

**VITREOUS GLASS INC. (“Company”)
MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2024**

This *Management’s Discussion and Analysis – Quarterly Highlights* (“Quarterly Highlights”) were reviewed by Vitreous Glass Inc.’s Audit Committee and approved by the Board of Directors on August 26, 2024. All amounts are expressed in Canadian dollars.

This Quarterly Highlights has been prepared to provide material updates regarding the business operations, liquidity and capital resources of the Company to its most recent Annual Management Discussion & Analysis for the year ended September 30, 2023 (“Annual MD&A”).

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.1.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* and is based on information available to August 26, 2024. This Quarterly Highlights should be read in conjunction with the 2023 Annual MD&A, the unaudited condensed interim financial statements of the Company for the three and nine months ended June 30, 2024 and the audited financial statements for the year ended September 30, 2023. The unaudited condensed interim financial statements of the Company for the three and nine months ended June 30, 2024 have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (IASB). Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

Advisory Regarding Forward Looking Statements

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

Readers of this Quarterly Highlights 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 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 consumers, 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 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. Based on these assumptions, which management believes to be reasonable, management believes that the Company has sufficient cash and access to 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.

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 Quarterly Highlights 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.

General risk and uncertainties

Risk is inherent in all business activities and cannot be entirely eliminated. The risks and uncertainties described in the Annual MD&A for the year ended September 30, 2023 are considered by management to be the most important in the context of the Company’s business and are substantially unchanged as of the date of this Quarterly Highlights. Those risks and uncertainties are not inclusive of all the risks and uncertainties the Company may be subjected to and other risks may apply.

Overview of operations

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.

All production from the Company's Alberta glass plant is sold to two large customers and one smaller one in the fiberglass insulation manufacturing industry in Alberta, which is heavily dependent on the level of 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 product to its customers based on the customer's day-to-day consumption estimates.

On the supply side the Company generally must accept post-consumer waste glass as it becomes available from one major supplier, and two other suppliers of modest scale, all three of which involve a different cost to the Company, including hauling. The Company makes every effort to secure an un-interrupted supply of waste glass. Interruptions in acceptance by the Company of ongoing supply causes operational challenges for the Company's suppliers.

At times the Company's available supply is inadequate to meet customer demand; at other times supply is in excess of customer demand. The Company has limited control over available supplies and makes every effort to take advantage of customer demand to the extent possible. The Company continues to seek additional sources of raw glass.

There are indications in the North American market that there has been a trend of decline in the market share of glass containers versus other beverage container types. There is a risk that the volume of glass beverage containers sold declines 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 terms of quantity and timing. The Company is not able to accurately forecast the volumes of raw glass that may be available in the future.

The Company continues to monitor the balance between supply and demand.

Financial performance and financial condition

Third Quarter

In the three months ended June 30, 2024, the Company earned net income of \$658,515 (\$0.10 per share) on sales of \$2,488,563 compared to \$615,008 (\$0.10 per share) on sales of \$2,451,323 in the same three month period of the prior year.

The slight 1.5% increase in sales (\$37,240) is due to a 1.5% increase in selling price per unit in the current quarter compared to the same quarter of the prior year, while the volume of product sold remained essentially the same.

Gross margin amount before depreciation in the three months ended June 30, 2024 increased by 3.6% (\$47,631) compared to the same quarter of the prior year primarily due to a 1.5% increase in total sales combined with a 0.9% (\$10,391) decrease in the total cost of glass sold.

The supply of raw glass in the three months ended June 30, 2024 increased slightly by 1.6% compared to the same quarter of the prior year, arising from ongoing minor fluctuations in the volume of raw materials available for purchase. As discussed under 'Risks and Uncertainties' and 'Overview of Operations' 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. Net income for the three months ended June 30, 2024 increased by 7.1% compared to the same quarter of the prior year primarily due to the \$47,631 increase in gross margin amount before depreciation and a \$298 decrease in General & administrative expenses offset by a \$11,075 increase in current income tax expense.

Year-to-date

In the nine months ended June 30, 2024, the Company earned net income of \$1,872,935 (\$0.30 per share) on sales of \$7,271,040 compared to \$2,020,683 (\$0.32 per share) on sales of \$7,852,617 in the same nine month period of the prior year.

The decrease of 7.4% (\$581,577) in sales is due to a 11.2% decrease in volume of product sold offset by a 4.3% increase in overall average selling price per unit in the current nine month period to June 30, 2024 compared to the same period quarter of the prior year.

Gross margin amount before depreciation in the nine months ended June 30, 2024 decreased by 5.7% (\$233,795) compared to the same nine month period of the prior year primarily due to lower sales. The Company achieved gross margin before amortization of 52.9% which was slightly higher than the 52.0% achieved during the comparative period in 2023. The average cost of unit glass sold was 1.7% lower compared to the same nine month period of the prior year.

The supply of raw glass in the nine months ended June 30, 2024 decreased by 3.4% compared to the same period of the prior year due to minor fluctuations in the flow of available raw glass for purchase. As discussed under 'Risks and Uncertainties' and 'Overview of Operations' 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.

Net income for the nine months ended June 30, 2024 decreased by 7.3% compared to the same nine month period of the prior year primarily due to the \$233,795 decrease in gross margin amount before depreciation offset by the combined effect of (i) a \$51,806 decrease in current income tax expense and (ii) a slight decrease of \$15,480 in general & administrative expenses and (iii) a \$12,500 non-operating non-recurring gain on disposal by trade-in of a fork truck during the second quarter of 2024.

During the nine months ended June 30, 2024 and 2023, all sales were to three customers in the fiberglass insulation manufacturing industry, of which two customers exceeded 10% of total sales. Sales to those two customers comprised 52.3% and 39.6% respectively of total sales for the nine months ended June 30, 2024 (2023 – 51.8% and 39.4%, respectively).

As at June 30, 2024, 64.0% (June 30, 2023 – 65.6%) of accounts receivable are due from those two customers.

Liquidity and capital resources

The Company's debt at June 30, 2024 comprised normal trade payables, accrued liabilities, income taxes payable (current and deferred), a long-term lease liability and a deferred share unit liability. Assuming that there is continuing market demand for fiberglass insulation, its customers continue to operate their Alberta plants at a level where sufficient levels of demand for glass are present, and 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.

In the nine months ended June 30, 2024, the Company spent \$139,770 on additions to equipment (including computer equipment) and leasehold improvements (same period of prior year - \$41,842). Currently there are no major capital replacements or upgrades planned.

Any modest plant capital expenditures are generally financed from ongoing cash flows from operations before payment of dividends to shareholders of the Company. The Company also maintains a certain level of funds on hand should a major capital replacement or upgrade arise. The amount of such funds is \$450,000 as at June 30, 2024 (\$450,000 as at September 30, 2023; \$450,000 as at June 30, 2023).

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 in its current operational state and pay dividends as the results of the business allow.

The dollar amount per share and timing of payment of a dividend payable to shareholder 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.

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 per calendar quarter. In the three months ended June 30, 2024, \$2,000 was for the consulting services (\$2,000 for the same period of the prior year) and \$6,000 for the nine months ended June 30, 2024 (\$6,000 for the same period of the prior year). These services are related to plant operations and plant management.