



SARGENT AND GREENLEAF

2019 Monthly Operating Review – May 2019

June 20, 2019

May 2019 Operating Review Agenda

- ➔ **Executive Summary**
- ➔ Financial Review
- ➔ Governance Reporting
- ➔ Appendix

Executive Summary

May Impacted By Lower Than Plan / Lower Than PY Entry Backlog + Lack Of Convertible Orders Booked Within The Month. YTD 951 Padlock Contract Sales Of \$1.6M Offsetting Core Volume Decline of \$1.4M / (7%) VPY. Strong Start In 1Q Normalizing For 2Q; Backlog, Order Activity And Project Cyclicalities Suggest Return To Growth Profile In June + 2H.

Hits

- Total Backlog Of \$9.9M Is \$3.1M | 46% Higher Than Prior Year -
- OKI India Order - \$0.9M convertible over June-August
- 951 Padlock Deliveries of \$0.3M MTD and \$1.6M YTD
- China/North Asia BDM Returns To S&G – Immediate Positive Response From Customer Base
- Progress On Standalone Hiring Plan – CFO, IT Mgr Added; Offer Extended To VP Sales Candidate

Misses

- Softness Across North America OEM And Distributor Base
- Continued 2Q Pressure In APAC – India Elections + China Trade Uncertainty, SEA Weakness
- Loss Of Government BDM – Actively Pursuing Backfill
- Disappointing YTD EMEA Performance – Slow Ramp Of East Europe BDM, Saudi Cyclicalities, Slow Project Activity In WE/CE

Executive Summary (Continued)

Key Go-Forward Actions

- Rapid Evaluation Of Resi Product Portfolio – Working To Fill Gaps In Order To Solidify Weakening Electronic Lock Position With Resi OEMs And Offset Mechanical Portfolio Erosion
- “Feet On The Street” – Add India And Govt BDMs, Commission Based Africa And Saudi Reps Immediately
- Meeting With Arya June 18th and 19th To Align On 2H India Outlook And Strategy
- Tactical Deployment Of Strategic Plan Initiatives Over The Months Of June And July

Executive Summary (Continued)

	Description	Potential Impact	Plan to Address
Risks	▪ Mechanical Portfolio Erosion	▪ YTD May Mechanical Lock Sales decline of (\$0.5M)	▪ Rapid Electronic Lock Portfolio Refresh ▪ India / East Europe Expansion
	▪ Demand Slowdown Across Non-Govt Channels In North America	▪ YTD (\$2.2M) Vs Quota; (\$1M) VPY	▪ Project Cyclicity – Offsetting In 2H ▪ Sales Staff Evaluation Underway
	▪ Tariff Pressure – Margin ▪ Tariff Pressure – China Sales	▪ Annualized \$0.3M Margin Pressure Driven By Tariffs ▪ Resi Safe OEMs In China Down (\$0.6M) 60% VPY	▪ Partner With Key Suppliers On Manufacturing Moves; Leverage Duty Drawback and Targeted Surcharges To Offset Margin Pressure
Opportunities	▪ PrivatBank Tender Won	▪ \$250k ASWD Order – first penetration into Ukraine via new distribution partner	▪ Leverage this success into greater credibility and new opportunities in East Europe region
	▪ EuroNet and Loomis Tenders	▪ \$240k upfront on 800 replacement units, additional \$420k over the following 18 months	▪ Continue to pursue larger regional and global opportunities such as these
	▪ TimeMaster 6128 Project	▪ \$500k project – first large scale OTC project undertaken by a NA distribution partner in many years	▪ Pricing agreement in May, order to be booked in June

Key Wins and Losses During May 2019

Key Wins







- GenMega (ATM OEM) signed 3 year commitment for Titan locks. \$525k per year/won over KABA proposal.





Key Losses

- Continued Mechanical Lock erosion- YTD Liberty Mechanical business down ~85% VPY

2019 Key Initiatives

Working to Build Key Initiative Plans as part of strategic planning – will update in June

Initiative	Status	Recent Progress	Next Steps	Risks
Key initiative #1		• [Describe recent progress]	• [Describe next steps]	• [Describe any risks to achieving progress]
Key initiative #2		• [Describe recent progress]	• [Describe next steps]	• [Describe any risks to achieving progress]
Key initiative #3		• [Describe recent progress]	• [Describe next steps]	• [Describe any risks to achieving progress]
Key initiative #4		• [Describe recent progress]	• [Describe next steps]	• [Describe any risks to achieving progress]
Key initiative #5		• [Describe recent progress]	• [Describe next steps]	• [Describe any risks to achieving progress]
Key initiative #6		• [Describe recent progress]	• [Describe next steps]	• [Describe any risks to achieving progress]

 Complete
  On-Schedule
  At Risk
  Behind

Key Performance Indicators

Total Backlog & Aging

	Jun-18		Jul-18		Aug-18		90-180 Days Out	181-270 Days Out	271-360 Days Out	360+ Days Out	Total Backlog
US	\$	2.6	\$	1.4	\$	0.5	\$	0.4	\$	1.2	\$ 6.0
SA	\$	0.3	\$	0.2	\$	0.0	\$	0.1	\$	0.2	\$ 0.8
TOTAL	\$	2.9	\$	1.5	\$	0.5	\$	0.4	\$	1.4	\$ 6.8
	Jun-19		Jul-19		Aug-19		90-180 Days Out	181-270 Days Out	271-360 Days Out	360+ Days Out	Total Backlog
US	\$	2.9	\$	1.9	\$	0.5	\$	1.3	\$	2.4	\$ 9.2
SA	\$	0.2	\$	0.3	\$	0.0	\$	0.0	\$	0.1	\$ 0.7
TOTAL	\$	3.1	\$	2.2	\$	0.5	\$	1.3	\$	2.5	\$ 9.9
19 vs 18	\$	0.2	\$	0.7	\$	0.0	\$	0.9	\$	1.1	\$ 3.1
		7%		44%		6%		215%		82%	46%

- Mfg Scorecard Not Complete Due To Transaction Stub Close
- Additional KPIs Being Developed In Tandem With Strategic Initiatives

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Summary P&L

\$'000

\$'000	MTD		Variance		PY MTD		Variance		YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%		
Gross Revenue	\$ 3,933	\$ 4,007	\$ (74)	(1.8%)	\$ 3,843	\$ 91	2.4%	\$ 21,014	\$ 23,041	\$ (2,027)	(8.8%)	\$ 20,796	\$ 218	1.0%		
Adj. to Gross Revenue	(698)	(448)	(251)	55.9%	(402)	(296)	73.7%	(2,664)	(2,711)	47	(1.7%)	(2,433)	(231)	9.5%		
Net Revenue	3,235	3,559	(324)	(9.1%)	3,440	(206)	(6.0%)	18,349	20,329	(1,980)	(9.7%)	18,363	(14)	(0.1%)		
Material	1,169	1,123	46	4.1%	1,278	(108)	(8.5%)	6,435	6,656	(221)	(3.3%)	6,712	(276)	(4.1%)		
Labor	543	569	(26)	(4.5%)	502	41	8.2%	2,885	3,082	(197)	(6.4%)	2,660	226	8.5%		
Other COGS	168	182	(14)	(7.5%)	136	33	24.1%	1,089	1,362	(273)	(20.0%)	1,007	82	8.2%		
Total COGS	1,881	1,874	7	0.4%	1,915	(34)	(1.8%)	10,410	11,101	(690)	(6.2%)	10,379	32	0.3%		
Gross Margin	1,354	1,685	(331)	(19.7%)	1,525	(172)	(11.3%)	7,939	9,229	(1,290)	(14.0%)	7,984	(45)	(0.6%)		
Gross Margin %	41.9%	47.3%			44.3%			43.3%	45.4%			43.5%				
R&D	109	162	(53)	(32.9%)	136	(27)	(19.9%)	566	740	(174)	(23.5%)	742	(177)	(23.8%)		
Sales & Marketing	305	353	(48)	(13.6%)	303	2	0.7%	1,638	1,854	(216)	(11.6%)	1,592	46	2.9%		
Administrative	298	340	(43)	(12.5%)	396	(99)	(24.9%)	1,696	1,725	(30)	(1.7%)	1,703	(7)	(0.4%)		
Other Opex	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Total Opex	711	855	(144)	(16.8%)	835	(124)	(14.8%)	3,900	4,319	(420)	(9.7%)	4,038	(138)	(3.4%)		
EBITDA	642	829	(187)	(22.6%)	690	(48)	(7.0%)	4,040	4,909	(870)	(17.7%)	3,947	93	2.4%		
EBITDA %	19.9%	23.3%			20.1%			22.0%	24.1%			21.5%				
Adjustments	—	—						—	—							
Adj. EBITDA	642	829	(187)	(22.6%)	690	(48)	(7.0%)	4,040	4,909	(870)	(17.7%)	3,947	93	2.4%		
Adj. EBITDA %	20.7%	23.3%			20.1%			22.0%	24.1%			21.5%				
Net Income (Loss)	\$ 544	\$ 515	\$ 29	5.6%	\$ 587	\$ (43)	(7.4%)	\$ 3,530	\$ 3,094	\$ 436	14.1%	\$ 3,425	\$ 104	3.1%		
Capex	\$ (47)	\$ —	\$ (47)	N/A	\$ (381)	\$ 334	(87.7%)	\$ (133)	\$ —	\$ (133)	N/A	\$ (606)	\$ 473	(78.0%)		

Management Discussion

- **MTD Vs Budget:**
 - Net Sales Unfavorable (\$324K) – 951 Shipment Timing, APAC, and EMEA misses partially offset by NA/LAG Outperformance
 - Gross Margin Unfavorable (\$331K) - (\$155K) Volume, (\$176K) Mix/Other; OPEX unfavorable \$105K
- **MTD VPY**
 - Net Sales Decline Of (\$206K) – APAC, EMEA declines partially offset by 951 shipments and slight increases in NA and LAG
 - Gross Margin Decline of (\$145K) - (\$92K) Volume, (\$53K) Mix/Other; OPEX decrease of (\$124K)
- **YTD Vs Budget**
 - Net Sales Unfavorable (\$1,980K) – Driven Primarily by NA (\$1,200K) and APAC (\$400K)
 - Gross Margin Unfavorable (\$1,290K) – (\$921K) Volume, (\$369K) Mix/Other; OPEX favorable \$420K
- **YTD VPY**
 - Net Sales Relatively Flat – 951 shipments and slight increase in LAG offset by core business declines across all other regions
 - Gross Margin Relatively Flat; OPEX decrease of (\$138K)

YTD Business Split

YTD Sales (\$'s 000)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	\$3,024	\$0	\$227	\$0	\$1	\$0	\$3,251
APAC (Less India)	\$1,124	\$161	\$1,508	\$0	\$28	\$8	\$2,830
EMEA	\$1,339	\$216	\$668	\$0	\$57	\$8	\$2,289
LATAM	\$871	\$56	\$383	\$0	\$26	\$116	\$1,453
US and Canada	\$1,376	\$4,196	\$2,293	\$0	\$270	\$391	\$8,527
Total	\$7,734	\$4,630	\$5,079	\$0	\$382	\$524	\$18,349

YTD Sales (% of Total)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	16%	0%	1%	0%	0%	0%	18%
APAC (Less India)	6%	1%	8%	0%	0%	0%	15%
EMEA	7%	1%	4%	0%	0%	0%	12%
LATAM	5%	0%	2%	0%	0%	1%	8%
US and Canada	8%	23%	12%	0%	1%	2%	46%
Total	42%	25%	28%	0%	2%	3%	100%

YTD Contribution Margin (\$'s 000)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	\$2,091	\$0	\$91	\$0	(\$1)	\$0	\$2,181
APAC (Less India)	\$502	\$30	\$441	\$0	\$14	\$4	\$991
EMEA	\$290	\$66	\$197	\$0	\$22	\$2	\$578
LATAM	\$582	\$8	\$160	\$0	\$16	\$22	\$789
US and Canada	\$830	\$1,769	\$1,055	\$0	\$130	\$110	\$3,895
Total	\$4,295	\$1,873	\$1,946	\$0	\$182	\$139	\$8,434

YTD Contribution Margin (% of Total)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	25%	0%	1%	0%	(0%)	0%	26%
APAC (Less India)	6%	0%	5%	0%	0%	0%	12%
EMEA	3%	1%	2%	0%	0%	0%	7%
LATAM	7%	0%	2%	0%	0%	0%	9%
US and Canada	10%	21%	13%	0%	2%	1%	46%
Total	51%	22%	23%	0%	2%	2%	100%

YTD YoY Comparison

YTD YoY Change in Sales (\$'s 000)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	\$1,020	(\$4)	\$155	\$0	(\$62)	\$0	\$1,110
APAC (Less India)	(\$208)	\$2	(\$373)	\$0	(\$458)	(\$2)	(\$1,040)
EMEA	(\$358)	\$119	(\$75)	\$0	\$1	\$4	(\$309)
LATAM	\$96	\$32	\$126	\$0	(\$83)	(\$84)	\$86
US and Canada	\$69	\$1,074	(\$374)	\$0	(\$256)	\$229	\$744
Total	\$619	\$1,223	(\$541)	\$0	(\$858)	\$147	\$591

YTD YoY Change in Sales (% Growth)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	51%	(100%)	216%		(99%)		52%
APAC (Less India)	(16%)	1%	(20%)		(94%)	(20%)	(27%)
EMEA	(21%)	123%	(10%)		2%	91%	(12%)
LATAM	12%	131%	49%		(76%)	(42%)	6%
US and Canada	5%	34%	(14%)		(49%)	142%	10%
Total	9%	36%	(10%)		(69%)	39%	3%

YTD YoY Change in Contribution Margin (\$'s 000)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	\$668	(\$0)	\$63	\$0	(\$18)	\$0	\$713
APAC (Less India)	(\$252)	\$8	(\$97)	\$0	(\$73)	(\$1)	(\$415)
EMEA	(\$75)	\$23	(\$31)	\$0	\$123	\$1	\$41
LATAM	\$164	\$3	\$53	\$0	(\$33)	(\$11)	\$176
US and Canada	\$173	\$117	(\$99)	\$0	(\$117)	\$57	\$132
Total	\$678	\$151	(\$112)	\$0	(\$118)	\$46	\$647

YTD YoY Change in Contribution Margin (% of Sales)*

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	-189 bps	-1060 bps	117 bps	0 bps	-12657 bps	0 bps	-149 bps
APAC (Less India)	-1192 bps	481 bps	63 bps	0 bps	3220 bps	176 bps	-132 bps
EMEA	16 bps	-1403 bps	-121 bps	0 bps	21858 bps	-1259 bps	459 bps
LATAM	1293 bps	-489 bps	-1 bps	0 bps	1528 bps	262 bps	947 bps
US and Canada	1006 bps	-1075 bps	273 bps	0 bps	128 bps	-461 bps	-267 bps
Total	470 bps	-1008 bps	169 bps	0 bps	2342 bps	196 bps	211 bps

* FY YTD CM less FY-1 YTD CM (ex: [72% YTD CM in FY] - [70% YTD CM in FY-1] = 200 bps)

Legend:

	= Positive
	= Negative
	= No Change

Cost of Goods Sold by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 1,122	\$ 1,121	\$ 1	0.1%	\$ 6,373	\$ 6,638	\$ (265)	(4.0%)
Materials FX loss / (gain)	—	—	—	N/A	0	(0)	0	(103.6%)
Purchase price variance	(44)	5	(49)	(947.5%)	(96)	(2)	(94)	4694.6%
Freight in	84	65	19	29.0%	318	311	7	2.4%
Cost revision	(50)	(50)	—	0.0%	(232)	(232)	—	0.0%
Scrap costs	47	(23)	70	(303.8%)	(2)	(81)	79	(97.4%)
Consumables	11	6	5	74.9%	75	23	52	229.6%
Total Material COGS	\$ 1,169	\$ 1,123	\$ 46	4.1%	\$ 6,435	\$ 6,656	\$ (221)	(3.3%)
Labor								
Direct labor	\$ 244	\$ 256	\$ (12)	(4.8%)	\$ 1,288	\$ 1,428	\$ (140)	(9.8%)
Direct labor - overtime	8	8	0	0.9%	76	60	16	26.3%
Direct labor - benefits	81	107	(27)	(24.9%)	444	556	(112)	(20.1%)
Indirect labor	164	151	13	8.6%	817	784	33	4.2%
Indirect labor – benefits	47	47	0	0.3%	260	254	6	2.3%
Total Labor COGS	\$ 543	\$ 569	\$ (26)	(4.5%)	\$ 2,885	\$ 3,082	\$ (197)	(6.4%)
Other								
Repairs and maintenance	\$ 10	\$ 17	\$ (7)	(39.6%)	\$ 89	\$ 74	\$ 15	20.8%
Rent / facilities	157	166	(9)	(5.4%)	938	933	5	0.5%
Utilities	21	23	(2)	(7.3%)	111	121	(10)	(8.4%)
Other cost of sales	(21)	(24)	4	(15.0%)	(48)	234	(283)	(120.7%)
Total Other COGS	\$ 168	\$ 182	\$ (14)	(7.5%)	\$ 1,089	\$ 1,362	\$ (273)	(20.0%)
Total COGS	\$ 1,881	\$ 1,874	\$ 7	(7.9%)	\$ 10,410	\$ 11,101	\$ (690)	(29.7%)

Management Discussion

- MTD/YTD Favorable PPV related to Zinc and 6120 Satin Chrome Housings
- MTD/YTD Freight in unfavorable variances related to increased freight rates and increased tariffs
- MTD/YTD Cost revision related to FIFO Inventory Adjustments
- MTD Scrap Income offset by Zinc and Aluminum
- MTD Consumables related to E-ink base keypad
- YTD Consumables 951 casings, 8077 shell covers, 6160 PCB assemble connections
- MTD/YTD Labor variances related to open positions
- MTD/YTD Other Cost of sales related to favorable manufacturing variances

Balance Sheet

Full Balance Sheet will be shown once
Opening Balance Sheet is complete

\$'000	May-19		Variance	
	Act	Bud	\$	%
Current Assets				
Cash and cash equivalents	\$ 1,607	\$ 1,607	\$ (0)	(0.0%)
Short term investments	–	–	–	N/A
<i>Accounts receivable, gross</i>	7,203	9,337	(2,134)	(22.9%)
<i>Accounts receivable, reserves</i>	(156)	(168)	12	(7.3%)
Accounts receivable, net	7,047	9,169	(2,122)	(23.1%)
<i>Inventory, gross</i>	7,385	6,811	573	8.4%
<i>Inventory, reserves</i>	(466)	(477)	11	(2.3%)
Inventory, net	6,919	6,334	584	9.2%
Prepaid expenses and other current assets	81	59	22	37.4%
Total Current Assets	15,655	17,170	(1,515)	(8.8%)
Current Liabilities				
Current portion of long-term debt	\$ 892	\$ 892	\$ 0	0.0%
Notes payable	800	800	–	0.0%
Accounts payable	2,966	3,691	(726)	(19.7%)
Accrued liabilities	557	711	(153)	(21.6%)
Accrued compensation	149	111	37	33.7%
Income taxes payable	(0)	498	(498)	(100.0%)
Short-term unearned revenue	43	–	43	N/A
Other current liabilities	–	–	–	N/A
Total Current Liabilities	5,406	6,703	(1,297)	(19.3%)
Long-term liabilities				
Long-term debt less current maturities	43,694	43,694	(0)	(0.0%)
Deferred income taxes	2,989	–	2,989	N/A
Other non-current liabilities	46	–	46	N/A
Total Long-Term Liabilities	46,729	43,694	3,035	6.9%

Management Discussion

- A/R Balances below plan due to lighter than planned QTD revenue
- Inventory Balances higher than plan due to lighter than planned QTD revenue
- A/P Balances lower than plan due to G&A spending controls and Cap Ex timing
- Other items will be adjusted with the Opening balance Sheet

Opex Summary

\$'000

	MTD		Variance		PY MTD		Variance		YTD		Var	
	Act	Bud	\$	%	Act	\$	%		Act	Bud	\$	%
Opex Overview:												
Payroll	\$ 283	\$ 307	\$ (24)	(7.8%)	\$ 310	\$ (27)	(8.8%)		\$ 1,514	\$ 1,532	\$ (17)	(1.1%)
Overtime	2	1	1	108.5%	1	1	126.1%		9	4	5	136.5%
Benefits	87	92	(5)	(5.1%)	87	(0)	(0.3%)		454	462	(7)	(1.6%)
Bonus	8	27	(19)	(70.7%)	23	(16)	(67.0%)		111	142	(31)	(21.8%)
Commissions	35	29	6	20.4%	27	8	31.1%		200	161	39	24.5%
Marketing	20	58	(38)	(65.6%)	25	(5)	(21.1%)		127	317	(190)	(60.0%)
Travel and Entertainment	25	25	(1)	(2.8%)	24	1	4.4%		149	208	(59)	(28.5%)
Insurance	3	3	0	1.8%	3	(0)	(8.7%)		15	14	0	2.1%
Professional Fees	152	198	(46)	(23.4%)	160	(8)	(4.8%)		712	864	(152)	(17.6%)
Utl., Repair, Maint., & Sec.	(8)	4	(12)	(340.3%)	2	(10)	(549.6%)		7	19	(12)	(64.4%)
IT	45	45	–	0.0%	45	(0)	(0.0%)		224	224	–	0.0%
Bad Debts	(24)	–	(24)	N/A	42	(66)	(155.4%)		38	–	38	N/A
Supplies	9	10	(2)	(15.1%)	4	4	99.8%		25	53	(29)	(53.5%)
Other Expenses	76	57	18	32.3%	81	(6)	(6.8%)		316	321	(5)	(1.4%)
Total Opex	\$ 711	\$ 855	\$ (144)	(16.8%)	\$ 835	\$ (124)	(14.8%)		\$ 3,900	\$ 4,319	\$ (420)	(9.7%)

Management Discussion

- MTD and YTD variances against plan are driven by the discretionary spending controls
- MTD v PY favorable variance related primarily to the difference in bad debt expense
- YTD v PY favorable variance primarily related to the timing of spend in the Engineering department (professional fees)



Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs								2019
		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19		
IT		81	81	81	81	81	24	39	207	39	39	42	42	837	
Manager	Salary and Benefits	12	12	12	12	12	9	9	9	9	9	9	9	124	
Analyst	Salary and Benefits	25	25	25	25	25	-	6	6	6	6	6	6	160	
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	177	7	7	7	7	297	
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98	
Sales Force	Licensing	-	-	-	-	-	-	-	-	2	2	2	2	8	
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	4	2	2	2	2	2	2	99	
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30	
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21	
Legal		34	34	34	34	34	19	19	19	19	19	19	19	303	
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78	
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	13	150	
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75	
Finance		29	29	29	29	29	28	28	28	28	28	28	28	343	
CFO	Salary and Benefits	19	19	19	19	19	19	19	19	19	19	19	19	230	
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	-	-	-	52	
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62	
Sales		-	-	-	-	-	2	17	17	17	17	17	17	102	
VP of Sales	Salary and Benefits	-	-	-	-	-	2	17	17	17	17	17	17	102	
HR		6	6	6	6	6	2	2	2	2	8	8	8	59	
Specialist	Salary and Benefits	6	6	6	6	6	0	0	0	0	6	6	6	47	
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	0	0	0	2	
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	10	
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50	
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	0	0	0	32	
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18	
Bonuses	Incremental management bonuses	-	-	-	-	-	15	15	15	15	15	15	15	108	
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	16	16	16	232	
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	42	42	42	42	42	42	42	676	
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	10	83	
Total Standalone Costs		262	262	262	262	262	159	189	357	189	194	197	197	2,794	



1X Costs

\$'000		19-May	19-Jun	19-Jul	19-Aug	19-Sep	19-Oct	19-Nov	19-Dec	2019
	Description	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud
IT		–	49	92	177	79	61	57	54	569
IT Specialist	Gray Drohan consulting fees	–	49	29	32	29	21	17	14	191
Technology Carve-Out	ERP Implementation, VOIP, Firewall hardware, network re-engineering, Office 365	–	–	63	145	50	40	40	40	378
Legal/Professional Fees		–	432	185	23	23	23	23	23	729
Audit/Valuation Fees	Opening Balance Sheet/Asset Valuation Fees	–	55	–	–	–	–	–	–	55
HR Specialist	Joel Tokarz consulting fees	–	213	60	–	–	–	–	–	273
Employee Recruitment	Recruiting Fees for CFO, VP of Sales, IT Manager, IT Analyst, Gov't BDM	–	95	102	–	–	–	–	–	197
OGX	Consulting Fees	–	23	23	23	23	23	23	23	161
Other	Navex	–	47	–	–	–	–	–	–	47
Marketing/Rebranding	Deal related external communications, rebranding (signage, business cards, etc)	–	7	19	–	–	–	–	–	26
Payroll Implementation	Internationl GEO, Domestic PEO set up fees	–	11	–	7	–	–	–	–	18
TSA		–	87	87	78	73	73	70	70	535
TSA - IT	Data center infrastructure, ERP and all other in use systems and support, Enterpri	–	54	54	46	41	41	38	38	314
TSA - Non-IT	Order to Cash, AP, GL, Treasury Management, Trade Compliance, Transportation,	–	32	32	31	31	31	31	31	221
Total 1X Costs		–	586	382	284	174	156	149	146	1,877

Cash Flow Statement

Cash Flow will be shown beginning in June

Management Discussion



13-Week Cash Flow Projection

In US\$	Forecast 6/17	Forecast 6/24	Forecast 7/1	Forecast 7/8	Forecast 7/15	Forecast 7/22	Forecast 7/29	Forecast 8/5	Forecast 8/12	Forecast 8/19	Forecast 8/26	Forecast 9/2	Forecast 9/9	Forecast 9/16
Cash Inflows - Operational														
Collections from customers (Actual)														
Collections from customers based on projected aging (Foreca	847	782	839	1,230	804	725	536	860	86	253	78	107	30	30
Collections from new forecasted sales	-	-	-	-	-	385	525	395	475	748	975	763	550	885
Total AR Collections	847	782	839	1,230	804	1,110	1,061	1,255	561	1,001	1,053	870	580	915
Other non-AR inflows														
Total Cash Inflows - Operational	847	782	839	1,230	804	1,110	1,061	1,255	561	1,001	1,053	870	580	915
Cash Outflows - Operational														
Product inventory (SAP AP)	(523)	(655)	(470)	(511)	(384)	(493)	(654)	(512)	(387)	(351)	(433)	(363)	(371)	(401)
Payroll	(245)	(235)	(70)	(385)	(115)	(245)	(70)	(388)	(70)	(290)	(70)	(245)	(213)	(245)
Commissions														
Bonus					(30)									
Facilities & other (Freight)	(23)	(23)	(23)	(23)	(68)	(23)	(23)	(23)	(68)	(23)	(23)	(23)	(68)	(23)
Professional services	(169)	-	-	-	(64)	-	-	-	(72)	-	-	-	-	(72)
Marketing			(2)		(18)				(2)					
Recruiter fees						(80)				(110)				
Other expenses (Insurance, TSA, CC)	(100)	(411)	(89)	-	(148)	-	(64)	-	(175)	(55)	(64)	-	-	(55)
Total Cash Outflows - Operational	(1,060)	(1,323)	(654)	(919)	(827)	(841)	(811)	(923)	(774)	(829)	(590)	(631)	(652)	(796)
Cashflows - Financial and Other														
Revolving Loan Draw (Paydown)	(800)													
Term Loan paydowns								(500)	-			(500)		
Interest and financial amortization		(300)												
Other financial income/expense (e.g. fx, hedging)														
Non-financial income/expense														
Monitoring fees (including travel expenses)			(250)											
Non-recurring items														
Total Cash Outflows - Financial and Other	(800)	(300)	(250)	-	-	-	-	(500)	-	-	-	(500)	-	-
TOTAL CASH FLOW	(1,013)	(841)	(64)	311	(23)	269	250	(168)	(213)	171	463	(261)	(72)	119
Cash Rollforward														
Beginning cash balance	1,950	937	96	32	343	320	589	839	671	459	630	1,093	832	760
Cash activity	(1,013)	(841)	(64)	311	(23)	269	250	(168)	(213)	171	463	(261)	(72)	119
ENDING CASH BALANCE	937	96	32	343	320	589	839	671	459	630	1,093	832	760	879
Debt Summary														
Rolled debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit facility	44,586	44,586	44,586	44,586	44,586	44,586	44,586	44,086	44,086	44,086	44,086	43,586	43,586	43,586
TOTAL DEBT	44,586	44,586	44,586	44,586	44,586	44,586	44,586	44,086	44,086	44,086	44,086	43,586	43,586	43,586
TOTAL NET DEBT	43,649	44,490	44,554	44,243	44,266	43,997	43,747	43,415	43,627	43,456	42,993	42,754	42,826	42,707
AVAILABILITY	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Management Discussion

Covenant Analysis

	Fixed Charge Ratio			
000's	Sep	Oct	Nov	Dec
TTM Fixed Charges:				
TTM Net Cash Interest	3,542	3,428	3,489	3,539
Plus:				
TTM Mandatory Principal Debt Payments	892	892	892	892
Fixed Charges	4,434	4,320	4,381	4,430
TTM Operating Cash Flow:				
TTM EBITDA for defined Period	10,758	11,130	11,441	11,655
Less:				
TTM Unfinanced Capital Expenditures	1,259	1,152	1,070	1,698
TTM OGC Monitoring Fees	1,000	1,000	1,000	1,000
TTM Cash Taxes Paid	3,185	3,185	3,185	3,185
TTM Operating Cash Flow	5,313	5,793	6,185	5,771
Fixed Charge Coverage Ratio	1.20	1.34	1.41	1.30
Minimum Ratio	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	4,877	4,752	4,819	4,873
TTM Operating Cash Flow Cushion	436	1,041	1,366	898

Amounts for October 2018 through April 2019 defined per credit agreement

Covenant Analysis

Total Debt to EBITDA Ratio

000's	Sep	Oct	Nov	Dec
Total Debt:				
Revolver Balance	-	-	-	-
Plus: Term Loan Balance	44,363	44,363	44,363	44,140
Plus: Other Debt	-	-	-	-
Less: Qualified Cash	1,990	1,906	3,615	2,415
Total Debt	42,373	42,457	40,748	41,725
TTM Adjusted EBITDA	10,758	11,130	11,441	11,655
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	3.94	3.81	3.56	3.58
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	6.00	6.00	6.00	6.00
In Compliance	YES	YES	YES	YES
Minimum TTM EBITDA required	7,062	7,076	6,791	6,954
TTM EBITDA Cushion	3,696	4,054	4,649	4,701

Amounts for October 2018 through April 2019 defined per credit agreement

May 2019 Operating Review Agenda

- ➔ Executive Summary
- ➔ Financial Review
- ➔ **Governance Reporting**
- ➔ Appendix

Management Governance Report

Audit Committee:

- Members to be determined
- First Audit Committee meeting to be held on Tuesday July, 23rd prior to the 2Q Board meeting

Anonymous Hotline:

- Navex implementation scheduled for July 16, 2019

Modification of Internal Control and Authority Matrix:

- OGC in process of developing

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

May 2019 Operating Review Agenda

- ➔ Executive Summary
- ➔ Financial Review
- ➔ Governance Reporting
- ➔ **Appendix**



Squeeze Report

	Net Revenue					Adj. EBITDA				
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	
This Month	\$ 3,235	\$ 3,559	-9.1%	\$ 3,440	-6.0%	\$ 642	\$ 829	-22.6%	\$ 690	
Quarter to Date	\$ 7,007	\$ 8,867	-21.0%	\$ 7,836	-10.6%	\$ 1,347	\$ 2,232	-39.7%	\$ 1,803	
Year to Date	\$ 18,349	\$ 20,329	-9.7%	\$ 18,363	-0.1%	\$ 4,040	\$ 4,909	-17.7%	\$ 3,947	
LTM Trends (\$'000s)	6/30/18	7/31/18	8/31/18	9/30/18	10/31/18	11/30/18	12/31/18	1/31/19	2/28/19	
Net Revenue	\$ 4,252	\$ 3,780	\$ 3,780	\$ 4,037	\$ 3,764	\$ 2,783	\$ 3,109	\$ 3,350	\$ 4,088	
Gross Margin	1,825	1,636	1,934	2,008	1,771	1,357	1,285	1,456	1,821	
Gross Margin %	42.9%	43.3%	51.2%	49.7%	47.0%	48.8%	41.3%	43.5%	44.6%	
SG&A	818	637	837	1,018	890	809	697	898	810	
Reported EBITDA	1,008	1,000	1,097	989	880	548	588	559	1,011	
Rep. EBITDA %	23.7%	26.4%	29.0%	24.5%	23.4%	19.7%	18.9%	16.7%	24.7%	
Adj. EBITDA	1,008	1,000	1,097	989	880	548	588	559	1,011	
Adj. EBITDA %	23.7%	26.4%	29.0%	24.5%	23.4%	19.7%	18.9%	16.7%	24.7%	
Capex	\$ 5	\$ (226)	\$ (42)	\$ (17)	\$ (1)	\$ (56)	\$ (416)	\$ (29)	\$ (21)	
Accounts Receivable, Net	\$ 8,137	\$ 6,652	\$ 6,864	\$ 7,712	\$ 7,332	\$ 6,979	\$ 6,637	\$ 6,542	\$ 7,672	
Inventory, Net	5,892	5,895	5,943	6,320	6,420	6,742	6,360	6,919	6,772	
Accounts Payable	4,455	4,082	4,082	4,415	3,722	3,743	3,785	3,933	3,707	
CCC	\$ 9,575	\$ 8,465	\$ 8,725	\$ 9,617	\$ 10,029	\$ 9,979	\$ 9,212	\$ 9,528	\$ 10,736	
DSO	81.2	74.0	72.3	83.7	70.5	66.0	61.9	84.9	95.7	
DSI	78.9	82.8	83.8	95.3	98.8	114.1	110.3	121.8	104.1	
DPO	58.1	56.1	56.7	65.6	55.8	61.5	63.8	67.7	55.8	
C2C	102.0	100.6	99.4	113.4	113.5	118.6	108.4	139.1	144.0	
Bank revolver	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unclassified external debt / OID	-	-	-	-	-	-	-	-	-	
OpenGate debt	-	-	-	-	-	-	-	-	-	
Total Debt Outstanding	-	-	-	-	-	-	-	-	-	
Cash and equivalents	10,713	10,981	11,396	11,658	10,845	11,132	11,172	10,903	10,588	
Total Net Debt	\$ (10,713)	\$ (10,981)	\$ (11,396)	\$ (11,658)	\$ (10,845)	\$ (11,132)	\$ (11,172)	\$ (10,903)	\$ (10,588)	
Beginning Cash Balance	\$ 12,191	\$ 10,713	\$ 10,981	\$ 11,396	\$ 11,658	\$ 10,846	\$ 11,132	\$ 11,172	\$ 10,903	
Add / (Less): Operating Cash Flow	684	2,031	948	178	(2,512)	795	3,447	207	6,879	
Add / (Less): Investing Cash Flow	5	(226)	(42)	(17)	(1)	(56)	(416)	(29)	(21)	
Add / (Less): Financing Cash Flow	(2,167)	(1,536)	(490)	101	1,701	(452)	(2,990)	(446)	(7,173)	
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	
Ending Cash Balance	\$ 10,713	\$ 10,981	\$ 11,396	\$ 11,658	\$ 10,846	\$ 11,132	\$ 11,174	\$ 10,903	\$ 10,588	
Long-term trend										
Calendar year ending					Forecast		LTM Actual			
Summary Financials	12/31/2013	12/31/2014	12/31/2015		12/31/2016		5/31/2019			
Total Net Revenue	\$ -	\$ -	\$ 43,867		\$ 46,092		\$ 43,854			
EBITDA, Reported	-	-	10,056		9,751		10,149			
EBITDA, Reported %	N/A	N/A	22.9%		21.2%		23.1%			
EBITDA, Adjusted	-	-	10,056		11,626		10,149			
EBITDA, Adjusted %	N/A	N/A	22.9%		25.2%		23.1%			
Accounts Receivable, Net	-	-	6,637		8,062		7,047			
Inventory, Net	-	-	6,360		5,532		6,919			
Accounts Payable	-	-	3,785		4,041		2,966			
CCC	-	-	9,212		9,553		11,001			
Net Debt	\$ -	\$ -	\$ (11,172)		\$ (2,415)		\$ (7)			



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	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Gross Revenue	\$ 3,737	\$ 4,592	\$ 4,440	\$ 4,311	\$ 3,933	\$ 4,485	\$ 4,810	\$ 4,399	\$ 4,560	\$ 5,043	\$ 4,055	\$ 3,882	\$ 52,248	\$ 54,275	\$ (2,027)	(3.7%)	\$ 50,276	\$ 1,971	3.9%
Adj. to Gross Revenue	(387)	(504)	(536)	(538)	(698)	(501)	(538)	(492)	(510)	(564)	(453)	(434)	(6,156)	(6,203)	47	(0.8%)	(6,409)	253	(4.0%)
Net Revenue	3,350	4,088	3,904	3,773	3,235	3,983	4,272	3,907	4,050	4,480	3,601	3,448	46,092	48,072	(1,980)	(4.1%)	43,867	2,225	5.1%
Material	1,083	1,424	1,272	1,488	1,169	1,224	1,414	1,256	1,433	1,425	1,166	1,142	15,497	15,717	(221)	(1.4%)	15,626	(129)	(0.8%)
Labor	621	550	539	632	543	609	636	562	644	641	521	510	7,009	7,206	(197)	(2.7%)	6,473	536	8.3%
Other COGS	190	292	255	184	168	202	211	177	217	301	245	239	2,682	2,955	(273)	(9.2%)	1,968	714	36.3%
Total COGS	1,894	2,266	2,066	2,303	1,881	2,035	2,262	1,995	2,295	2,367	1,932	1,891	25,187	25,877	(690)	(2.7%)	24,067	1,120	4.7%
Gross Margin	1,456	1,821	1,838	1,469	1,354	1,949	2,011	1,912	1,755	2,113	1,669	1,557	20,905	22,195	(1,290)	(5.8%)	19,800	1,105	5.6%
<i>Gross Margin %</i>	<i>43.5%</i>	<i>44.6%</i>	<i>47.1%</i>	<i>38.9%</i>	<i>41.9%</i>	<i>48.9%</i>	<i>47.1%</i>	<i>48.9%</i>	<i>43.3%</i>	<i>47.2%</i>	<i>46.4%</i>	<i>45.2%</i>	<i>45.4%</i>	<i>46.2%</i>			<i>45.1%</i>		
R&D	133	112	103	109	109	163	178	162	163	178	163	163	1,736	1,910	(174)	(9.1%)	1,763	(28)	(1.6%)
Sales & Marketing	374	336	315	308	305	368	511	366	383	428	383	384	4,462	4,678	(216)	(4.6%)	3,727	735	19.7%
Administrative	390	362	297	348	298	720	462	650	372	345	358	354	4,957	4,987	(30)	(0.6%)	4,254	703	16.5%
Other Opex	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Opex	898	810	715	765	711	1,250	1,152	1,179	917	951	904	901	11,155	11,574	(420)	(3.6%)	9,744	1,410	14.5%
EBITDA	559	1,011	1,123	705	642	698	859	733	838	1,162	765	656	9,751	10,620	(870)	(8.2%)	10,056	(306)	(3.0%)
<i>EBITDA %</i>	<i>16.7%</i>	<i>24.7%</i>	<i>28.8%</i>	<i>18.7%</i>	<i>19.9%</i>	<i>17.5%</i>	<i>20.1%</i>	<i>18.8%</i>	<i>20.7%</i>	<i>25.9%</i>	<i>21.3%</i>	<i>19.0%</i>	<i>21.2%</i>	<i>22.1%</i>			<i>22.9%</i>		
Adjustments*	—	—	—	—	—	586	381	284	174	156	149	146	1,876	1,876			—		
Adj. EBITDA	559	1,011	1,123	705	642	1,284	1,240	1,017	1,012	1,317	915	801	11,626	12,496	(870)	(7.0%)	10,056	1,570	16%
<i>Adj. EBITDA %</i>	<i>16.7%</i>	<i>24.7%</i>	<i>28.8%</i>	<i>18.7%</i>	<i>20.7%</i>	<i>32.2%</i>	<i>29.0%</i>	<i>26.0%</i>	<i>25.0%</i>	<i>29.4%</i>	<i>25.4%</i>	<i>23.2%</i>	<i>25.2%</i>	<i>26.0%</i>			<i>22.9%</i>		
Net Income (Loss)	\$ 440	\$ 909	\$ 1,028	\$ 609	\$ 544	\$ 124	\$ (11)	\$ 150	\$ 227	\$ 203	\$ 173	\$ 99	\$ 4,494	\$ 4,058	\$ 436	10.7%	\$ 8,802	\$ (4,308)	(48.9%)
Capex	\$ (29)	\$ (21)	\$ (22)	\$ (14)	\$ (47)	\$ (225)	\$ (80)	\$ (100)	\$ (35)	\$ (15)	\$ (40)	\$ (750)	\$ (1,378)	\$ (1,245)	\$ (133)	10.7%	\$ (1,360)	\$ (18)	1.4%
* See Slide 17 for 1X Cost Detail																			



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	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 1,075	\$ 1,395	\$ 1,318	\$ 1,462	\$ 1,122	\$ 1,216	\$ 1,401	\$ 1,240	\$ 1,423	\$ 1,414	\$ 1,160	\$ 1,131	\$ 15,358	\$ 15,623	\$ (265)	(1.7%)	\$ 14,987	\$ 370	2.5%
Materials FX loss / (gain)	—	(0)	0	—	—	—	—	0	—	—	—	—	0	(0)	0	(120.0%)	(2)	2	(101.2%)
Purchase price variance	14	(32)	(48)	14	(44)	5	6	5	5	6	5	5	(58)	37	(94)	(257.5%)	68	(125)	(185.1%)
Freight in	57	82	58	38	84	20	28	28	22	25	18	23	483	475	7	1.5%	681	(198)	(29.1%)
Cost revision	(50)	(30)	(50)	(50)	(50)	—	—	—	—	—	—	—	(232)	(232)	—	0.0%	—	(232)	N/A
Scrap costs	5	(11)	(54)	11	47	(23)	(29)	(23)	(23)	(29)	(23)	(23)	(175)	(254)	79	(31.0%)	(200)	25	(12.4%)
Consumables	(18)	20	49	12	11	6	8	6	6	8	6	6	121	69	52	75.8%	92	29	31.3%
Total Material COGS	\$ 1,083	\$ 1,424	\$ 1,272	\$ 1,488	\$ 1,169	\$ 1,224	\$ 1,414	\$ 1,256	\$ 1,433	\$ 1,425	\$ 1,166	\$ 1,142	\$ 15,497	\$ 15,717	\$ (221)	(1.4%)	\$ 15,626	\$ (129)	(0.8%)
Labor																			
Direct labor	\$ 277	\$ 238	\$ 235	\$ 293	\$ 244	\$ 301	\$ 293	\$ 254	\$ 335	\$ 297	\$ 207	\$ 194	\$ 3,168	\$ 3,307	\$ (140)	(4.2%)	\$ 2,736	\$ 431	15.8%
Direct labor - overtime	15	19	17	16	8	8	11	9	10	13	15	16	159	143	16	11.1%	194	(35)	(18.1%)
Direct labor - benefits	102	83	81	98	81	102	126	102	102	125	101	101	1,202	1,314	(112)	(8.5%)	971	231	23.8%
Indirect labor	168	161	158	167	164	151	156	151	151	157	151	151	1,885	1,852	33	1.8%	1,971	(86)	(4.4%)
Indirect labor - benefits	60	48	48	57	47	47	49	47	47	50	47	47	595	589	6	1.0%	600	(5)	(0.9%)
Total Labor COGS	\$ 621	\$ 550	\$ 539	\$ 632	\$ 543	\$ 609	\$ 636	\$ 562	\$ 644	\$ 641	\$ 521	\$ 510	\$ 7,009	\$ 7,206	\$ (197)	(2.7%)	\$ 6,473	\$ 536	8.3%
Other																			
Repairs and maintenance	\$ 13	\$ 6	\$ 35	\$ 24	\$ 10	\$ 17	\$ 21	\$ 17	\$ 17	\$ 21	\$ 17	\$ 17	\$ 215	\$ 199	\$ 15	7.7%	\$ 220	\$ (5)	(2.3%)
Rent / facilities	206	215	193	167	157	165	185	168	166	187	169	167	2,145	2,140	5	0.2%	979	1,165	119.0%
Utilities	22	25	21	22	21	23	29	23	23	29	23	23	283	293	(10)	(3.5%)	300	(17)	(5.6%)
Other cost of sales	(50)	46	5	(29)	(21)	(3)	(24)	(31)	11	65	36	33	40	322	(283)	(87.7%)	469	(430)	(91.6%)
Total Other COGS	\$ 190	\$ 292	\$ 255	\$ 184	\$ 168	\$ 202	\$ 211	\$ 177	\$ 217	\$ 301	\$ 245	\$ 239	\$ 2,682	\$ 2,955	\$ (273)	(9.2%)	\$ 1,968	\$ 714	36.3%
Total COGS	\$ 1,894	\$ 2,266	\$ 2,066	\$ 2,303	\$ 1,881	\$ 2,035	\$ 2,262	\$ 1,995	\$ 2,295	\$ 2,367	\$ 1,932	\$ 1,891	\$ 25,187	\$ 25,877	\$ (690)	(13.4%)	\$ 24,067	\$ 1,120	43.7%



Monthly Balance Sheet

Full Balance Sheet will be shown once
Opening Balance Sheet is complete

\$'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	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Current Assets																			
Cash and cash equivalents	\$ 10,903	\$ 10,588	\$ 1,328	\$ 422	\$ 1,607	\$ 1,247	\$ 1,978	\$ 2,844	\$ 2,090	\$ 2,006	\$ 3,715	\$ 2,515	\$ 2,515	\$ 2,515	\$ -	0.0%	\$ 11,172	\$ (9,565)	(85.6%)
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Accounts receivable, gross	6,704	7,865	8,000	7,380	7,203	9,119	8,994	8,833	8,911	9,298	8,726	8,210	8,210	8,210	-	0.0%	6,755	448	6.6%
Accounts receivable, reserves	(162)	(194)	(161)	(179)	(156)	(164)	(162)	(159)	(160)	(167)	(157)	(148)	(148)	(148)	-	0.0%	(119)	(37)	31.4%
Accounts receivable, net	6,542	7,672	7,838	7,201	7,047	8,954	8,832	8,674	8,750	9,130	8,569	8,062	8,062	8,062	-	0.0%	6,637	411	6.2%
Inventory, gross	7,413	7,264	7,342	7,448	7,385	6,216	5,979	6,089	6,329	6,505	6,374	5,948	5,948	5,948	-	0.0%	6,880	504	7.3%
Inventory, reserves	(493)	(492)	(510)	(470)	(466)	(435)	(419)	(426)	(443)	(455)	(446)	(416)	(416)	(416)	-	0.0%	(520)	54	(10.4%)
Inventory, net	6,919	6,772	6,832	6,979	6,919	5,781	5,560	5,663	5,886	6,049	5,928	5,532	5,532	5,532	-	0.0%	6,360	559	8.8%
Prepaid expenses and other current assets	113	118	122	75	81	238	222	206	189	173	157	141	141	141	-	0.0%	91	(10)	(10.9%)
Total Current Assets	24,477	25,150	16,120	14,677	15,655	16,221	16,592	17,386	16,916	17,359	18,369	16,250	16,250	16,250	-	0.0%	24,260	(8,605)	(35.5%)
Current Liabilities																			
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ 892	\$ 892	\$ 892	\$ 892	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,115	\$ 1,115	\$ 1,115	\$ -	0.0%	\$ -	\$ 892	N/A
Notes payable	-	-	-	-	800	-	-	-	-	-	-	-	-	-	-	-	-	800	N/A
Accounts payable	3,933	3,707	3,716	4,031	2,966	4,028	3,559	3,693	4,291	3,921	4,191	4,041	4,041	4,041	-	0.0%	3,785	(820)	(21.7%)
Accrued liabilities	643	809	1,333	950	557	739	1,054	1,350	765	1,082	1,363	773	773	773	-	0.0%	1,532	(974)	(63.6%)
Accrued compensation	116	140	134	110	149	228	304	338	374	277	311	347	347	347	-	0.0%	97	52	53.8%
Income taxes payable	1,876	-	-	(140)	(0)	285	508	695	116	428	624	(8)	(8)	(8)	-	0.0%	1,875	(1,875)	(100.0%)
Short-term unearned revenue	80	20	34	72	43	-	-	-	-	-	-	-	-	-	-	-	77	(34)	(44.1%)
Other current liabilities	(20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Total Current Liabilities	6,628	4,677	5,218	5,023	5,406	6,171	6,317	6,968	6,549	6,711	7,493	6,267	6,267	6,267	-	0.0%	7,365	(1,959)	(26.6%)
Long-term liabilities																			
Long-term debt less current maturities	-	-	-	-	43,694	43,694	43,694	43,694	43,360	43,360	43,360	43,025	43,025	43,025	-	0.0%	-	43,694	N/A
Deferred income taxes	2,989	2,989	2,989	2,989	2,989	-	-	-	-	-	-	-	-	-	-	-	2,989	-	0.0%
Other non-current liabilities	-	-	46	46	46	-	-	-	-	-	-	-	-	-	-	-	-	46	N/A
Total Long-Term Liabilities	2,989	2,989	3,035	3,035	46,729	43,694	43,694	43,694	43,360	43,360	43,360	43,025	43,025	43,025	-	0.0%	2,989	43,740	1463.2%



Headcount by Month

Month	Direct Labor	Indirect Labor - Hourly	Indirect Labor - Salary	Delivery & Dist.	Research & Development	Sales & Marketing	Administrative	Other	Total Permanent	Agency FTE & Temps
2019 January (A)	67	–	18	7	10	17	7	–	126	6
2019 February (A)	65	–	19	7	10	17	7	–	125	6
2019 March (A)	65	–	19	7	10	16	7	–	124	5
2019 April (A)	65	–	19	7	10	16	7	–	124	9
2019 May (A)	64	–	19	7	10	16	7	–	123	8
2019 June (F)	71	–	18	7	10	20	9	–	135	10
2019 July (F)	71	–	18	7	10	21	10	–	137	10
2019 August (F)	71	–	18	7	10	21	10	–	137	10
2019 September (F)	71	–	18	7	10	21	10	–	137	10
2019 October (F)	71	–	18	7	10	21	11	–	138	10
2019 November (F)	71	–	18	7	10	21	11	–	138	10
2019 December (F)	71	–	18	7	10	21	11	–	138	10
Final Headcount	71	–	18	7	10	21	11	–	138	10



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