13	\$0.04	\$0.09	\$0.10

Comments on selected quarterly information

Quarterly results vary significantly depending upon demand and supply factors beyond the control of the company as discussed under “Business Risks”.

The primary factors that determine Sales and Net income in each quarter are (i) the volume of product sold in each quarter, (ii) the average price per ton of product sold in each quarter and (iii) the cost of glass sold in each quarter. Accordingly, comments in this section will focus on variations in these three primary factors and the reasons for them. As discussed fully under ‘Business Risks’, the demand for product by the Company’s customers and the supply of raw glass are not subject to control by the Company, nor are they susceptible to forecast or prediction in advance by the Company. Fluctuations in customer demand for the Company’s product, and fluctuations in supply and per unit cost of raw glass cause concomitant fluctuations in the Company’s Sales, Cost of sales and Net income on a monthly, quarterly and annual basis.

Financial results for the three months ended September 30, 2021 compared to the same quarter for the prior year are discussed above in ‘Sales’, ‘Cost of sales not including depreciation’ and ‘General and administrative expenses’. Net income for the the three months ended September 30, 2021 decreased by 22.5% (\$198,981) compared to the same quarter of the prior year primarily due to a 12.4% decrease in volume of product sold.

In the three months ending June 30, 2021, the Company earned net income of \$773,244 (\$0.12 per share) on sales of \$3,047,689 compared to \$232,870 (\$0.04 per share) on sales of \$1,298,960 in the same three months of the prior year. The 134.6% (\$1,748,728) increase in sales was due to a 125.7% increase in the volume of product sold combined with a 4.0% increase in the average selling price per unit in the current quarter compared to the same quarter of the prior year. This increase in sales and net income was primarily due to unexpected additional supply of raw glass combined with unexpected additional demand for product from the Company’s three customers, as discussed above under ‘Comments on selected annual information’. This increase in sales and net income was also impacted by a temporary suspension of activities by one of the Company’s two major customers in the three months ended June 30, 2020 that significantly reduced the volume of product sold to that customer in that period.

In the three months ending March 31, 2021, the Company earned net income of \$880,260 (\$0.14 per share) on sales of \$3,065,845 compared to \$551,841 (\$0.09 per share) on sales of \$2,642,089 in the same three months of the prior year. The 16.0% (\$423,576) increase in sales was due to a 13.7% increase in the volume of product sold combined with a 2.0% increase in the average selling price per unit in the current quarter compared to the same quarter of the prior year. This increase in sales and net income was primarily due to unexpected additional supply of raw glass combined with unexpected additional demand for product from the Company’s three customers, as discussed above under ‘Comments on selected annual information’.

In the three months ending December 31, 2020, the Company earned net income of \$1,036,613 (\$0.16 per share) on sales of \$3,415,296 compared to \$649,387 (\$0.10 per share) on sales of \$2,554,212 in the same three months of the prior year. The 33.7% (\$861,084) increase in sales was due to a 27.4% increase in the volume of product sold combined with a 5.0% increase in the average selling price per unit in the current quarter compared to the same quarter of the prior year. This significant increase in sales and net income was primarily due to unexpected additional supply of raw glass combined with unexpected

additional demand for product from the Company's three customers, as discussed above under 'Comments on selected annual information'.

Critical accounting estimates

IFRS require management to make estimates and assumptions that reported amount of assets, liabilities, revenue and expenses during the reporting periods presented. Significant estimates include the assessment of the recoverability of carrying value of the Company's inventory, property plant and equipment, and deferred income taxes. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The Company has no off-balance sheet arrangements.

Related party transactions

The Company obtained (and continues to obtain) consulting services from David Birkby, a director of the Company, at a cost of \$2,000 in the three months ended September 30, 2021 and \$8,000 for the year ended September 30, 2021 (\$2,000 and \$8,000 for the same periods in the prior fiscal year). These services are related to plant operations and plant management.

Effective October 1, 2020, the Company hired Timothy H. Rendell CA, CPA, a director of the Company, under the terms of an employment contract to serve as Chief Financial Officer (part time). Effective October 1, 2020, his salary costs are included in General & Administrative expenses. The Company previously obtained consulting services under a personal services contract with Mr. Rendell to provide Chief Financial Officer services at a cost of \$12,659 and \$50,459 respectively for the three months and year ending September 30, 2020.

Future plans

The Company plans to continue to manage its waste glass processing operation cautiously, and consistent with past practices.

Shareholder value and dividends

Having reviewed a variety of alternatives over the years, the Company's Board has concluded that the optimum value for shareholders at this time is obtained by continuing to run the Company's business and to pay dividends as the results of business allow. Dividend amounts are primarily affected by net cash flow from operations, timing of receipts on accounts receivable, timing of payment of accounts payable, and fluctuations in inventory levels.

Since September 30, 2019 the Company has paid cash dividends on its Common Shares as follows:

November 15, 2021	\$0.08
August 13, 2021	\$0.09
May 15, 2021	\$0.08
February 15, 2021	\$0.21
November 13, 2020	\$0.17
August 14, 2020	\$0.15

May 15, 2020	\$0.00
February 14, 2020	\$0.12
November 15, 2019	\$0.03

The Company's ability to pay dividends is contingent on the ongoing results of operation of the business. The Company believes that quarterly dividends, if any, should reflect actual business results of the most recent completed quarter.

All dividends paid to date are "eligible" dividends when calculating the dividend tax credit for income tax purposes.