



**OPENGATE CAPITAL**

A GLOBAL PRIVATE EQUITY FIRM



## Portfolio Company Review – April 2019



**OPENGATE CAPITAL**

May 22, 2019

CONFIDENTIAL



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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy



# April EBITDA exceeded AOP by 116% with April top line exceeding AOP by 16%; focus remains on Acapulco and management of ABB transition



## ➔ Operational Overview:

- April Net Revenue: \$10,855 vs. AOP \$9,413, +\$1,784 better vs. April 2018
- April EBITDA: \$1,030 (9.5% of Rev) vs. AOP \$476K (5.1% of Rev), +\$543K better vs. April 2018
  - YTD 2019 EBITDA: \$3,286 (7.8% of Rev) vs. YTD 2018 EBITDA: \$1,767 (4.5% of Rev)
- Backlog remains at \$20M+; Booked ~\$12M in new orders in April at ~\$1417 ASP
- Padmount: 1<sup>st</sup> order progressing (Anixter) with delivery date of early July. Received RUS Certification formally on May 8 – APPROVED
- ABB Inside Sales Separation, EDI Set up behind schedule due to customer interaction delays
- Cash flow expected to be ~\$3M availability, now current on ABB Commissions and OGC monitoring fees (~\$3.5M impact to January - April Cash Flow), target to minimize debt as next step
- Continue to focus on Summery Ramp Up Plan, OTD Recovery/Past Dues as we enter the Summer Months
- Southern Company last and final bid submitted May 7
  - Currently stated, we split volume: 70% PPI / 30% Howard
  - Feedback on our “round 1” bid: PPI was in 3<sup>rd</sup> & 4<sup>th</sup> Quartile vs competition
  - Aggressive/Fair “last and final” bid, potentially will keep 50-60% of volume

### Southern Company Bid:

	2018	Round 1	Last & Final	Var vs. 2018
Revenue \$	14.9	\$ 14.4	\$ 14.0	\$ (0.9)
GM \$	1.9	\$ 1.6	\$ 1.2	\$ (0.7)
GM%	12.5%	11.0%	8.7%	

### Notes:

1) Excludes Hurricane Volume in 2018

2) For comparison used same volume assumptions as 2018 for bid

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
Product development	●	1 <sup>st</sup> PO in process; fully approved on RUS Certification
ABB separation	●	Current on ABB commissions; inside sales separation delayed
Project Acapulco	●	On schedule to launch on May 20



# → Profit & Loss Statement

\$'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	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Units Produced	10,415	9,339	9,037	9,819	8,513	10,100	11,001	10,878	9,706	8,909	7,483	6,647	111,847	102,425	9,422	9.2%	103,919	7,928	7.6%
Units Shipped	7,170	9,684	9,978	8,388	8,513	10,100	11,001	10,878	9,706	8,909	7,483	6,647	108,457	102,425	6,032	5.9%	104,559	3,898	3.7%
Bookings (\$'000)	\$ 17,561	\$ 7,504	\$ 10,879	\$ 11,976	\$ 10,417	\$ 11,035	\$ 11,411	\$ 11,379	\$ 10,016	\$ 9,588	\$ 9,196	\$ 7,528	\$ 128,492	\$ 115,728	\$ 12,764	11.0%	\$ 126,221	\$ 2,271	1.8%
Backlog ('\$000)	\$ 25,622	\$ 21,610	\$ 21,128	\$ 22,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	\$ 16,834	\$ (16,834)	(100.0%)
Gross Revenue	\$ 8,786	\$ 11,523	\$ 11,365	\$ 10,876	\$ 10,417	\$ 11,035	\$ 11,411	\$ 11,379	\$ 10,016	\$ 9,588	\$ 9,196	\$ 7,528	\$ 123,120	\$ 115,728	\$ 7,392	6.4%	\$ 125,224	\$ (2,104)	(1.7%)
Discounts	(31)	(27)	(87)	(39)	(40)	(43)	(44)	(44)	(39)	(37)	(35)	(29)	(494)	(446)	(48)	10.8%	(317)	(177)	55.9%
Returns	-	-	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	(30.4%)	(15)	15	(99.9%)
Rebates	-	-	(3)	(18)	(10)	(11)	(11)	(11)	(10)	(10)	(9)	(8)	(102)	(117)	15	(12.7%)	(135)	33	(24.4%)
Other	56	59	53	35	48	51	52	52	46	44	42	34	571	530	41	7.8%	412	159	38.6%
Adj. to Gross Revenue	25	32	(37)	(22)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(2)	(25)	(33)	8	(24.8%)	(55)	30	(54.6%)
Net Revenue	8,811	11,555	11,327	10,855	10,414	11,032	11,408	11,376	10,013	9,585	9,193	7,526	123,096	115,695	7,401	6.4%	125,170	(2,074)	(1.7%)
Material	5,580	6,904	7,025	6,420	6,244	6,538	6,597	6,717	6,126	5,895	5,551	4,404	74,001	69,565	4,436	6.4%	75,787	(1,786)	(2.4%)
Labor	2,203	2,106	2,017	2,098	1,966	2,076	2,139	2,114	1,858	1,756	1,672	1,373	23,377	21,645	1,732	8.0%	23,347	31	0.1%
Other COGS	(101)	867	923	697	1,000	1,013	1,101	1,038	907	912	969	1,175	10,501	11,737	(1,236)	(10.5%)	11,074	(573)	(5.2%)
Total COGS	7,682	9,877	9,965	9,215	9,210	9,627	9,837	9,868	8,891	8,563	8,192	6,951	107,880	102,947	4,932	4.8%	110,209	(2,329)	(2.1%)
Gross Margin	1,129	1,678	1,362	1,639	1,204	1,405	1,571	1,508	1,122	1,022	1,002	575	15,216	12,748	2,468	19.4%	14,961	255	1.7%
Gross Margin %	12.8%	14.5%	12.0%	15.1%	11.6%	12.7%	13.8%	13.3%	11.2%	10.7%	10.9%	7.6%	12.4%	11.0%			12.0%		
R&D	15	26	16	16	-	-	-	-	-	-	-	-	73	-	73	N/A	16	58	371.0%
Sales & Marketing	80	82	88	107	163	163	164	164	164	166	166	166	1,672	1,964	(292)	(14.9%)	828	844	102.0%
Administrative	302	751	404	481	379	379	381	381	381	381	381	381	4,980	4,554	427	9.4%	4,815	166	3.4%
Other Opex	-	-	150	4	-	-	-	-	-	-	-	-	154	-	154	N/A	2,276	(2,122)	(93.2%)
Total Opex	397	859	657	609	542	542	544	544	544	547	547	547	6,880	6,518	362	5.6%	7,934	(1,054)	(13.3%)
EBITDA	732	818	705	1,030	662	863	1,026	963	577	475	455	28	8,336	6,230	2,106	33.8%	7,027	1,309	18.6%
EBITDA %	8.3%	7.1%	6.2%	9.5%	6.4%	7.8%	9.0%	8.5%	5.8%	5.0%	4.9%	0.4%	6.8%	5.4%			5.6%		
Adj. EBITDA	732	818	705	1,030	662	863	1,026	963	577	475	455	28	8,336	6,230			7,027		
Adj. EBITDA %	8.3%	7.1%	6.2%	9.5%	6.4%	7.8%	9.0%	8.5%	5.8%	5.0%	4.9%	0.4%	6.8%	5.4%			5.6%		
Net Income (Loss)	\$ 275	\$ 505	\$ 190	\$ 522	\$ 167	\$ 318	\$ 492	\$ 445	\$ 155	\$ 78	\$ 62	\$ (258)	\$ 2,952	\$ 1,033	\$ 1,920	185.9%	\$ 3,954	\$ (1,002)	(25.3%)
Capex	\$ (36)	\$ (56)	\$ (408)	\$ (372)	\$ (148)	\$ (148)	\$ (148)	\$ (148)	\$ (148)	\$ (148)	\$ (148)	\$ (148)	\$ (2,056)	\$ (1,776)	\$ (280)	15.8%	\$ (923)	\$ (1,133)	122.8%
\$'000	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	FY	FY	Var		PY	Var	
	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Opex Overview:																			
Payroll	\$ 150	\$ 160	\$ 164	\$ 167	\$ 215	\$ 215	\$ 217	\$ 217	\$ 217	\$ 218	\$ 218	\$ 218	\$ 2,375	\$ 2,588	\$ (212)	(8.2%)	\$ 1,877	\$ 499	26.6%
Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	1	(1)	(100.0%)
Bonus	80	280	130	100	75	75	75	75	75	75	75	75	1,190	900	290	32.2%	1,195	(5)	(0.4%)
Commissions	-	-	150	4	5	5	5	5	5	5	5	5	194	60	134	223.4%	2,276	(2,082)	(91.5%)
Severance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Benefits	45	24	42	39	39	39	39	39	39	40	40	40	465	469	(5)	(1.0%)	333	132	39.5%
Travel and Entertainment	(40)	22	12	0	19	19	19	19	19	19	19	19	142	222	(80)	(35.9%)	122	20	16.6%
Rent and Facilities	-	0	-	-	2	2	2	2	2	2	2	2	13	19	(6)	(32.5%)	19	(6)	(32.2%)
Insurance	32	33	23	29	48	48	48	48	48	48	48	48	501	574	(73)	(12.7%)	410	90	22.1%
Professional Fees	60	233	27	118	82	82	82	82	82	82	82	82	1,094	985	109	11.1%	832	262	31.5%
Util., Repair, Maint., & Sec.	13	13	13	13	10	10	10	10	10	10	10	10	133	122	11	9.3%	135	(2)	(1.3%)
Safety and Training	2	5	44	41	3	3	3	3	3	3	3	3	116	35	80	228.1%	33	82	246.4%
IT	26	53	26	16	31	31	31	31	31	31	31	31	366	366	0	0.0%	448	(82)	(18.2%)
Supplies	3	7	5	0	3	3	3	3	3	3	3	3	42	41	1	2.6%	37	5	13.2%
Other Expenses	25	30	20	82	11	11	11	11	11	11	11	11	249	138	112	80.9%	217	32	14.9%
Total Opex	\$ 397	\$ 859	\$ 657	\$ 609	\$ 542	\$ 542	\$ 544	\$ 544	\$ 544	\$ 547	\$ 547	\$ 547	\$ 6,880	\$ 6,518	\$ 362	5.6%	\$ 7,934	\$ (1,054)	(13.3%)

## → Monthly balance sheet

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<b>\$'000</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 103	\$ 149	\$ 156	\$ 154	\$ 148	\$ 121	\$ 27	22.5%
Short term investments	—	—	—	—	—	—	—	N/A
Accounts receivable, gross	11,751	11,002	14,581	14,424	13,133	11,500	1,633	14.2%
Accounts receivable, reserves	—	—	—	—	—	—	—	N/A
Accounts receivable, net	11,751	11,002	14,581	14,424	13,133	11,500	1,633	14.2%
Inventory, gross	13,634	17,724	17,499	18,065	19,346	15,000	4,346	29.0%
Inventory, reserves	(434)	(454)	(474)	(494)	(514)	—	(514)	N/A
Inventory, net	13,200	17,270	17,025	17,571	18,833	15,000	3,833	25.6%
Prepaid expenses and other current assets	561	1,016	994	915	1,109	1,069	40	3.7%
Current portion of deferred taxes	—	—	—	—	—	—	—	N/A
Revenue in excess of billings	—	—	—	—	—	—	—	N/A
Other current assets	12	13	11	11	10	8	2	19.0%
<b>Total Current Assets</b>	<b>25,627</b>	<b>29,451</b>	<b>32,768</b>	<b>33,074</b>	<b>33,232</b>	<b>27,698</b>	<b>5,534</b>	<b>20.0%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, gross	11,262	11,298	11,354	11,762	12,134	8,437	3,697	43.8%
Accumulated depreciation	(2,548)	(2,694)	(2,806)	(2,918)	(3,030)	—	(3,030)	N/A
Property, plant & equipment, net	8,714	8,604	8,548	8,844	9,104	8,437	667	7.9%
Goodwill	6,390	6,314	6,239	6,163	6,088	6,125	(38)	(0.6%)
Identifiable intangible assets, gross	9,075	9,075	9,075	9,075	9,075	9,075	—	0.0%
Accumulated amortization	(2,685)	(2,760)	(2,836)	(2,911)	(2,987)	(2,949)	(38)	1.3%
Identifiable intangible assets, net	—	—	—	—	—	—	—	N/A
Deferred financing cost	—	148	142	135	129	129	—	0.0%
Deferred tax asset	462	449	436	423	410	646	(236)	(36.5%)
Other non-current assets	144	14	—	—	(1)	13	(14)	(105.3%)
<b>Total Non-Current Assets</b>	<b>15,709</b>	<b>15,529</b>	<b>15,364</b>	<b>15,566</b>	<b>15,730</b>	<b>15,351</b>	<b>380</b>	<b>2.5%</b>
<b>Total Assets</b>	<b>\$ 41,336</b>	<b>\$ 44,980</b>	<b>\$ 48,132</b>	<b>\$ 48,640</b>	<b>\$ 48,962</b>	<b>\$ 43,049</b>	<b>\$ 5,914</b>	<b>13.7%</b>
<b>Current Liabilities</b>								
Current portion of long-term debt	\$ 6,406	\$ 11,249	\$ 13,434	\$ 14,053	\$ 15,777	\$ 17,532	\$ (1,755)	(10.0%)
Notes payable	—	—	—	—	—	—	—	N/A
Accounts payable	13,205	12,829	12,049	11,832	11,551	7,500	4,051	54.0%
Accrued liabilities	4,903	3,583	4,760	4,461	3,908	1,800	2,108	117.1%
Accrued compensation	53	235	237	320	117	313	(195)	(62.5%)
Income taxes payable	17	97	198	357	375	278	97	34.9%
Short-term unearned revenue	—	—	—	—	—	—	—	N/A
Other current liabilities	279	282	284	300	305	248	57	22.8%
<b>Total Current Liabilities</b>	<b>24,863</b>	<b>28,274</b>	<b>30,964</b>	<b>31,324</b>	<b>32,033</b>	<b>27,671</b>	<b>4,361</b>	<b>15.8%</b>
<b>Long-term liabilities</b>								
Long-term debt less current maturities	—	—	—	—	—	—	—	N/A
Capital lease	1,788	1,742	1,696	1,650	737	1,570	(833)	(53.1%)
Debt owing to OpenGate	—	—	—	—	—	—	—	N/A
Deferred income taxes	—	—	—	—	—	—	—	N/A
Long-term unearned revenue	—	—	—	—	—	—	—	N/A
Deferred liabilities	—	—	—	—	—	625	(625)	(100.0%)
Other non-current liabilities	1,940	1,943	1,947	1,952	1,956	4,550	(2,594)	(57.0%)
<b>Total Long-Term Liabilities</b>	<b>3,728</b>	<b>3,686</b>	<b>3,643</b>	<b>3,601</b>	<b>2,693</b>	<b>6,745</b>	<b>(4,052)</b>	<b>(60.1%)</b>
<b>Total Liabilities</b>	<b>28,591</b>	<b>31,960</b>	<b>34,607</b>	<b>34,925</b>	<b>34,725</b>	<b>34,416</b>	<b>309</b>	<b>0.9%</b>
<b>Commitments and contingencies</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>N/A</b>
<b>Shareholders' Equity</b>								
Common stock	14,411	18,365	18,365	18,365	18,365	14,411	3,954	27.4%
Preferred stock	—	—	—	—	—	—	—	N/A
Capital in excess of stated value	—	—	—	—	—	—	—	N/A
Retained earnings	(1,665)	(5,344)	(4,839)	(4,649)	(4,128)	(5,504)	1,377	(25.0%)
Accumulated other comprehensive income	(1)	(1)	(1)	(1)	(1)	(274)	273	(99.7%)
Other equity transactions	—	—	—	—	—	—	—	N/A
<b>Total Shareholders' Equity</b>	<b>12,745</b>	<b>13,020</b>	<b>13,525</b>	<b>13,715</b>	<b>14,237</b>	<b>8,632</b>	<b>5,604</b>	<b>64.9%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 41,336</b>	<b>\$ 44,980</b>	<b>\$ 48,132</b>	<b>\$ 48,640</b>	<b>\$ 48,962</b>	<b>\$ 43,049</b>	<b>\$ 5,914</b>	<b>13.7%</b>

## → Monthly Cash flow

\$'000	MTD		Variance		PY-MTD	Variance		YTD		Variance		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	ACT	\$	%
<b>Cash flow from operations</b>														
Net Income (Loss)	\$ 522	\$ 28	\$ 494	1756.5%	\$ (5)	\$ 527	(9886.9%)	\$ 1,492	\$ (428)	\$ 1,920	(449.0%)	\$ 99	\$ 1,393	1411.5%
Depreciation, amortization and other	194	234	(40)	(17.3%)	228	(34)	(15.0%)	809	933	(124)	(13.3%)	912	(103)	(11.3%)
Capitalized fees & expenses	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Gain (loss) on sale of fixed assets	—	—	—	N/A	50	(50)	(100.0%)	—	—	—	N/A	50	(50)	(100.0%)
Non-cash interest expense	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Non-cash dividends	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Deferred income tax	13	—	13	N/A	13	0	0.0%	52	(26)	78	(300.0%)	52	—	0.0%
<b>Change in operating assets and liabilities:</b>														
Accounts receivable	1,292	(500)	1,792	(358.3%)	1,537	(245)	(16.0%)	(1,381)	251	(1,633)	(649.7%)	1,416	(2,798)	(197.5%)
Inventory	(1,262)	—	(1,262)	N/A	(1,248)	(14)	1.1%	(5,633)	(1,769)	(3,864)	218.4%	(1,354)	(4,279)	316.0%
Prepaid expenses and other current assets	(193)	(113)	(80)	70.8%	(26)	(167)	633.7%	(545)	(295)	(251)	85.0%	(475)	(71)	14.9%
Accounts payable	(281)	(500)	219	(43.9%)	(208)	(73)	35.2%	(1,654)	(5,705)	4,051	(71.0%)	459	(2,112)	(460.7%)
Accrued expenses	(554)	75	(629)	(838.2%)	(1)	(553)	78871.3%	(996)	(3,466)	2,471	(71.3%)	335	(1,331)	(397.3%)
Accrued income taxes	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Other changes in operating assets and liabilities	(176)	177	(353)	(199.5%)	203	(378)	(186.8%)	609	223	386	173.0%	(121)	729	(604.0%)
Other cash flow from operations	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
<b>Total Cash Flow from Operations</b>	<b>\$ (445)</b>	<b>\$ (599)</b>	<b>\$ 154</b>	<b>(25.7%)</b>	<b>\$ 543</b>	<b>\$ (988)</b>	<b>(181.9%)</b>	<b>\$ (7,247)</b>	<b>\$ (10,281)</b>	<b>\$ 3,034</b>	<b>(29.5%)</b>	<b>\$ 1,373</b>	<b>\$ (8,620)</b>	<b>(627.9%)</b>
<b>Cash flow from investing</b>														
Additions to property, plant and equipment	\$ (372)	\$ (148)	\$ (224)	151.2%	\$ (60)	\$ (311)	515.3%	\$ (872)	\$ (592)	\$ (280)	47.3%	\$ (220)	\$ (652)	295.9%
Acquisitions of companies, net of cash acquired	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Investment in intangibles	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Earnout payments	—	—	—	N/A	—	—	N/A	—	—	—	N/A	(254)	254	(100.0%)
Other cash flow from investing (goodwill)	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
<b>Total Cash Flow from Investing</b>	<b>\$ (372)</b>	<b>\$ (148)</b>	<b>\$ (224)</b>	<b>151.2%</b>	<b>\$ (60)</b>	<b>\$ (311)</b>	<b>515.3%</b>	<b>\$ (872)</b>	<b>\$ (592)</b>	<b>\$ (280)</b>	<b>47.3%</b>	<b>\$ (474)</b>	<b>\$ (398)</b>	<b>83.9%</b>
<b>Cash flow from financing</b>														
Proceeds from the issuance (repayment) of short-term debt	\$ 1,724	\$ 792	\$ 932	117.7%	\$ (461)	\$ 2,185	(473.7%)	\$ 9,217	\$ 11,110	\$ (1,894)	(17.0%)	\$ (1,235)	\$ 10,451	(846.6%)
Proceeds from the issuance of debt	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Repayment of debt	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Capital lease	(913)	(45)	(868)	1942.9%	(45)	(868)	1942.9%	(1,051)	(219)	(833)	381.1%	363	(1,414)	(389.6%)
Common stock issued (repurchased)	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Common stock cash dividends paid	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Preferred stock issued (repurchased)	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
Other cash flow from financing costs	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A
<b>Total Cash Flow from Financing</b>	<b>\$ 811</b>	<b>\$ 747</b>	<b>\$ 64</b>	<b>8.6%</b>	<b>\$ (506)</b>	<b>\$ 1,317</b>	<b>(260.3%)</b>	<b>\$ 8,165</b>	<b>\$ 10,892</b>	<b>\$ (2,727)</b>	<b>(25.0%)</b>	<b>\$ (871)</b>	<b>\$ 9,037</b>	<b>(1036.9%)</b>
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>
<b>Net change in cash</b>	<b>\$ (6)</b>	<b>0</b>	<b>\$ (6)</b>	<b>&gt;1000%</b>	<b>\$ (23)</b>	<b>\$ 18</b>	<b>(76.2%)</b>	<b>\$ 46</b>	<b>\$ 18</b>	<b>\$ 27</b>	<b>148.2%</b>	<b>\$ 27</b>	<b>\$ 18</b>	<b>67.2%</b>
Beginning cash	154	121	33	27.1%	130	24	18.4%	103	103	—	0.0%	79	23	29.5%
Change in cash	(6)	(0)	(6)	>1000%	(23)	18	(76.2%)	46	18	27	148.2%	27	18	67.2%
<b>Ending cash</b>	<b>\$ 148</b>	<b>\$ 121</b>	<b>\$ 27</b>	<b>22.5%</b>	<b>\$ 106</b>	<b>\$ 42</b>	<b>39.2%</b>	<b>\$ 148</b>	<b>\$ 121</b>	<b>\$ 27</b>	<b>22.5%</b>	<b>\$ 106</b>	<b>\$ 42</b>	<b>39.2%</b>

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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy





**E N E R G I**

FENESTRATION SOLUTIONS







# Mar 2019 Revenue and EBITDA miss due to continued softness in North America, but 1Q 2019 EBITDA at Plan

## ➔ Operational Overview:

- Overall volumes and back log are continuing to lag 2018 and 19AOP. April was ~2.6mm lower than plan. Softness is believed to be due to competitive pressure and weather impacting the industry. However, comps indicate the weather has not been impactful
  - EBITDA is behind plan by \$431k in April, and \$438K YTD; Gross revenue behind plan by \$6.4mm YTD
  - Backlog still depressed from last year
- Working with Joshua Oed to create supply chain cut point and cartage for PGT in FL. Expecting cost benefit analysis in the next 2-3 weeks when responses from vendors are returned
- Data requests for major efforts including Plant Consolidation, Pricing, Logistics, Changeover have all been submitted and reviewed with both CFO, and key managers (Joshua, Dan, Andy). Business is having difficulty cleaning data due to competing priorities (e.g. CIM). I have asked they work to provide data first week of June to allow for those other efforts to be completed

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
A: Plant consolidation		<ul style="list-style-type: none"><li>• Followed up with Felice re data request. Additional information needed to establish plant baseline capacity</li><li>• Dependent on capacity and scheduling projects</li></ul>
B: Pricing		<ul style="list-style-type: none"><li>• Patio doors – Have obtained 2019, 2018 data expected next week</li><li>• Non patio doors – Data has been requested expected next week</li><li>• Logistics fees – Data has been requested expected next two to three weeks</li></ul>
C: Sourcing		<ul style="list-style-type: none"><li>• Regrind: Two samples arrived last week; timelines and targets needed</li><li>• Alt materials: Testing of providers underway; timelines and targets needed</li><li>• Compound: Finance to execute price benefit analysis for ECS sale, alt supplier of compound would save \$735K not including loss of ECS EBITDA contribution</li></ul>
D: Changeover & Scheduling		<ul style="list-style-type: none"><li>• Data request submitted</li></ul>

## ➔ Profit & Loss Statement

\$'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	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Units Produced ('000)	7,786	7,371	8,389	7,725	9,900	10,019	10,057	10,212	9,308	9,637	9,028	5,886	105,319	108,274	(2,955)	(2.7%)	96,146	9,173	9.5%
Units Shipped ('000)	6,941	6,590	7,230	8,092	10,258	10,359	10,062	10,681	9,633	10,255	9,358	6,133	105,591	109,580	(3,988)	(3.6%)	104,464	1,127	1.1%
Bookings (\$'000)	\$ 11,857	\$ 10,031	\$ 11,903	\$ 14,734	\$ 16,974	\$ 17,860	\$ 16,506	\$ 17,313	\$ 16,578	\$ 17,403	\$ 16,182	\$ 9,356	\$ 176,698	\$ 180,948	\$ (4,250)	(2.3%)	\$ 173,588	\$ 3,109	1.8%
Backlog (\$'000)	\$ 9,269	\$ 8,356	\$ 8,460	\$ 9,671	\$ 12,555	\$ 12,824	\$ 11,864	\$ 12,654	\$ 12,898	\$ 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	\$ 17,567	\$ 17,993	\$ 17,052	\$ 18,655	\$ 16,814	\$ 17,766	\$ 16,477	\$ 10,759	\$ 181,649	\$ 188,036	\$ (6,387)	(3.4%)	\$ 180,283	\$ 1,367	0.8%
Adj. to Gross Revenue	(597)	(464)	(581)	(699)	(975)	(963)	(887)	(990)	(919)	(983)	(916)	(541)	(9,517)	(9,876)	360	(3.6%)	(9,708)	192	(2.0%)
Net Revenue	10,942	10,785	11,404	13,094	16,593	17,030	16,165	17,664	15,895	16,782	15,561	10,218	172,133	178,160	(6,027)	(3.4%)	170,574	1,558	0.9%
Material	5,204	5,301	5,464	6,521	8,236	8,608	8,053	8,864	7,768	8,457	7,836	4,565	84,876	88,355	(3,479)	(3.9%)	83,420	1,456	1.7%
Labor	2,927	2,714	2,913	2,840	3,359	3,241	3,433	3,370	3,208	3,337	3,197	2,915	37,456	38,371	(915)	(2.4%)	38,503	(1,047)	(2.7%)
Other COGS	1,309	1,015	1,117	1,533	1,917	1,893	1,670	2,029	1,846	2,013	1,780	1,527	19,648	20,261	(612)	(3.0%)	20,885	(1,236)	(5.9%)
Total COGS	9,440	9,030	9,494	10,894	13,512	13,742	13,157	14,263	12,821	13,807	12,814	9,007	141,980	146,986	(5,007)	(3.4%)	142,807	(827)	(0.6%)
Gross Margin	1,502	1,755	1,910	2,201	3,081	3,288	3,008	3,402	3,074	2,975	2,747	1,210	30,153	31,173	(1,020)	(3.3%)	27,767	2,386	8.6%
Gross Margin %	13.7%	16.3%	16.7%	16.8%	18.6%	19.3%	18.6%	19.3%	19.3%	17.7%	17.7%	11.8%	17.5%	17.5%			16.3%		
R&D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Sales & Marketing	554	603	474	610	631	557	607	595	648	583	633	579	7,072	7,247	(175)	(2.4%)	7,045	28	0.4%
Administrative	1,037	968	879	962	1,099	1,057	1,096	1,092	1,049	1,094	1,047	1,068	12,449	12,772	(323)	(2.5%)	10,240	2,209	21.6%
Other Opex	(127)	(75)	85	(51)	(21)	(21)	(21)	(20)	(17)	(20)	(20)	(16)	(323)	(228)	(95)	41.8%	302	(625)	(207.2%)
Total Opex	1,465	1,496	1,438	1,520	1,708	1,593	1,682	1,668	1,680	1,657	1,660	1,631	19,198	19,791	(593)	(3.0%)	17,587	1,611	9.2%
EBITDA	37	259	472	680	1,372	1,695	1,326	1,734	1,393	1,318	1,087	(420)	10,955	11,382	(428)	(3.8%)	10,180	774	7.6%
EBITDA %	0.3%	2.4%	4.1%	5.2%	8.3%	10.0%	8.2%	9.8%	8.8%	7.9%	7.0%	(4.1%)	6.4%	6.4%			6.0%		
Net Income (Loss)	\$ (886)	\$ (271)	\$ (1,280)	\$ (242)	\$ 74	\$ 356	\$ 30	\$ 458	\$ 121	\$ 59	\$ (82)	\$ (1,356)	\$ (3,019)	\$ (3,300)	\$ 281	(8.5%)	\$ (3,490)	\$ 471	(13.5%)
Capex	\$ (489)	\$ (531)	\$ (560)	\$ (448)	\$ (943)	\$ (943)	\$ (492)	\$ (492)	\$ (492)	\$ (398)	\$ (398)	\$ (398)	\$ (6,583)	\$ (8,000)	\$ 1,417	(17.7%)	\$ (10,215)	\$ 3,633	(35.6%)
<b>Opex Overview:</b>																			
Payroll	\$ 881	\$ 806	\$ 788	\$ 889	\$ 952	\$ 855	\$ 952	\$ 926	\$ 873	\$ 943	\$ 880	\$ 913	\$ 10,659	\$ 10,783	\$ (124)	(1.2%)	\$ 10,318	\$ 341	3.3%
Bonus	112	113	112	112	113	113	113	113	113	113	113	113	1,355	1,361	(5)	(0.4%)	159	1,196	752.7%
Commissions	19	19	16	19	30	30	30	30	30	30	30	30	311	358	(47)	(13.1%)	187	125	66.7%
Marketing	95	180	71	116	149	122	122	127	198	109	186	118	1,593	1,780	(187)	(10.5%)	1,679	(86)	(5.1%)
Benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Travel and entertainment	107	128	35	105	139	130	142	137	132	132	128	130	1,444	1,587	(143)	(9.0%)	1,231	213	17.3%
Rent and facilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Insurance	29	21	31	20	29	30	32	30	27	27	28	24	328	336	(8)	(2.4%)	328	0	0.1%
Professional fees	45	46	62	45	44	52	44	45	52	45	45	51	576	584	(8)	(1.4%)	585	(9)	(1.5%)
Office Expenses	23	26	18	22	27	29	20	26	20	26	22	25	283	287	(4)	(1.4%)	287	(4)	(1.3%)
IT	166	165	132	159	176	179	177	181	178	182	181	178	2,054	2,092	(38)	(1.8%)	1,634	420	25.7%
Bad Debts	16	(0)	16	23	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	52	(5)	57	(1235.3%)	(80)	132	(165.8%)
FX	(122)	(76)	115	(28)	—	—	—	—	—	—	—	—	(111)	—	(111)	N/A	384	(496)	(128.9%)
JV Loss (Income)	(5)	1	(29)	(23)	(21)	(21)	(21)	(20)	(17)	(20)	(20)	(16)	(212)	(228)	16	(7.0%)	(83)	(129)	156.5%
Other Expenses	98	67	73	61	72	73	71	72	74	70	67	66	864	853	11	1.3%	956	(92)	(9.6%)
Total Opex	\$ 1,465	\$ 1,496	\$ 1,438	\$ 1,520	\$ 1,708	\$ 1,593	\$ 1,682	\$ 1,668	\$ 1,680	\$ 1,657	\$ 1,660	\$ 1,631	\$ 19,198	\$ 19,791	\$ (593)	(3.0%)	\$ 17,586	\$ 1,612	9.2%

## ➔ Balance Sheet

\$'000	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>								
Cash and cash equivalents	\$ 0	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 0	11.0%
Short term investments	—	—	—	—	—	—	—	N/A
<i>Accounts receivable, gross</i>	8,958	9,182	9,929	11,613	13,369	15,256	(1,887)	(12.4%)
<i>Accounts receivable, reserves</i>	(363)	(393)	(393)	(399)	(425)	(679)	254	(37.4%)
Accounts receivable, net	8,594	8,789	9,536	11,214	12,944	14,577	(1,633)	(11.2%)
<i>Inventory, gross</i>	31,776	34,588	36,157	35,647	34,119	34,813	(693)	(2.0%)
<i>Inventory, reserves</i>	(1,467)	(1,497)	(1,514)	(1,497)	(1,562)	(1,704)	142	(8.3%)
Inventory, net	30,309	33,091	34,642	34,150	32,557	33,108	(551)	(1.7%)
Prepaid expenses and other current assets	2,942	3,145	3,030	3,051	3,909	4,043	(135)	(3.3%)
Other current assets	901	761	864	804	790	837	(47)	(5.6%)
<b>Total Current Assets</b>	<b>42,746</b>	<b>45,790</b>	<b>48,076</b>	<b>49,223</b>	<b>50,203</b>	<b>52,568</b>	<b>(2,365)</b>	<b>(4.5%)</b>
<b>Non-Current Assets</b>								
<i>Property, plant &amp; equipment, gross</i>	64,977	66,687	67,249	66,818	67,503	69,891	(2,388)	(3.4%)
<i>Accumulated depreciation</i>	(17,639)	(18,755)	(19,488)	(19,863)	(20,649)	(19,435)	(1,214)	6.2%
Property, plant & equipment, net	47,338	47,932	47,761	46,955	46,853	50,456	(3,603)	(7.1%)
Deferred financing cost	548	546	533	510	499	504	(6)	(1.1%)
Deferred tax asset	2,879	2,961	2,963	2,898	2,913	1,367	1,547	113.2%
Other non-current assets	2,616	2,688	2,690	2,644	2,685	3,093	(408)	(13.2%)
<b>Total Non-Current Assets</b>	<b>53,382</b>	<b>54,127</b>	<b>53,947</b>	<b>53,007</b>	<b>52,950</b>	<b>55,420</b>	<b>(2,470)</b>	<b>(4.5%)</b>
<b>Total Assets</b>	<b>\$ 96,127</b>	<b>\$ 99,917</b>	<b>\$ 102,023</b>	<b>\$ 102,229</b>	<b>\$ 103,153</b>	<b>\$ 107,989</b>	<b>\$ (4,835)</b>	<b>(4.5%)</b>
<b>Current Liabilities</b>								
Bank Debt	\$ 10,222	\$ 14,340	\$ 16,533	\$ 18,750	\$ 19,505	\$ 21,999	\$ (2,494)	(11.3%)
Current Portion - Long Term Debt	1,628	1,678	1,665	1,639	1,648	1,800	(153)	(8.5%)
Accounts payable	12,709	11,725	12,319	12,200	12,267	13,614	(1,347)	(9.9%)
Accrued liabilities	3,343	4,045	3,378	3,727	3,515	4,002	(487)	(12.2%)
Accrued compensation	2,521	2,492	2,800	2,877	3,338	3,464	(126)	(3.6%)
Income taxes payable	(246)	(189)	(102)	(344)	(275)	495	(770)	(155.4%)
Contingent consideration	1,301	1,301	1,301	1,301	1,301	—	1,301	N/A
Other current liabilities	97	101	97	124	125	143	(18)	(12.6%)
<b>Total Current Liabilities</b>	<b>31,576</b>	<b>35,493</b>	<b>37,990</b>	<b>40,273</b>	<b>41,423</b>	<b>45,517</b>	<b>(4,094)</b>	<b>(9.0%)</b>
<b>Long-term liabilities</b>								
Long-term debt less current maturities	12,006	12,248	12,114	11,679	11,609	11,574	36	0.3%
Deferred income taxes	9,610	9,753	9,757	9,642	9,669	7,785	1,884	24.2%
Other non-current liabilities	1,468	1,525	1,530	1,491	1,503	1,430	72	5.1%
<b>Total Long-Term Liabilities</b>	<b>23,084</b>	<b>23,526</b>	<b>23,400</b>	<b>22,812</b>	<b>22,781</b>	<b>20,789</b>	<b>1,992</b>	<b>9.6%</b>
<b>Total Liabilities</b>	<b>54,660</b>	<b>59,019</b>	<b>61,391</b>	<b>63,085</b>	<b>64,205</b>	<b>66,306</b>	<b>(2,102)</b>	<b>(3.2%)</b>
<b>Commitments and contingencies</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>N/A</b>
<b>Shareholders' Equity</b>								
Common stock	12,610	12,610	12,610	12,610	12,610	12,610	0	0.0%
Retained earnings	30,039	29,143	28,871	27,592	27,350	29,602	(2,252)	(7.6%)
Accumulated other comprehensive income	(1,181)	(855)	(850)	(1,058)	(1,011)	(530)	(481)	90.9%
<b>Total Shareholders' Equity</b>	<b>41,467</b>	<b>40,898</b>	<b>40,632</b>	<b>39,144</b>	<b>38,948</b>	<b>41,682</b>	<b>(2,734)</b>	<b>(6.6%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 96,127</b>	<b>\$ 99,917</b>	<b>\$ 102,023</b>	<b>\$ 102,229</b>	<b>\$ 103,153</b>	<b>\$ 107,989</b>	<b>\$ (4,835)</b>	<b>(4.5%)</b>

## ➔ Cash Flow Statement

	MTD		Variance		PY-MTD		Variance		YTD		Variance		PY YTD		Variance	
\$'000	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	ACT	\$	%		
Cash flow from operations																
Net Income (Loss)	\$ (242)	\$ (160)	\$ (82)	51.0%	\$ (375)	\$ 133	(35.5%)	\$ (2,679)	\$ (2,960)	\$ 281	(9.5%)	\$ (2,275)	\$ (404)	17.8%		
Depreciation, amortization and other	702	736	(34)	(4.6%)	638	64	10.1%	2,860	2,881	(21)	(0.7%)	2,535	325	12.8%		
Non-cash loss/expense (gain)	(62)	(357)	295	(82.6%)	75	(137)	(182.9%)	(30)	735	(765)	(104.0%)	80	(110)	(137.1%)		
Deferred income tax	27	—	27	N/A	13	15	116.1%	60	148	(89)	(59.8%)	(1,115)	1,175	(105.3%)		
Change in operating assets and liabilities:																
Accounts receivable	(1,730)	(1,917)	187	(9.8%)	(1,185)	(544)	45.9%	(4,350)	(6,070)	1,721	(28.3%)	(3,060)	(1,289)	42.1%		
Inventory	1,593	(198)	1,791	(904.1%)	(987)	2,580	(261.4%)	(2,249)	(2,799)	551	(19.7%)	(6,116)	3,868	(63.2%)		
Prepaid expenses and other current assets	(843)	(757)	(86)	11.4%	(678)	(165)	24.3%	(856)	(1,038)	182	(17.5%)	(1,160)	304	(26.2%)		
Accounts payable	68	(620)	687	(110.9%)	(605)	673	(111.2%)	(442)	905	(1,347)	(148.9%)	1,726	(2,168)	(125.6%)		
Accrued expenses	249	666	(417)	(62.6%)	752	(503)	(66.9%)	988	1,853	(864)	(46.7%)	(1,035)	2,023	(195.5%)		
Accrued income taxes	69	(462)	531	(114.9%)	(9)	78	(877.2%)	(28)	(154)	126	(81.7%)	128	(156)	(122.0%)		
Other changes in operating assets and liabilities	1	26	(25)	(95.6%)	18	(17)	(93.8%)	28	(1,255)	1,283	(102.2%)	24	4	15.8%		
Other cash flow from operations	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Total Cash Flow from Operations	\$ (168)	\$ (3,044)	\$ 2,875	(94.5%)	\$ (2,344)	\$ 2,175	(92.8%)	\$ (6,698)	\$ (7,755)	\$ 1,057	(13.6%)	\$ (10,269)	\$ 3,572	(34.8%)		
Cash flow from investing																
Additions to property, plant and equipment	\$ (448)	\$ (943)	\$ 495	(52.5%)	\$ (683)	\$ 235	(34.4%)	\$ (2,028)	\$ (3,445)	\$ 1,417	(41.1%)	\$ (3,117)	\$ 1,089	(34.9%)		
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	\$ (448)	\$ (943)	\$ 495	(52.5%)	\$ (683)	\$ 235	(34.4%)	\$ (2,028)	\$ (3,445)	\$ 1,417	(41.1%)	\$ (3,117)	\$ 1,089	(34.9%)		
Cash flow from financing																
Proceeds from the issuance (repayment) of short-term debt	\$ 754	\$ 4,130	\$ (3,376)	(81.7%)	\$ 2,511	\$ (1,757)	(70.0%)	\$ 9,282	\$ 11,776	\$ (2,494)	(21.2%)	\$ 13,214	\$ (3,932)	(29.8%)		
Proceeds from the issuance of debt	0	—	0	N/A	630	(630)	(100.0%)	0	—	0	N/A	630	(630)	(100.0%)		
Repayment of debt	(138)	(143)	5	(3.8%)	(114)	(23)	20.5%	(553)	(573)	20	(3.4%)	(458)	(96)	20.9%		
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	\$ 616	\$ 3,987	\$ (3,370)	(84.5%)	\$ 3,026	\$ (2,410)	(79.6%)	\$ 8,729	\$ 11,203	\$ (2,474)	(22.1%)	\$ 13,386	\$ (4,658)	(34.8%)		
Effect of FX rates on cash and cash equivalents	\$ —	\$ —	\$ —	N/A	\$ —	\$ —	N/A	\$ —	\$ —	\$ —	N/A	\$ —	\$ —	N/A		
Net change in cash	\$ 0	\$ 0	\$ 0	3197%	\$ (0)	\$ 0	(103.9%)	\$ 3	\$ 3	\$ 0	11.0%	\$ (0)	\$ 3	(1208.7%)		
Beginning cash	3	3	0	10.6%	0	3	1117.9%	0	0	—	0.0%	(0)	0	(100.1%)		
Change in cash	0	0	0	3197%	(0)	0	(103.9%)	3	3	0	11.0%	(0)	3	(1208.7%)		
Ending cash	\$ 3	\$ 3	\$ 0	11.0%	\$ (0)	\$ 3	(653927.2%)	\$ 3	\$ 3	\$ 0	11.0%	\$ (0)	\$ 3	(653927.2%)		

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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

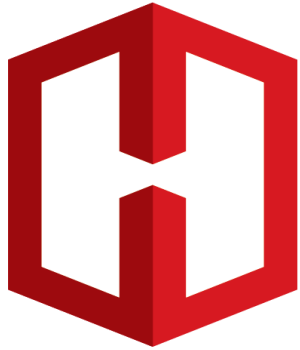
Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy





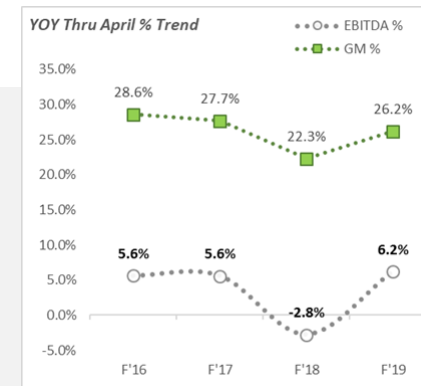
HUFCOR<sup>TM</sup>

*shaping your experience*

# Significant improvement made YOY but AOP miss in April; Loan agreement with LBC nearing formal completeness

## ➔ Operational Overview

- April Net Revenue: \$10,751 vs. AOP \$12,954 (missed by \$2,203); +\$653 vs. April 2018
- April EBITDA: \$1,244 (11.6% of Rev) vs. AOP \$1,572 (missed by \$328K), +\$1,502 vs. April 2018
  - +\$3,866 YOY EBITDA (YTD 2019 EBITDA: \$2,721 vs. YTD 2018 EBITDA: (\$1,145))
- Backlog is at \$106.5M as of end of April (~\$6M increase from prev month)
- D&O Slates for Loan Agreement: All signatures for all entities done by EOB Friday, except Koben
- HX Line (Athens): Still running pilots/trials; 0% backlog conversion rate (600 to HX) to-date; complete outsourcing to vendor in Ohio (Cooper) being investigated
- Commercial risks: (1) Glass sales in decline; (2) Independent distributors gaining share of revenue from Hufcor field offices
- Kicking off pricing initiative in Germany covering European business; eventual roll-out globally
- TCAR/Quality Program/Continuous Improvement being transitioned internally; will monitor progress on a weekly basis



## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
HX/700 series	●	Continue to look at costing; potential for 100% outsourcing (production) to Cooper
APAC optimization	●	Stabilizing Malaysia infrastructure (est. completion Jun 1 2019); China plant future is TBD
Partition Studio 5	●	Delayed - Launch by end of May
Germany ops/pricing	●	Kicking off external support to review Germany pricing and operations processes; Expected 1 June kick off
FP&A	●	Month-end close process improving; continue to explore options to stabilize finance org

## ➔ Profit & Loss Statement

\$'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	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
Units Produced	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Units Shipped	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Bookings (\$'000)	\$ 15,194	\$ 1,234	\$ 1,233	\$ 9,966	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 27,626	\$ —	\$ 27,626	N/A	\$ 159,311	\$ (131,685)	(82.7%)
Backlog ('\$000)	\$ 98,078	\$ 100,415	\$ 100,719	\$ 103,917	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	\$ 95,182	\$ (95,182)	(100.0%)
Gross Revenue	\$ 10,051	\$ 11,098	\$ 11,865	\$ 10,751	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 10,898	\$ 10,898	\$ 10,898	\$ 141,230	\$ 143,114	\$ (1,884)	(1.3%)	\$ 137,796	\$ 3,434	2.5%
Net Revenue	10,051	11,098	11,865	10,751	12,954	12,954	12,954	12,954	12,954	10,898	10,898	10,898	141,230	143,114	(1,884)	(1.3%)	137,796	3,434	2.5%
Material	3,191	4,159	3,724	3,056	4,535	4,185	4,535	4,535	4,535	3,617	3,617	3,617	47,307	49,734	(2,426)	(4.9%)	48,075	(768)	(1.6%)
Labor	3,460	3,335	3,733	3,255	3,586	3,586	3,586	3,586	3,586	3,322	3,322	3,322	41,680	41,449	231	0.6%	42,598	(918)	(2.2%)
Other COGS	1,119	1,118	1,118	981	1,003	1,003	1,003	1,003	1,003	955	955	955	12,218	11,752	466	4.0%	13,102	(884)	(6.7%)
Total COGS	7,770	8,612	8,576	7,292	9,124	8,774	9,124	9,124	9,124	7,895	7,895	7,895	101,205	102,934	(1,729)	(1.7%)	103,776	(2,570)	(2.5%)
Gross Margin	2,281	2,486	3,289	3,459	3,830	4,180	3,830	3,830	3,830	3,003	3,003	3,003	40,025	40,180	(155)	(0.4%)	34,020	6,005	17.7%
Gross Margin %	22.7%	22.4%	27.7%	32.2%	29.6%	32.3%	29.6%	29.6%	29.6%	27.6%	27.6%	27.6%	28.3%	28.1%			24.7%		
R&D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Sales & Marketing	1,068	1,085	1,132	1,192	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	14,611	15,201	(590)	(3.9%)	14,603	8	0.1%
Administrative	1,115	1,136	1,136	1,063	995	995	995	995	995	995	995	995	12,410	11,939	471	3.9%	12,941	(531)	(4.1%)
Other Opex	(16)	(7)	(71)	(39)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(161)	(41)	(119)	288.9%	(322)	161	(50.0%)
Total Opex	2,167	2,215	2,198	2,215	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	26,861	27,099	(239)	(0.9%)	27,223	(362)	(1.3%)
EBITDA	114	272	1,091	1,244	1,572	1,922	1,572	1,572	1,572	745	745	745	13,165	13,081	84	0.6%	6,797	6,367	93.7%
EBITDA %	1.1%	2.4%	9.2%	11.6%	12.1%	14.8%	12.1%	12.1%	12.1%	6.8%	6.8%	6.8%	9.3%	9.1%			4.9%		
Net Income (Loss)	\$ (961)	\$ (647)	\$ 119	\$ (26)	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 691	\$ 1,339	\$ (647)	(48.4%)	\$ (7,771)	\$ 8,462	(108.9%)
Capex	\$ 245	\$ 1,277	\$ 15	\$ 250	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,787	\$ —	\$ 1,787	N/A	\$ 2,279	\$ (491)	(21.6%)



## → Monthly Balance Sheet

	Dec-18	Feb-19	Mar-19	Apr-19		Variance	
\$'000	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>							
Cash and cash equivalents	\$ 2,668	\$ 2,754	\$ 1,577	\$ 1,521	\$ 3,500	\$ (1,979)	(56.6%)
Short term investments	—	—	—	—	—	—	N/A
<i>Accounts receivable, gross</i>	36,879	36,910	34,436	33,243	32,386	858	2.6%
<i>Accounts receivable, reserves</i>	(1,407)	(1,545)	(1,629)	(1,679)	—	(1,679)	N/A
Accounts receivable, net	35,472	35,365	32,807	31,564	32,386	(822)	(2.5%)
<i>Inventory, gross</i>	13,393	15,308	15,388	16,303	13,686	2,617	19.1%
<i>Inventory, reserves</i>	(298)	(253)	(264)	(274)	—	(274)	N/A
Inventory, net	13,095	15,055	15,124	16,028	13,686	2,342	17.1%
Prepaid expenses and other current assets	1,666	1,728	1,591	1,529	2,238	(710)	(31.7%)
Current portion of deferred taxes	5,559	5,579	5,583	5,568	5,797	(229)	(4.0%)
Other current assets	261	331	222	318	—	318	N/A
<b>Total Current Assets</b>	<b>58,721</b>	<b>60,813</b>	<b>56,904</b>	<b>56,528</b>	<b>57,607</b>	<b>(1,079)</b>	<b>(1.9%)</b>
<b>Non-Current Assets</b>							
<i>Property, plant &amp; equipment, gross</i>	36,262	37,895	38,006	38,147	37,878	269	0.7%
<i>Accumulated depreciation</i>	(22,835)	(23,208)	(23,334)	(23,515)	(22,835)	(680)	3.0%
Property, plant & equipment, net	13,427	14,687	14,673	14,632	15,043	(411)	(2.7%)
<i>Identifiable intangible assets, gross</i>	15,231	15,236	15,238	15,233	8,348	6,885	82.5%
<i>Accumulated amortization</i>	(5,523)	(6,215)	(6,561)	(6,906)	—	(6,906)	N/A
Identifiable intangible assets, net	9,707	9,022	8,677	8,327	8,348	(21)	(0.2%)
Deferred financing cost	1,950	1,955	1,908	1,862	1,903	(41)	(2.2%)
Other non-current assets	3,719	2,705	2,703	2,697	2,696	1	0.0%
<b>Total Non-Current Assets</b>	<b>28,804</b>	<b>28,368</b>	<b>27,961</b>	<b>27,518</b>	<b>27,990</b>	<b>(472)</b>	<b>(1.7%)</b>
<b>Total Assets</b>	<b>\$ 87,524</b>	<b>\$ 89,181</b>	<b>\$ 84,864</b>	<b>\$ 84,046</b>	<b>\$ 85,597</b>	<b>\$ (1,551)</b>	<b>(1.8%)</b>
<b>Current Liabilities</b>							
Current portion of long-term debt	\$ 835	\$ 835	\$ 835	\$ 835	\$ 835	\$ —	0.0%
Line of Credit	7,832	11,382	9,458	9,623	8,329	1,295	15.5%
Accounts payable	13,527	12,453	10,618	15,884	9,124	6,760	74.1%
Accrued liabilities	6,224	6,682	6,363	962	7,787	(6,825)	(87.6%)
Accrued compensation	2,121	1,551	1,662	1,461	—	1,461	N/A
Income taxes payable	129	113	129	146	260	(114)	(43.8%)
Other current liabilities	2,721	2,911	2,895	2,905	2,011	894	44.4%
<b>Total Current Liabilities</b>	<b>33,389</b>	<b>36,789</b>	<b>32,416</b>	<b>31,895</b>	<b>28,346</b>	<b>3,549</b>	<b>12.5%</b>
<b>Long-term liabilities</b>							
Long-term debt less current maturities	31,730	31,521	31,521	31,313	31,313	(1)	(0.0%)
Deferred income taxes	46	68	96	95	45	50	113.0%
Other non-current liabilities	46	47	(111)	46	49	(3)	(5.6%)
<b>Total Long-Term Liabilities</b>	<b>31,822</b>	<b>31,636</b>	<b>31,507</b>	<b>31,454</b>	<b>31,407</b>	<b>47</b>	<b>0.1%</b>
<b>Total Liabilities</b>	<b>65,211</b>	<b>68,425</b>	<b>63,923</b>	<b>63,349</b>	<b>59,752</b>	<b>3,596</b>	<b>6.0%</b>
<b>Shareholders' Equity</b>							
Common stock	—	—	—	—	—	—	N/A
Capital in excess of stated value	36,350	36,350	36,350	36,350	36,350	—	0.0%
Retained earnings	(14,038)	(15,646)	(15,377)	(15,544)	(11,315)	(4,229)	37.4%
Accumulated other comprehensive income	47	512	521	518	47	471	1003.5%
Other equity transactions	(46)	(460)	(553)	(627)	763	(1,390)	(182.2%)
<b>Total Shareholders' Equity</b>	<b>22,313</b>	<b>20,756</b>	<b>20,942</b>	<b>20,697</b>	<b>25,845</b>	<b>(5,148)</b>	<b>(19.9%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 87,524</b>	<b>\$ 89,181</b>	<b>\$ 84,864</b>	<b>\$ 84,046</b>	<b>\$ 85,597</b>	<b>\$ (1,551)</b>	<b>(1.8%)</b>

## → 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	Variance		PY	Variance	
\$'000	Act	Act	Act	Act	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
<b>Cash flow from operations</b>																			
Net Income (Loss)	\$ (961)	\$ (647)	\$ 119	\$ (26)	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 691	\$ 1,339	\$ (647)	(48.4%)	\$ (7,771)	\$ 8,462	(108.9%)
Depreciation, amortization and other	494	495	495	569	577	577	577	577	577	577	577	577	6,669	6,924	(255)	(3.7%)	6,032	638	10.6%
Capitalized fees & expenses	44	(49)	47	47	32	32	32	32	32	32	32	32	341	379	(38)	(10.1%)	457	(116)	(25.3%)
Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	14	(14)	(100.0%)
Non-cash interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Non-cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Deferred income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
<b>Change in operating assets and liabilities:</b>																	\$		
Accounts receivable	1,774	(1,737)	2,667	1,147	(209)	(1,518)	(153)	(418)	(293)	525	(785)	785	1,785	(2,171)	3,956	(182.2%)	(1,266)	3,051	(241.0%)
Inventory	(1,216)	(745)	(69)	(905)	441	84	(84)	294	(128)	1,109	(136)	136	(1,217)	(337)	(880)	261.5%	(1,112)	(105)	9.4%
Prepaid expenses and other current assets	(123)	119	140	27	117	588	(126)	(239)	(365)	859	(137)	(54)	806	250	556	221.9%	246	560	228.1%
Accounts payable	(1,213)	322	(1,920)	5,242	(294)	(56)	350	294	(294)	(211)	297	(297)	2,221	534	1,687	316.1%	3,670	(1,449)	(39.5%)
Accrued expenses	(806)	1,596	(550)	(5,936)	159	(1,655)	295	733	2,463	(4,901)	734	133	(7,735)	(152)	(7,583)	4977.4%	(832)	(6,904)	830.3%
Accrued income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Other changes in operating assets and liabilities	(142)	9	14	55	-	-	-	-	-	-	-	-	(65)	-	(65)	N/A	139	(204)	(146.5%)
Other cash flow from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
<b>Total Cash Flow from Operations</b>	<b>\$ (2,149)</b>	<b>\$ (637)</b>	<b>\$ 943</b>	<b>\$ 220</b>	<b>\$ 1,291</b>	<b>\$ (1,218)</b>	<b>\$ 1,358</b>	<b>\$ 1,748</b>	<b>\$ 2,477</b>	<b>\$ (2,148)</b>	<b>\$ 439</b>	<b>\$ 1,172</b>	<b>\$ 3,496</b>	<b>\$ 6,766</b>	<b>\$ (3,270)</b>	<b>(48.3%)</b>	<b>\$ (424)</b>	<b>\$ 3,920</b>	<b>(924.5%)</b>
<b>Cash flow from investing</b>																			
Additions to property, plant and equipment	\$ (245)	\$ (186)	\$ (111)	\$ (141)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (683)	\$ -	\$ (683)	N/A	\$ (2,279)	\$ 1,595	(70.0%)
Acquisitions of companies, net of cash acquired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Investment in intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Earnout payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Other cash flow from investing (goodwill)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
<b>Total Cash Flow from Investing</b>	<b>\$ (245)</b>	<b>\$ (186)</b>	<b>\$ (111)</b>	<b>\$ (141)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (683)</b>	<b>\$ -</b>	<b>\$ (683)</b>	<b>N/A</b>	<b>\$ (2,279)</b>	<b>\$ 1,595</b>	<b>(70.0%)</b>
<b>Cash flow from financing</b>																			
Proceeds from the issuance (repayment) of ST	\$ 2,786	\$ 764	\$ (1,925)	\$ 166	\$ (1,052)	\$ 1,458	\$ (910)	\$ (1,508)	\$ (2,237)	\$ 2,596	\$ (200)	\$ (932)	\$ (994)	\$ (2,758)	\$ 1,764	(64.0%)	\$ 1,758	\$ (2,752)	(156.5%)
Proceeds from the issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Repayment of debt	(209)	-	-	(209)	-	-	(209)	-	-	(209)	-	-	(836)	(836)	1	(0.1%)	(753)	(83)	11.0%
Capital lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Common stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Common stock cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Preferred stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Other cash flow from financing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	(0)	0	(100.0%)
<b>Total Cash Flow from Financing</b>	<b>\$ 2,577</b>	<b>\$ 764</b>	<b>\$ (1,925)</b>	<b>\$ (43)</b>	<b>\$ (1,052)</b>	<b>\$ 1,458</b>	<b>\$ (1,119)</b>	<b>\$ (1,508)</b>	<b>\$ (2,237)</b>	<b>\$ 2,387</b>	<b>\$ (200)</b>	<b>\$ (932)</b>	<b>\$ (1,829)</b>	<b>\$ (3,594)</b>	<b>\$ 1,765</b>	<b>(49.1%)</b>	<b>\$ 1,005</b>	<b>\$ (2,834)</b>	<b>(281.9%)</b>
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ 80</b>	<b>\$ (117)</b>	<b>\$ (85)</b>	<b>\$ (93)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (2,135)</b>	<b>\$ (1,773)</b>	<b>\$ (362)</b>	<b>20.4%</b>	<b>\$ 30</b>	<b>\$ (2,165)</b>	<b>(7257.2%)</b>
<b>Net change in cash</b>	<b>\$ 262</b>	<b>\$ (176)</b>	<b>\$ (1,177)</b>	<b>\$ (56)</b>	<b>\$ (1)</b>	<b>\$ (0)</b>	<b>\$ (1)</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ (1)</b>	<b>\$ (1)</b>	<b>\$ (1)</b>	<b>\$ (1,151)</b>	<b>\$ 1,399</b>	<b>\$ (2,550)</b>	<b>(182.2%)</b>	<b>\$ (1,667)</b>	<b>\$ 517</b>	<b>(31.0%)</b>
Beginning cash	2,668	2,930	2,754	1,577	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	2,668	2,668	-	-	4,335	\$ (1,667)	(38.5%)
Change in cash	262	(176)	(1,177)	(56)	(1)	(0)	(1)	(0)	0	(1)	(1)	(1)	(1,151)	1,399	(2,550)	(182.2%)	(1,667)	517	(31.0%)
<b>Ending cash</b>	<b>\$ 2,930</b>	<b>\$ 2,754</b>	<b>\$ 1,577</b>	<b>\$ 1,520</b>	<b>\$ 3,499</b>	<b>\$ 3,500</b>	<b>\$ 3,499</b>	<b>\$ 3,500</b>	<b>\$ 3,500</b>	<b>\$ 3,499</b>	<b>\$ 3,499</b>	<b>\$ 3,499</b>	<b>\$ 3,499</b>	<b>\$ 3,499</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 2,667</b>	<b>\$ 832</b>	<b>31.2%</b>

## Focus on HX/700-Series Project in Athens

### Objectives:

- Open additional North America Manufacturing Footprint (Athens, GA)
- Launch HX Series Product and Standardize Glass Globally
  - Phase 1, 2019: USA
  - Phase 2, 2020+: Germany & APAC

**Actively exploring opportunity to outsource all production to Cooper (Ohio) to reduce handling & costs and let Cooper staff**



	Item	Description
Production	Capacity	<ul style="list-style-type: none"> <li>• Once fully operational, HX line will have capacity of approx. 125-150 units/day</li> </ul>
	Current runs	<ul style="list-style-type: none"> <li>• Mainly used for glass right now. Have run 1 large glass job and started another</li> <li>• Non-glass: 2 pilot runs, Show Trailer product, and 2 “orders” for PPI (pilot run orders that Hufcor billed)</li> </ul>
	Annual projection	<ul style="list-style-type: none"> <li>• Still working on developing this part of the plan</li> </ul>
Costs	vs. 600-Series	<ul style="list-style-type: none"> <li>• Cost is 18-22% less than 600-series</li> <li>• Expected margin will be 40%+</li> </ul>
Backlog Conversion	Customer outreach	<ul style="list-style-type: none"> <li>• Only 1 order converted thus far (JWC); meant to be a trial conversion and also for marketing materials/purposes</li> </ul>

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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy





**mersive**  
technologies inc

## ➔ Operational Overview:

- Apr 2019 revenue of \$2.8M missed Plan by \$0.2M; EBITDA of (\$295K) missed Plan by \$82K
- Apr 2019 YTD revenue of \$10.5 ahead of Plan by \$0.1M; EBITDA of (\$319K) ahead of Plan by \$471K
- May 2019 invoiced sales and bookings target of \$3.5M, up from \$3.2M target in Apr and \$2.9M target in Mar
- At 5/20 (64% through the month), May MTD invoiced sales were at \$2.9M (84% of Plan) and bookings were at \$3.5M (101% of Plan)
- During the final stage of the audit, Deloitte uncovered historical maintenance revenue recognition issues stemming from differences between maintenance invoice dates and contract start dates for maintenance contracts sold prior to NetSuite implementation in Dec 2018; management is working to understand the magnitude of these issues, but the expectation is that it will push historical revenue forward, thereby increasing 2018 and 2019 revenue; management expects to need ~2 months to complete the analysis around these issues, so the audit is now expected in late July
- Management and OGC working to understand impact of subscription model on GAAP revenue recognition and cashflow
- Industry report exposed new security vulnerabilities in several competitors' products (including Barco and Crestron); Mersive has avoided these issues due to its strategic focus on enterprise security

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
Expand and Mature Product Organization	●	Gen 3 hardware and Solstice 4.0 has launched; G3 pods were ~30% of Mar sales, and ~75% of May MTD sales; management re-examining a low cost Enterprise version of Solstice based on the G2i hardware platform
Develop VTC Strategy	●	Solstice Room Link (aka VTC integration) underway; objective is to have a prototype running at Infocom in June
Expand Sales Coverage	●	Recent hires in EMEA and APAC; interviews ongoing in all regions; terminated US NW RSD due to behavioral issues – territory to be covered by West Coast Sales Director, who is performing well
Launch SaaS - Kepler	●	Kepler engagement has increased >25% YTD from <2.0 sessions/user/wk in Jan to >2.5 sessions/user/wk in Apr; Mgmt exploring full subscription offering
Improve and Expand Reporting	●	NetSuite contract management module rollout delayed beyond Q1 2019 target; expected to be deployed in June
Expand Multi-Channel Marketing Campaign	●	Executing to Q2 content calendar; OGC and management considering whether Mersive could benefit from working with Northwestern School of Data Science on student data analytics project

# Q1 2019 revenue and EBITDA missed Plan by \$196K and \$82K, respectively

## ➔ Profit & Loss Statement

	MTD							YTD							FY									
\$'000s	MTD		Var		MTD		Var		YTD		Var		YTD		Var		FY		Var		FY		Var	
Mersive Holdings, Inc.	Act	Bud	\$	%	PY	\$	%	Act	Bud	\$	%	PY	\$	%	Actual	Bud	\$	%	PY	\$	%	PY	\$	%
Gross Revenue	\$ 2,758	\$ 2,937	\$ (179)	(6.1%)	\$ 2,160	\$ 598	27.7%	\$ 10,528	\$ 10,427	\$ 102	1.0%	\$ 7,532	\$ 2,996	39.8%	\$ 42,555	\$ 42,453	\$ 102	0.2%	\$ 27,125	\$ 15,430	56.9%			
Adj. to Gross Revenue	(18)	—	(18)	n/a	(9)	(9)	93.4%	(44)	—	(44)	n/a	(28)	(15)	54.4%	(44)	—	(44)	n/a	(113)	69	(61.0%)			
Net Revenue	2,741	2,937	(196)	(6.7%)	2,151	590	27.4%	10,485	10,427	58	0.6%	7,504	2,981	39.7%	42,511	42,453	58	0.1%	27,012	15,499	57.4%			
Material	717	725	(8)	(1.1%)	436	281	64.4%	2,356	2,063	293	14.2%	1,361	995	73.1%	10,473	10,180	293	2.9%	5,535	4,938	89.2%			
Labor	77	64	13	20.5%	38	39	101.1%	228	218	10	4.5%	148	79	53.6%	749	739	10	1.3%	498	251	50.4%			
Other COGS	—	—	—	n/a	—	—	n/a	—	—	—	n/a	—	—	n/a	—	—	—	n/a	—	—	n/a			
Total COGS	795	789	5	0.7%	475	320	67.4%	2,584	2,281	302	13.3%	1,509	1,075	71.2%	11,222	10,920	302	2.8%	6,033	5,189	86.0%			
Gross Margin	1,946	2,147	(201)	(9.4%)	1,676	270	16.1%	7,901	8,145	(245)	(3.0%)	5,995	1,906	31.8%	31,289	31,533	(245)	(0.8%)	20,979	10,309	49.1%			
Gross Margin %	71.0%	73.1%			77.9%			75.4%	78.1%			79.9%			73.6%	74.3%			77.7%					
R&D	539	541	(3)	(0.5%)	273	266	97.5%	1,979	2,046	(67)	(3.3%)	1,155	825	71.4%	6,991	7,058	(67)	(0.9%)	4,495	2,496	55.5%			
Sales & Marketing	1,010	1,197	(187)	(15.6%)	519	490	94.4%	3,980	4,359	(379)	(8.7%)	2,094	1,886	90.1%	14,837	15,217	(379)	(2.5%)	7,826	7,011	89.6%			
Administrative	693	609	84	13.8%	329	364	110.5%	2,260	2,502	(242)	(9.7%)	965	1,295	134.2%	7,145	7,386	(242)	(3.3%)	5,312	1,833	34.5%			
Other Opex	—	14	(14)	(100.0%)	—	—	n/a	—	28	(28)	(100.0%)	—	—	n/a	—	140	(140)	(100.0%)	—	—	n/a			
Total Opex	2,241	2,361	(120)	(5.1%)	1,121	1,120	99.9%	8,219	8,935	(716)	(8.0%)	4,214	4,006	95.1%	28,974	29,802	(828)	(2.8%)	17,634	11,340	64.3%			
EBITDA	(295)	(214)	(82)	38.2%	555	(850)	(153.2%)	(319)	(790)	471	(59.7%)	1,781	(2,100)	(117.9%)	2,315	1,732	583	33.7%	3,345	(1,030)	(30.8%)			
EBITDA %	(10.8%)	(7.3%)			25.8%			(3.0%)	(7.6%)			23.7%			5.4%	4.1%			12.4%					
Net Income (Loss)	\$ (693)	\$ (639)	\$ (54)	8.4%	\$ 239	\$ (932)	(389.8%)	\$ (1,908)	\$ (2,437)	\$ 529	(21.7%)	\$ 476	\$ (2,384)	(501.3%)	\$ (2,871)	\$ (3,572)	\$ 701	(19.6%)	\$ (1,232)	\$ (1,639)	133.0%			
Capex	\$ (28)	\$ (10)	\$ (18)	180.5%	\$ (14)	\$ (14)	94.0%	\$ (226)	\$ (267)	\$ 41	(15.4%)	\$ (46)	\$ (180)	390.3%	\$ (487)	\$ (484)	\$ (3)	0.6%	\$ (561)	\$ 74	(13.1%)			

# AR increased due to increase in invoiced sales

## ➔ Balance Sheet

\$'000s	Dec-17	Jan-19	Feb-19	Mar-19	Apr-19		Variance	
Mersive Holdings, Inc.	Act	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>								
Cash and cash equivalents	\$ 2,550	\$ 6,447	\$ 5,686	\$ 4,558	\$ 3,800	\$ 3,561	\$ 239	6.7%
Short term investments	—	—	—	—	—	—	—	0.0%
Accounts receivable, net	3,114	4,431	3,874	5,370	5,865	4,510	1,355	30.1%
Inventory, net	906	1,637	2,298	2,746	3,448	2,915	533	18.3%
Prepaid expenses and other current assets	439	2,178	1,914	1,868	2,100	1,426	674	47.3%
Current portion of deferred taxes	—	—	—	—	—	—	—	0.0%
Revenue in excess of billings	—	—	—	—	—	—	—	0.0%
Other current assets	—	—	—	—	—	—	—	0.0%
<b>Total Current Assets</b>	<b>7,009</b>	<b>14,693</b>	<b>13,773</b>	<b>14,541</b>	<b>15,213</b>	<b>12,412</b>	<b>2,801</b>	<b>22.6%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, net	240	839	832	830	813	1,111	(298)	(26.9%)
Goodwill	20,836	20,675	20,675	20,675	20,675	20,675	(0)	(0.0%)
Identifiable intangible assets, net	9,767	6,440	6,176	5,911	5,643	5,479	164	3.0%
Deferred financing cost	—	—	—	—	—	—	—	0.0%
Deferred tax asset	5,100	6,488	6,488	6,488	6,488	6,647	(159)	(2.4%)
Other non-current assets	14	214	292	327	334	75	259	345.3%
<b>Total Non-Current Assets</b>	<b>35,958</b>	<b>34,656</b>	<b>34,463</b>	<b>34,231</b>	<b>33,952</b>	<b>33,987</b>	<b>(35)</b>	<b>(0.1%)</b>
<b>Total Assets</b>	<b>\$ 42,967</b>	<b>\$ 49,349</b>	<b>\$ 48,235</b>	<b>\$ 48,772</b>	<b>\$ 49,165</b>	<b>\$ 46,399</b>	<b>\$ 2,766</b>	<b>6.0%</b>
<b>Current Liabilities</b>								
Current portion of long-term debt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	0.0%
Notes payable	3,500	3,500	3,500	3,500	3,500	3,500	—	0.0%
Accounts payable	335	1,454	1,732	1,665	2,370	444	1,926	433.8%
Accrued liabilities	—	410	337	259	251	189	62	33.0%
Accrued compensation	—	1,821	1,075	1,284	1,321	2,340	(1,019)	(43.5%)
Income taxes payable	—	694	694	694	694	—	694	0.0%
Short-term unearned revenue	—	—	—	—	—	—	—	0.0%
Other current liabilities	704	269	333	324	338	247	91	36.9%
<b>Total Current Liabilities</b>	<b>4,540</b>	<b>8,148</b>	<b>7,670</b>	<b>7,726</b>	<b>8,473</b>	<b>6,720</b>	<b>1,754</b>	<b>26.1%</b>
<b>Long-term liabilities</b>								
Long-term debt less current maturities	—	—	—	—	—	—	—	0.0%
Capital lease	—	—	—	—	—	—	—	0.0%
Debt owing to OpenGate	—	—	—	—	—	—	—	0.0%
Deferred income taxes	—	—	—	—	—	—	—	0.0%
Long-term unearned revenue	1,694	6,048	6,312	6,902	7,244	7,867	(623)	(7.9%)
Deferred liabilities	24	154	154	154	151	151	0	0.1%
Other non-current liabilities	—	—	—	—	—	—	—	0.0%
<b>Total Long-Term Liabilities</b>	<b>1,717</b>	<b>6,202</b>	<b>6,466</b>	<b>7,056</b>	<b>7,394</b>	<b>8,017</b>	<b>(623)</b>	<b>(7.8%)</b>
<b>Total Liabilities</b>	<b>6,257</b>	<b>14,350</b>	<b>14,136</b>	<b>14,781</b>	<b>15,868</b>	<b>14,737</b>	<b>1,131</b>	<b>7.7%</b>
<b>Commitments and contingencies</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>0.0%</b>
<b>Total Shareholders' Equity</b>	<b>36,710</b>	<b>34,999</b>	<b>34,099</b>	<b>33,990</b>	<b>33,298</b>	<b>31,662</b>	<b>1,636</b>	<b>5.2%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 42,967</b>	<b>\$ 49,349</b>	<b>\$ 48,235</b>	<b>\$ 48,772</b>	<b>\$ 49,165</b>	<b>\$ 46,399</b>	<b>\$ 2,766</b>	<b>6.0%</b>
<i>Memo:</i>								
<b>Net Working Capital</b>	<b>\$ 3,419</b>	<b>\$ 3,598</b>	<b>\$ 3,917</b>	<b>\$ 5,758</b>	<b>\$ 6,440</b>	<b>\$ 5,631</b>	<b>\$ 809</b>	<b>14.4%</b>
<b>Total Net External Debt</b>	<b>\$ 950</b>	<b>\$ (2,947)</b>	<b>\$ (2,186)</b>	<b>\$ (1,058)</b>	<b>\$ (300)</b>	<b>\$ (61)</b>	<b>\$ (239)</b>	<b>391.2%</b>



## ➔ Cash Flow Statement

\$'000s	MTD				Var		YTD				Var			
	Mersive Holdings, Inc.		Act	Bud	\$	%	Act	Bud	\$	%				
<b>Cash flow from operations</b>														
Net Income (Loss)	\$	(693)	\$	(639)	\$	(54)	8.4%	\$	(1,908)	\$	(2,437)	\$	529	(21.7%)
Depreciation, amortization and other		310		288		21	7.4%		1,212		1,138		74	6.5%
Capitalized fees & expenses		—		—		—	n/a		—		—		—	n/a
Gain (loss) on sale of fixed assets		—		—		—	n/a		—		—		—	n/a
Non-cash interest expense		—		—		—	n/a		—		—		—	n/a
Non-cash dividends		—		—		—	n/a		—		—		—	n/a
Deferred income tax		—		—		—	n/a		—		(159)		159	(100.0%)
<b>Change in operating assets and liabilities:</b>														
Accounts receivable		(495)		204		(699)	(342.9%)		(834)		469		(1,303)	(277.9%)
Inventory		(702)		(350)		(352)	100.5%		(2,058)		(1,525)		(533)	34.9%
Prepaid expenses & other current assets		(233)		(17)		(216)	1269.3%		(995)		414		(1,410)	(340.3%)
Accounts payable		705		(18)		723	(3921.1%)		1,470		(211)		1,680	(798.2%)
Accrued expenses		29		26		3	11.3%		(125)		541		(666)	(123.1%)
Accrued income taxes		0		—		0	n/a		(0)		(694)		694	(100.0%)
Other changes in op. assets & liabilities		339		277		61	22.1%		1,378		970		408	42.0%
Other cash flow from operations		23		(4)		28	(648.7%)		148		(414)		562	(135.8%)
<b>Total Cash Flow from Operations</b>	<b>\$</b>	<b>(717)</b>	<b>\$</b>	<b>(233)</b>	<b>\$</b>	<b>(484)</b>	<b>208.0%</b>	<b>\$</b>	<b>(1,713)</b>	<b>\$</b>	<b>(1,909)</b>	<b>\$</b>	<b>196</b>	<b>(10.3%)</b>
<b>Cash flow from investing</b>														
Additions to PP&E	\$	(28)	\$	(10)		(18)	180.5%	\$	(226)	\$	(267)		41	(15.4%)
Acq. of companies, net of cash acquired		—		—		—	n/a		—		—		—	n/a
Investment in intangibles		(13)		—		(13)	n/a		(39)		(40)		1	(3.5%)
Earnout payments		—		—		—	n/a		—		—		—	n/a
Other cash flow from investing (goodwill)		—		—		—	n/a		—		—		—	n/a
<b>Total Cash Flow from Investing</b>	<b>\$</b>	<b>(41)</b>	<b>\$</b>	<b>(10)</b>	<b>\$</b>	<b>(31)</b>	<b>309.5%</b>	<b>\$</b>	<b>(265)</b>	<b>\$</b>	<b>(307)</b>	<b>\$</b>	<b>43</b>	<b>(13.9%)</b>
<b>Cash flow from financing</b>														
Proceeds from issuance (repmt) of ST debt	\$	—	\$	—	\$	—	n/a	\$	—	\$	—	\$	—	n/a
Proceeds from the issuance of debt		—		—		—	n/a		—		—		—	n/a
Repayment of debt		—		—		—	n/a		—		—		—	n/a
Capital lease		—		—		—	n/a		—		—		—	n/a
Common stock issued (repurchased)		—		—		—	n/a		—		—		—	n/a
Common stock cash dividends paid		—		—		—	n/a		—		—		—	n/a
Preferred stock issued (repurchased)		—		—		—	n/a		—		—		—	n/a
Other cash flow from financing costs		—		—		—	n/a		—		—		—	n/a
<b>Total Cash Flow from Financing</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>n/a</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>n/a</b>
<b>Effect of FX rates on cash &amp; cash equivalents</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>n/a</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>n/a</b>
<b>Net change in cash</b>	<b>\$</b>	<b>(758)</b>	<b>\$</b>	<b>(243)</b>	<b>\$</b>	<b>(515)</b>	<b>n/a</b>	<b>\$</b>	<b>(1,978)</b>	<b>\$</b>	<b>(2,216)</b>	<b>\$</b>	<b>238</b>	<b>(10.8%)</b>
Beginning cash		4,558		3,804		754	19.8%		2,550		2,550		—	0.0%
Change in cash		(758)		(243)		(515)	n/a		(1,978)		(2,216)		238	(10.8%)
<b>Ending cash</b>	<b>\$</b>	<b>3,800</b>	<b>\$</b>	<b>3,561</b>	<b>\$</b>	<b>238</b>	<b>6.7%</b>	<b>\$</b>	<b>572</b>	<b>\$</b>	<b>334</b>	<b>\$</b>	<b>238</b>	<b>71.4%</b>

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Alfatherm

Bois & Matériaux

EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy





ALFATHERM

## ➔ Operational Overview:

- April Sales reached €6.3M which is below both Budget (-11%) and PY (-3%), driven by the furniture segment downturn (€ -0.8M or -24% vs. Budget)
- April EBITDA reached €639k which is €-143k or -18% below budget due to the reduced sales but is in line with February and March at 11% of sales. It is a 183k€ improvement vs PY which had a comparable level of sales
- Performance is improving thanks to several on-going workshops in Operations (scrap reduction, labor efficiency, inventory management, etc.)
- EBITDA forecast for the year is 8.3M€ which is 30% better than last year (6.4M€). Budget was set at 10M€.
- Bank negotiations: Negotiation is on going with Banks as BPM wants to reconsider some repayment hypothesis. Final agreement expected end of May or 1<sup>st</sup> week of June. **Latest update (20/05/19): BPM agreed OGC proposal: brought forward Alfatherm payment of 0.3M€ from December 2020 to September 2020 and postponement of the OGC management fees payment by 1 year from 2021 to 2022.**
- The cash situation is extremely stretched but favorable operating cashflow of 490k€ in April. On going negotiation with suppliers to reschedule payments
- Final agreement with former COO, G Cerizza, laid off on 1<sup>st</sup> February, has been signed on 15<sup>th</sup> May including the cancellation of his management equity incentive

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
Sales Director recruitment	●	Mandate given to Korn Ferry – 2 candidates interviewed, a 3 <sup>rd</sup> before the end of May
Inventory	●	Focus on inventory reduction, workshop started
Production efficiency	●	<ul style="list-style-type: none"> <li>• Kaizen institute to look at the whole material flow</li> <li>• Scrap improvement are being recorded with a tighter inventory control</li> </ul>
Bank debt refinancing	●	Waiting for Banks Board meeting to get signed agreement, expected last week of April or early May at the latest

# Furniture segment still heavily impacts sales and EBITDA

## ➔ Profit & Loss Statement

	MTD		MTD		Var		MTD		Var		YTD		YTD		Var		YTD		Var		FY	FY	Var		FY	Var		
Alfaterm S.p.A.	Act	Bud	€	%	€	PY	€	%	€	PY	€	€	Bud	€	%	€	PY	€	%	€	Fscst	Bud	€	%	€	PY	€	%
Gross Revenue	€ 6,329	\$ 7,103	€ (774)	(10.9%)	€ 6,496	€ (167)	(2.6%)	€ 26,225	€ 28,562	€ (2,338)	(8.2%)	€ 26,728	€ (503)	(1.9%)	€ 81,856	€ 86,893	€ (5,038)	(5.8%)	€ 78,983	€ 2,872	3.6%			€ (5,038)	(5.8%)	€ 78,983	€ 2,872	3.6%
Adj. to Gross Reven	(545)	(613)	68	(11.1%)	(543)	(1)	0.3%	(2,216)	(2,446)	230	(9.4%)	(2,250)	34	(1.5%)	(7,021)	(7,461)	440	(5.9%)	(6,909)	(113)	1.6%			440	(5.9%)	(6,909)	(113)	1.6%
Net Revenue	5,784	6,490	(706)	(10.9%)	5,952	(168)	(2.8%)	24,009	26,116	(2,108)	(8.1%)	24,477	(469)	(1.9%)	74,834	79,432	(4,598)	(5.8%)	72,075	2,759	3.8%			(4,598)	(5.8%)	72,075	2,759	3.8%
Other COGS	687	1,184	(497)	(42.0%)	642	45	7.0%	11,659	4,953	6,706	135.4%	2,592	9,067	349.8%	17,420	14,200	3,220	22.7%	7,872	9,548	121.3%			3,220	22.7%	7,872	9,548	121.3%
Total COGS	4,683	5,260	(577)	(11.0%)	5,003	(320)	(6.4%)	19,946	21,557	(1,610)	(7.5%)	19,340	606	3.1%	61,071	63,950	(2,879)	(4.5%)	60,270	801	1.3%			(2,879)	(4.5%)	60,270	801	1.3%
Gross Margin	1,101	1,229	(128)	(10.4%)	949	152	16.0%	4,062	4,560	(497)	(10.9%)	5,137	(1,075)	(20.9%)	13,763	15,482	(1,718)	(11.1%)	11,805	1,958	16.6%			(1,718)	(11.1%)	11,805	1,958	16.6%
Gross Margin %	19.0%	18.9%			15.9%			16.9%	17.5%			21.0%			18.4%	19.5%			16.4%									
Sales & Marketing	188	180	8	4.5%	212	(24)	(11.4%)	716	721	(4)	(0.6%)	777	(60)	(7.8%)	2,111	2,111	0	0.0%	2,200	(89)	(4.1%)			0	0.0%	2,200	(89)	(4.1%)
Administrative	274	242	32	13.3%	251	23	9.3%	1,100	1,025	75	7.3%	1,059	42	3.9%	3,328	3,045	283	9.3%	2,866	462	16.1%			283	9.3%	2,866	462	16.1%
Total Opex	461	447	15	3.3%	492	(31)	(6.3%)	1,850	1,849	1	0.1%	1,966	(116)	(5.9%)	5,473	5,455	17	0.3%	5,419	53	1.0%			17	0.3%	5,419	53	1.0%
EBITDA	639	783	(143)	(18.3%)	457	183	40.1%	2,213	2,711	(499)	(18.4%)	3,171	(959)	(30.2%)	8,290	10,026	(1,736)	(17.3%)	6,386	1,905	29.8%			(1,736)	(17.3%)	6,386	1,905	29.8%
EBITDA %	11.1%	12.1%			7.7%			9.2%	10.4%			13.0%			11.1%	12.6%			8.9%									
Net Income (Loss)	€ (345)	\$ 28	€ (373)	(1327.0%)	€ (503)	€ 157	(31.3%)	€ (2,253)	€ (1,000)	€ (1,253)	125.2%	€ (961)	€ (1,291)	134.4%	€ (2,768)	€ 84	€ (2,852)	(3392.2%)	€ (11,351)	€ 8,583	(75.6%)			€ (2,852)	(3392.2%)	€ (11,351)	€ 8,583	(75.6%)
Capex	€ (148)	\$ (172)	€ 24	(13.8%)	€ (561)	€ 413	(73.6%)	€ (328)	€ (907)	€ 579	(63.8%)	€ (1,556)	€ 1,228	(78.9%)	€ (2,888)	€ (2,920)	€ 32	(1.1%)	€ (2,446)	€ (442)	18.0%			€ 32	(1.1%)	€ (2,446)	€ (442)	18.0%

# Positive operating cashflow in April : +490k€

## Inventory reduction plan to be delivered

### ➔ Balance Sheet

€'000s	Apr-18	Jan-19	Feb-19	Mar-19	Apr-19	Variance LM	
Alfatherm S.p.A.	Act	Act	Act	Act	Act	€	%
<b>Current Assets</b>							
Cash and cash equivalents	€ 404	€ 4,139	€ 640	€ 1,063	€ 848	€ 215	25.3%
Accounts receivable, net	11,750	11,135	10,385	11,327	11,078	249	2.3%
Inventory, net	14,184	12,021	12,555	12,669	12,670	(2)	(0.0%)
Prepaid expenses and other current assets	—	—	—	—	—	—	0.0%
Other current assets	2,100	1,809	1,959	2,243	2,441	(198)	(8.1%)
<b>Total Current Assets</b>	<b>28,439</b>	<b>29,105</b>	<b>25,541</b>	<b>27,302</b>	<b>27,037</b>	<b>264</b>	<b>1.0%</b>
<b>Non-Current Assets</b>							
Property, plant & equipment, net	35,997	33,809	33,525	33,278	33,091	187	0.6%
Goodwill	23,195	21,636	21,636	21,636	21,636	—	0.0%
Identifiable intangible assets, net	2,468	2,613	2,588	2,588	2,588	—	0.0%
Deferred tax asset	—	—	—	—	—	—	0.0%
Other non-current assets	196	192	192	192	192	—	0.0%
<b>Total Non-Current Assets</b>	<b>61,857</b>	<b>58,249</b>	<b>57,940</b>	<b>57,693</b>	<b>57,506</b>	<b>187</b>	<b>0.3%</b>
<b>Total Assets</b>	<b>€ 90,296</b>	<b>€ 87,354</b>	<b>€ 83,480</b>	<b>€ 84,995</b>	<b>€ 84,543</b>	<b>€ 451</b>	<b>0.5%</b>
<b>Current Liabilities</b>							
Current portion of long-term debt	€ 9,756	€ 8,866	€ 8,100	€ 9,064	€ 8,440	€ 624	7.4%
Accounts payable	23,640	24,565	22,305	22,999	23,269	(270)	(1.2%)
Accrued liabilities	1,421	3,109	2,523	2,601	2,719	(118)	(4.4%)
Accrued compensation	3,766	2,876	3,138	3,232	3,430	(197)	(5.7%)
Income taxes payable	153	4	65	81	120	(39)	(32.2%)
Short-term unearned revenue	—	—	—	—	—	—	0.0%
Other current liabilities	827	820	747	912	776	136	17.5%
<b>Total Current Liabilities</b>	<b>39,563</b>	<b>40,240</b>	<b>36,878</b>	<b>38,889</b>	<b>38,753</b>	<b>136</b>	<b>0.4%</b>
<b>Long-term liabilities</b>							
Long-term debt less current maturities	16,896	15,297	15,337	15,377	15,417	(40)	(0.3%)
Capital lease	157	5	5	5	5	—	0.0%
Debt owing to OpenGate	—	5,000	5,000	5,000	—	5,000	0.0%
Deferred income taxes	1,447	994	972	994	994	0	0.0%
Deferred liabilities	3,051	2,542	2,547	2,552	2,551	1	0.0%
Other non-current liabilities	4,888	4,050	4,019	4,054	4,044	9	0.2%
<b>Total Long-Term Liabilities</b>	<b>26,439</b>	<b>27,888</b>	<b>27,879</b>	<b>27,982</b>	<b>23,012</b>	<b>4,970</b>	<b>21.6%</b>
<b>Total Liabilities</b>	<b>66,002</b>	<b>68,128</b>	<b>64,757</b>	<b>66,871</b>	<b>61,765</b>	<b>5,106</b>	<b>8.3%</b>
<b>Shareholders' Equity</b>							
Common stock	12	13	13	13	13	—	0.0%
Retained earnings	(53,001)	(64,194)	(64,696)	(65,296)	(65,641)	(140)	0.2%
Other equity transactions	77,282	83,407	83,407	83,407	88,407	5,000	6.0%
<b>Total Shareholders' Equity</b>	<b>24,293</b>	<b>19,226</b>	<b>18,723</b>	<b>18,124</b>	<b>22,779</b>	<b>(4,655)</b>	<b>(20.4%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>€ 90,296</b>	<b>€ 87,354</b>	<b>€ 83,480</b>	<b>€ 84,995</b>	<b>€ 84,543</b>	<b>€ 451</b>	<b>0.5%</b>
<b>Memo:</b>							
<b>Net Working Capital</b>	<b>€ 28,034</b>	<b>€ 24,966</b>	<b>€ 24,900</b>	<b>€ 26,239</b>	<b>€ 26,189</b>	<b>€ 50</b>	<b>0.2%</b>
<b>Total Net External Debt</b>	<b>€ 26,405</b>	<b>€ 20,029</b>	<b>€ 22,802</b>	<b>€ 23,383</b>	<b>€ 23,014</b>	<b>€ 369</b>	<b>1.6%</b>

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➔ Legacy





# **BOIS & MATÉRIAUX**






## ➔ Operational Overview:

- Strong level of sales from Q1 continue in April with €58.3M, +4.0% vs PY and +7.5% versus budget. Similar to Q1, the strong top line performance was obtained on the back of a lower gross margin rate of 28.6 vs 29.2% PY and 29.5% in the budget.
- Overall market of residential construction in France continues to decline although at a lower pace than in previous months (12 months rolling: order book of builders -7.3%, new housing permits -8.2%, new housing starts -5.2%).
- Operating expenses -€131k higher than PY due to higher activity levels
- April EBITDA with +€2.9M was +€1.1M above PY and +€300k above budget pushed by higher sales levels while the margin rate is structurally lower
- YTD EBITDA with +€6.5M was +€1.2M above PY and +€333k above budget
- FY EBITDA outlook increased to €18.4M versus the budget of €18.1 with some upside potential due to the strong trading
- Operating Cash flow was positive in March with +€1.1M, due to strong EBITDA while Working Capital increased
- Current trading: Sales in May after 10 days out of 20 stands at €27.9M, +14% above PY and +2.8% above budget; margin rate is at 19.6% versus 20.0% in PY and 19.3% in budget
- Exit process: Non binding offers expected for May 29. **IMs sent out to 6 Strategics (Chausson, Adeo, Denis Materiaux, Dubreuil, VM Materiaux) and 20 PEs**

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
Exit process		<ul style="list-style-type: none"><li>• Non binding offers expected for May 29. IMs sent out to 6 Strategics (Chausson, Adeo, Denis Materiaux, Dubreuil, VM Materiaux) and 20 PEs</li></ul>

# Strong sales performance in April with +4% versus PY; EBITDA above PY and budget; 26 parties received IM

## ➔ Profit & Loss Statement

€'000s	MTD		MTD		Var		MTD		Var		YTD		YTD		Var		YTD		Var		FY	FY	Var		FY	FY	Var	
Bois & Matériaux	Act	Bud	\$	%	PY	€	%	Act	Bud	\$	%	PY	€	%	Act	Bud	\$	%	PY	€	%	Fsc	Bud	\$	%	PY	€	%
Gross Revenue	€ 58,744	\$ 56,571	\$ 2,173	3.8%	€ 54,542	€ 4,202	7.7%	€ 217,740	€ 209,538	€ 8,203	3.9%	€ 206,717	€ 11,024	5.3%	€ 633,952	€ 623,964	€ 9,988	1.6%	€ 624,831	€ 9,121	1.5%	€ 633,952	€ 623,964	€ 9,988	1.6%	€ 624,831	€ 9,121	1.5%
Adj. to Gross Reven	(416)	(476)	60	(12.6%)	(305)	(111)	36.5%	(2,288)	(2,275)	(13)	0.6%	(1,641)	(648)	39.5%	(5,040)	(5,032)	(8)	0.1%	(5,149)	109	(2.1%)	(5,040)	(5,032)	(8)	0.1%	(5,149)	109	(2.1%)
Net Revenue	58,327	56,095	2,233	4.0%	54,237	4,091	7.5%	215,452	207,263	8,189	4.0%	205,076	10,376	5.1%	628,912	618,932	9,981	1.6%	619,682	9,230	1.5%	628,912	618,932	9,981	1.6%	619,682	9,230	1.5%
Other COGS	41,621	39,557	2,063	5.2%	38,418	3,203	8.3%	153,388	146,128	7,260	5.0%	144,413	8,975	6.2%	445,696	437,030	8,666	2.0%	439,836	5,860	1.3%	445,696	437,030	8,666	2.0%	439,836	5,860	1.3%
Total COGS	41,621	39,557	2,063	5.2%	38,418	3,203	8.3%	153,388	146,128	7,260	5.0%	144,413	8,975	6.2%	445,696	437,030	8,666	2.0%	439,836	5,860	1.3%	445,696	437,030	8,666	2.0%	439,836	5,860	1.3%
Gross Margin	16,706	16,537	169	1.0%	15,819	888	5.6%	62,064	61,134	930	1.5%	60,663	1,401	2.3%	183,216	181,901	1,315	0.7%	179,847	3,370	1.9%	183,216	181,901	1,315	0.7%	179,847	3,370	1.9%
Gross Margin %	28.6%	29.5%			29.2%			28.8%	29.5%			29.6%			29.1%	29.4%			29.0%			29.1%	29.4%			29.0%		
Sales & Marketing	11,329	11,358	(29)	(0.3%)	11,466	(137)	(1.2%)	46,401	45,724	677	1.5%	46,764	(363)	(0.8%)	137,227	136,129	1,098	0.8%	138,794	(1,567)	(1.1%)	137,227	136,129	1,098	0.8%	138,794	(1,567)	(1.1%)
Administrative	2,513	2,615	(101)	(3.9%)	2,577	(64)	(2.5%)	9,194	9,274	(80)	(0.9%)	8,604	590	6.9%	27,636	27,718	(82)	(0.3%)	25,400	2,236	8.8%	27,636	27,718	(82)	(0.3%)	25,400	2,236	8.8%
Total Opex	13,842	13,973	(131)	(0.9%)	14,043	(201)	(1.4%)	55,595	54,998	597	1.1%	55,367	227	0.4%	164,863	163,847	1,016	0.6%	164,193	669	0.4%	164,863	163,847	1,016	0.6%	164,193	669	0.4%
EBITDA	2,864	2,564	300	11.7%	1,776	1,089	61.3%	6,469	6,136	333	5.4%	5,296	1,174	22.2%	18,354	18,054	300	1.7%	15,653	2,700	17.3%	18,354	18,054	300	1.7%	15,653	2,700	17.3%
EBITDA %	4.9%	4.6%			3.3%			3.0%	3.0%			2.6%			2.9%	2.9%			2.5%			2.9%	2.9%			2.5%		
Net Income (Loss)	€ 1,703	\$ 1,377	\$ 327	23.7%	€ 765	€ 939	122.7%	€ 1,823	€ 1,462	€ 361	24.7%	€ 1,229	€ 594	48.3%	€ 2,100	€ 2,741	€ (641)	(23.4%)	€ 1,744	€ 356	20.4%	€ 2,100	€ 2,741	€ (641)	(23.4%)	€ 1,744	€ 356	20.4%
Capex	€ (499)	\$ (2,708)	\$ 2,209	(81.6%)	€ (285)	€ (214)	75.1%	€ (2,220)	€ (5,537)	€ 3,317	(59.9%)	€ (843)	€ (1,377)	163.5%	€ (17,091)	€ (16,641)	€ (450)	2.7%	€ (14,329)	€ (2,762)	19.3%	€ (17,091)	€ (16,641)	€ (450)	2.7%	€ (14,329)	€ (2,762)	19.3%

# Positive Operating cash flow in April due to strong EBITDA performance while WC increased

## ➔ Balance Sheet

€'000s	Apr-18	Jan-19	Feb-19	Mar-19	Apr-19	Variance LM	
Bois & Matériaux	Act	Act	Act	Act	Act	€	%
<b>Current Assets</b>							
Cash and cash equivalents	€ 23,686	€ 20,893	€ 20,782	€ 17,913	€ 21,082	€ (3,169)	(15.0%)
Accounts receivable, net	106,997	101,775	109,089	104,585	111,479	(6,894)	(6.2%)
Inventory, net	92,509	90,389	91,689	92,217	92,282	(65)	(0.1%)
Prepaid expenses and other current assets	4,382	3,303	3,137	3,590	3,248	342	10.5%
Other current assets	4,424	2,985	2,994	2,994	2,951	42	1.4%
<b>Total Current Assets</b>	<b>231,998</b>	<b>219,344</b>	<b>227,690</b>	<b>221,299</b>	<b>231,042</b>	<b>(9,743)</b>	<b>(4.2%)</b>
<b>Non-Current Assets</b>							
Property, plant & equipment, net	30,563	35,564	35,152	35,050	34,679	371	1.1%
Identifiable intangible assets, net	4,328	6,527	6,734	6,934	7,077	(143)	(2.0%)
Deferred tax asset	8,339	8,454	8,454	8,454	8,454	—	0.0%
Other non-current assets	—	—	—	—	—	—	0.0%
<b>Total Non-Current Assets</b>	<b>43,230</b>	<b>50,545</b>	<b>50,341</b>	<b>50,439</b>	<b>50,210</b>	<b>228</b>	<b>0.5%</b>
<b>Total Assets</b>	<b>€ 275,228</b>	<b>€ 269,890</b>	<b>€ 278,031</b>	<b>€ 271,737</b>	<b>€ 281,252</b>	<b>€ (9,515)</b>	<b>(3.4%)</b>
<b>Current Liabilities</b>							
Current portion of long-term debt	€ 12,833	€ 15,254	€ 12,937	€ 2,401	€ 5,181	€ (2,780)	(53.7%)
Accounts payable	97,480	85,405	97,001	101,052	107,818	(6,766)	(6.3%)
Accrued liabilities	—	—	—	—	—	—	0.0%
Income taxes payable	—	—	—	—	—	—	0.0%
Other current liabilities	27,090	28,026	27,618	27,521	26,187	1,334	5.1%
<b>Total Current Liabilities</b>	<b>137,404</b>	<b>128,685</b>	<b>137,556</b>	<b>130,974</b>	<b>139,185</b>	<b>(8,211)</b>	<b>(5.9%)</b>
<b>Long-term liabilities</b>							
Vendor loan & Capital lease	14,447	17,885	17,538	17,216	16,955	261	1.5%
Debt owing to OpenGate	12,243	12,513	12,540	12,571	12,600	(29)	(0.2%)
<b>Total Long-Term Liabilities</b>	<b>62,825</b>	<b>65,338</b>	<b>64,894</b>	<b>64,497</b>	<b>64,162</b>	<b>335</b>	<b>0.5%</b>
<b>Total Liabilities</b>	<b>200,229</b>	<b>194,022</b>	<b>202,450</b>	<b>195,470</b>	<b>203,347</b>	<b>(7,877)</b>	<b>(3.9%)</b>
<b>Total Shareholders' Equity</b>	<b>74,999</b>	<b>75,867</b>	<b>75,581</b>	<b>76,267</b>	<b>77,905</b>	<b>(1,638)</b>	<b>(2.1%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>€ 275,228</b>	<b>€ 269,890</b>	<b>€ 278,031</b>	<b>€ 271,737</b>	<b>€ 281,252</b>	<b>€ (9,515)</b>	<b>(3.4%)</b>
<i>Memo:</i>							
<b>Net Working Capital</b>	<b>€ 208,312</b>	<b>€ 198,451</b>	<b>€ 206,908</b>	<b>€ 203,386</b>	<b>€ 209,960</b>	<b>€ (6,574)</b>	<b>(3.1%)</b>
<b>Total Net Debt</b>	<b>€ 33,907</b>	<b>€ 43,210</b>	<b>€ 40,727</b>	<b>€ 32,810</b>	<b>€ 32,232</b>	<b>€ 578</b>	<b>1.8%</b>

# Liquidity remains comfortable at B&M throughout 2019

## ➔ Balance Sheet

	December N-1	January	February	March	April	May	June	July	August	September	October	November	December	YTD	FY	Budget
Inventories	89 777	90 389	91 689	92 217	92 282	92 266	92 726	92 057	90 591	91 623	91 025	90 145	88 662	92 282	88 662	88 984
AR	98 492	101 775	109 089	104 585	111 479	102 861	104 280	118 516	76 164	91 054	117 234	106 548	97 513	111 479	97 513	93 986
Other current assets & CICE	7 878	6 288	6 130	6 584	6 199	6 198	6 198	6 198	6 198	4 192	3 842	3 842	3 842	6 199	3 842	3 930
AP	(96 563)	(85 405)	(97 001)	(101 052)	(107 818)	(104 787)	(103 644)	(107 812)	(84 512)	(83 136)	(105 380)	(103 887)	(95 839)	(107 818)	(95 839)	(86 432)
Other Current Liabilities & Provision	(28 176)	(28 026)	(27 618)	(27 521)	(26 187)	(25 941)	(25 337)	(26 354)	(24 193)	(26 663)	(28 234)	(27 798)	(28 815)	(26 187)	(28 815)	(29 896)
<b>Total Working Capital</b>	<b>71 408</b>	<b>85 020</b>	<b>82 290</b>	<b>74 813</b>	<b>75 956</b>	<b>70 597</b>	<b>74 222</b>	<b>82 604</b>	<b>64 248</b>	<b>77 070</b>	<b>78 487</b>	<b>68 850</b>	<b>65 364</b>	<b>75 956</b>	<b>65 364</b>	<b>70 572</b>
EBITDA	15 653	925	721	1 959	2 864	2 305	2 005	4 694	(4 512)	2 388	4 719	1 662	(1 377)	6 469	18 354	18 054
Change in WC	7 944	(13 612)	2 731	7 476	(1 142)	5 359	(3 625)	(8 382)	18 357	(12 822)	(1 417)	9 638	3 486	(4 547)	6 045	5 389
Other Operating Cash Flow	(1 562)	(51)	(166)	(148)	(145)	18	18	18	15	18	18	18	18	(510)	(369)	(2 760)
Capex	(14 329)	(396)	(478)	(848)	(499)	(2 117)	(1 671)	(2 083)	(1 814)	(1 701)	(1 657)	(1 314)	(2 514)	(2 220)	(17 091)	(16 641)
<b>OPERATING CASH FLOW</b>	<b>7 706</b>	<b>(13 133)</b>	<b>2 808</b>	<b>8 439</b>	<b>1 078</b>	<b>5 565</b>	<b>(3 273)</b>	<b>(5 753)</b>	<b>12 045</b>	<b>(12 117)</b>	<b>1 663</b>	<b>10 004</b>	<b>(386)</b>	<b>(809)</b>	<b>6 938</b>	<b>4 041</b>
Restructuring and exceptionnal	(1 956)	(96)	(16)	(207)	(159)	(45)	(180)	(395)	-	(44)	(351)	(91)	(430)	(477)	(2 013)	(581)
Management Fees	(1 286)	(100)	(100)	(102)	(100)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(402)	(1 242)	(1 260)
Financial Incomes & Charges	(2 236)	(216)	(210)	(214)	(203)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(844)	(2 451)	(2 412)
Corporate Income Tax	-	(29)	-	-	29	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flow	980	-	1	1	(66)	-	-	-	-	-	-	-	-	(64)	(64)	-
<b>NON OPERATING CASH FLOW</b>	<b>(4 498)</b>	<b>(440)</b>	<b>(325)</b>	<b>(522)</b>	<b>(499)</b>	<b>(351)</b>	<b>(486)</b>	<b>(701)</b>	<b>(306)</b>	<b>(350)</b>	<b>(657)</b>	<b>(397)</b>	<b>(736)</b>	<b>(1 787)</b>	<b>(5 770)</b>	<b>(4 252)</b>
Variation Leasing Debt	2 171	(215)	(347)	(322)	(261)	1 956	1 236	1 135	(405)	(291)	15	(205)	(302)	(1 145)	1 994	3 383
Vendor Loan	508	42	42	42	42	42	42	42	42	42	42	42	42	169	505	504
Compound interests on I/C loan	322	30	27	30	29	27	27	27	27	27	27	27	27	117	333	324
<b>FINANCING CASH FLOW</b>	<b>3 002</b>	<b>(142)</b>	<b>(277)</b>	<b>(249)</b>	<b>(189)</b>	<b>2 025</b>	<b>1 305</b>	<b>1 204</b>	<b>(336)</b>	<b>(222)</b>	<b>84</b>	<b>(136)</b>	<b>(233)</b>	<b>(858)</b>	<b>2 832</b>	<b>4 211</b>
<b>NET CASH FLOW</b>	<b>6 210</b>	<b>(13 716)</b>	<b>2 206</b>	<b>7 667</b>	<b>389</b>	<b>7 239</b>	<b>(2 455)</b>	<b>(5 250)</b>	<b>11 403</b>	<b>(12 689)</b>	<b>1 090</b>	<b>9 471</b>	<b>(1 355)</b>	<b>(3 454)</b>	<b>4 000</b>	<b>4 000</b>
<b>Opening cash balance</b>	<b>17 498</b>	<b>19 355</b>	<b>20 893</b>	<b>20 782</b>	<b>17 913</b>	<b>21 081</b>	<b>23 140</b>	<b>20 685</b>	<b>19 610</b>	<b>26 838</b>	<b>19 610</b>	<b>19 610</b>	<b>24 710</b>	<b>19 355</b>	<b>19 355</b>	<b>19 610</b>
Variation in Net Cash Flow	6 210	(13 716)	2 206	7 667	389	7 239	(2 455)	(5 250)	11 403	(12 689)	1 090	9 471	(1 355)	(3 454)	4 000	4 000
Var. in Factor Debt	(4 354)	15 254	(2 317)	(10 536)	2 780	(5 181)	-	4 175	(4 175)	5 461	(1 090)	(4 371)	-	5 181	(0)	(1 406)
<b>Closing cash balance</b>	<b>19 355</b>	<b>20 893</b>	<b>20 782</b>	<b>17 913</b>	<b>21 081</b>	<b>23 140</b>	<b>20 685</b>	<b>19 610</b>	<b>26 838</b>	<b>19 610</b>	<b>19 610</b>	<b>24 710</b>	<b>23 355</b>	<b>21 081</b>	<b>23 355</b>	<b>22 204</b>
Line of credit (available for drawdown)	57 493	57 268	60 769	65 063	67 799	65 599	63 679	70 058	45 774	53 494	68 176	65 066	56 838	67 799	56 838	55 327
Less factor debt	-	(15 254)	(12 937)	(2 401)	(5 181)	-	-	(4 175)	-	(5 461)	(4 371)	-	-	(5 181)	-	-
<b>Total liquidity</b>	<b>76 848</b>	<b>62 907</b>	<b>68 614</b>	<b>80 575</b>	<b>83 700</b>	<b>88 739</b>	<b>84 364</b>	<b>85 493</b>	<b>72 613</b>	<b>67 643</b>	<b>83 415</b>	<b>89 776</b>	<b>80 192</b>	<b>83 700</b>	<b>80 192</b>	<b>77 531</b>
<b>Opening Financial Debt</b>	<b>(32 841)</b>	<b>(29 632)</b>	<b>(43 205)</b>	<b>(40 722)</b>	<b>(32 806)</b>	<b>(32 227)</b>	<b>(27 014)</b>	<b>(30 773)</b>	<b>(37 227)</b>	<b>(25 488)</b>	<b>(37 955)</b>	<b>(36 949)</b>	<b>(27 342)</b>	<b>(29 632)</b>	<b>(29 632)</b>	<b>(30 512)</b>
Variation Leasing Debt	(2 171)	215	347	322	261	(1 956)	(1 236)	(1 135)	405	291	(15)	205	302	1 145	(1 994)	(2 215)
Vendor Loan	(508)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(169)	(505)	-
I/C loan with B&M Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compound interests on I/C loan	(322)	(30)	(27)	(30)	(29)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(117)	(333)	(324)
Net Cash Flow	6 210	(13 716)	2 206	7 667	389	7 239	(2 455)	(5 250)	11 403	(12 689)	1 090	9 471	(1 355)	(3 454)	4 000	4 000
<b>Closing Financial Debt</b>	<b>(29 632)</b>	<b>(43 205)</b>	<b>(40 722)</b>	<b>(32 806)</b>	<b>(32 227)</b>	<b>(27 014)</b>	<b>(30 773)</b>	<b>(37 227)</b>	<b>(25 488)</b>	<b>(37 955)</b>	<b>(36 949)</b>	<b>(27 342)</b>	<b>(28 464)</b>	<b>(32 227)</b>	<b>(28 464)</b>	<b>(29 051)</b>

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➔ Summary of Portfolio Performance

➔ Fund I – North America

➔ Fund I – Europe

Alfatherm

Bois & Matériaux

EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy





# April EBITDA performance in line with budget, but the higher inventory impacted cash flow generation. FY EBITDA confirmed at €37.4m

## ➔ Operational Overview:

- Volumes for April were 14% below budget (-10% YTD) and the pressure on certain segments (mostly FZP) will continue to impact the business performance:
  - FZP: 23% below budget in the month and 14% below it on a YTD basis (Nyrstar in-house production, USA logistics challenges and the paint segment in China)
  - ZnO: 2% below budget in the month and 7% below it on a YTD basis (availability of secondary raw material, but sourcing scenario is improving and production should no longer be impacted going forward, however, at the cost of a higher inventory level)
  - ZBM: volumes continue to develop exceptionally well in China, leading to an overall performance that is in line with budget and 3% ahead of LY (YTD)
  - Zano: production capacity is sold out and volumes remain strong. Performance in the month was 20% above budget and 47% above it on a YTD basis
- However, and despite the lower volumes, the favourable product mix enabled EBITDA to be at budget (€3m vs. €2.9m in budget and €2.1m LY), leading to a YTD position of 9.9m vs. €11.1m in budget and €10.2m LY
- The FY forecast was re-confirmed at €37.4m, vs. €38.4m in budget and €29.3m LY, and does not include the positive €0.5m impact related to the IFRS 16 adoption
- Liquidity at the end of the month totalled €36.6m vs. €39.9m in budget and was significantly impacted by the inventory increase within the month (+€5.4m)
- GHC integration progressing as expected, with closing accounts adjustment of CAD\$1.4m presented to sellers

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
GHC Integration	●	• Live update
Finance Function	●	• Group CFO and Canada Finance Manager recruitments in progress. New Treasury Manager started
Inventory Reduction Plan	●	• To be closely followed-up with management
Refinancing	●	• Meeting with ING scheduled for June

April EBITDA in line with expectations, while YTD performance is €1.3m below budget. FY forecast confirmed at €37.4m (vs. €29.3m LY)

## Profit & Loss

	Month							YTD							FY													
€'000s	MTD		Var		MTD		Var		YTD		YTD		Var		YTD		Var		FY		FY		Var		FY		Var	
EverZinc BV	Act	Bud	\$	%	PY	€	%	Act	Bud	\$	%	PY	€	%	Fcst	Bud	\$	%	PY	€	%							
Units Produced	16,819	17,742	(923)	(5.2%)	14,117	2,702	19.1%	62,429	68,417	(5,988)	(8.8%)	59,010	3,419	5.8%	205,138	209,866	(4,729)	(2.3%)	171,158	33,980	19.9%							
Units Shipped	16,430	19,033	(2,603)	(13.7%)	16,266	164	1.0%	63,358	70,290	(6,932)	(9.9%)	62,477	881	1.4%	208,794	215,986	(7,192)	(3.3%)	177,930	30,864	17.3%							
Gross Revenue	€ 47,260	€ 49,916	€ (2,656)	(5.3%)	€ 55,148	€ (7,889)	(14.3%)	€ 175,329	€ 184,133	€ (8,804)	(4.8%)	€ 210,241	€ (34,912)	(16.6%)	€ 591,479	€ 568,897	€ 22,583	4.0%	€ 566,043	€ 25,437	4.5%							
Adj. to Gross Revenue	345	154	191	123.9%	(87)	433	(495.9%)	464	230	233	101.2%	(254)	718	(282.4%)	4,062	2,344	1,718	73.3%	(888)	4,950	(557.6%)							
Net Revenue	47,605	50,070	(2,465)	(4.9%)	55,061	(7,456)	(13.5%)	175,793	184,364	(8,571)	(4.6%)	209,987	(34,195)	(16.3%)	595,542	571,241	24,301	4.3%	565,155	30,387	5.4%							
Material	38,135	39,394	(1,259)	(3.2%)	45,632	(7,497)	(16.4%)	137,180	143,425	(6,244)	(4.4%)	170,218	(33,038)	(19.4%)	467,183	442,761	24,422	5.5%	445,439	21,745	4.9%							
Labor	2,005	1,976	30	1.5%	1,835	171	9.3%	7,855	7,940	(84)	(1.1%)	7,284	571	7.8%	24,438	24,352	86	0.4%	22,307	2,131	9.6%							
Other COGS	2,801	3,320	(519)	(15.6%)	3,484	(683)	(19.6%)	11,932	13,071	(1,139)	(8.7%)	14,351	(2,419)	(16.9%)	38,843	39,165	(321)	(0.8%)	43,554	(4,711)	(10.8%)							
Total COGS	42,941	44,689	(1,749)	(3.9%)	50,950	(8,009)	(15.7%)	156,968	164,435	(7,467)	(4.5%)	191,853	(34,886)	(18.2%)	530,465	506,278	24,187	4.8%	511,300	19,165	3.7%							
Gross Margin	4,665	5,381	(716)	(13.3%)	4,111	553	13.5%	18,825	19,929	(1,104)	(5.5%)	18,134	691	3.8%	65,077	64,963	114	0.2%	53,855	11,222	20.8%							
Gross Margin %	9.8%	10.7%			7.5%			10.7%	10.8%			8.6%			10.9%	11.4%			9.5%									
Sales & Marketing	322	320	3	0.8%	246	76	30.8%	1,413	1,217	197	16.2%	1,032	381	37.0%	4,132	3,925	207	5.3%	3,786	346	9.1%							
Administrative	819	1,283	(464)	(36.2%)	884	(65)	(7.4%)	3,543	4,927	(1,384)	(28.1%)	4,292	(749)	(17.5%)	10,820	13,712	(2,892)	(21.1%)	16,293	(5,473)	(33.6%)							
Other Opex	518	793	(275)	(34.6%)	850	(332)	(39.1%)	4,031	2,639	1,392	52.8%	2,613	1,417	54.2%	12,737	8,945	3,791	42.4%	4,466	8,271	185.2%							
Total Opex	1,659	2,395	(736)	(30.7%)	1,980	(322)	(16.2%)	8,987	8,783	204	2.3%	7,937	1,050	13.2%	27,688	26,582	1,106	4.2%	24,545	3,143	12.8%							
EBITDA	3,006	2,986	20	0.7%	2,131	875	41.1%	9,838	11,146	(1,308)	(11.7%)	10,196	(359)	(3.5%)	37,389	38,381	(992)	(2.6%)	29,310	8,079	27.6%							
EBITDA %	6.3%	6.0%			3.9%			5.6%	6.0%			4.9%			6.3%	6.7%			5.2%									
Net Income (Loss)	€ (312)	€ 1,131	€ (1,444)	(127.6%)	€ 588	€ (901)	(153.1%)	€ 5,068	€ 4,722	€ 346	7.3%	€ 1,583	€ 3,485	220.2%	€ 15,463	€ 16,089	€ (626)	(3.9%)	€ 3,454	€ 12,009	347.6%							
Capex	€ (963)	€ (509)	€ (453)	89.0%	€ (410)	€ (553)	134.9%	€ (3,511)	€ (3,637)	€ 125	(3.4%)	€ (1,957)	€ (1,554)	79.4%	€ (7,540)	€ (7,783)	€ 243	(3.1%)	€ (8,232)	€ 692	(8.4%)							



# Cash position remains solid at €36.6m, but the inventory build-up significantly impaired cash flow generation within the month

## ➔ Balance Sheet

€'000s	Dec-18	Feb-19	Mar-19	Apr-19	Variance LM		Variance LY	
EverZinc BV	Act	Act	Act	Act	€	%	€	%
<b>Current Assets</b>								
Cash and cash equivalents	€ 42,245	€ 36,299	€ 41,864	€ 36,609	€ (5,255)	(14.4%)	€ (5,636)	(13.3%)
Accounts receivable, net	62,884	65,567	65,447	66,994	1,548	2.3%	4,110	6.5%
Inventory, net	57,405	81,371	82,604	87,988	5,384	6.1%	30,584	53.3%
Other current assets	9,363	10,708	11,847	11,723	(124)	(1.1%)	2,361	25.2%
<b>Total Current Assets</b>	<b>171,896</b>	<b>193,945</b>	<b>201,762</b>	<b>203,315</b>	<b>1,553</b>	<b>0.8%</b>	<b>31,419</b>	<b>18.3%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, net	48,613	48,353	48,316	48,435	118	0.2%	(178)	(0.4%)
Goodwill	12,455	10,096	22,057	21,957	(100)	(0.5%)	9,502	76.3%
Deferred financing cost	11,152	27,669	14,408	14,417	9	0.1%	3,265	29.3%
Other non-current assets	2,749	2,948	2,864	2,783	(81)	(2.9%)	33	1.2%
<b>Total Non-Current Assets</b>	<b>74,969</b>	<b>89,067</b>	<b>87,646</b>	<b>87,592</b>	<b>(54)</b>	<b>(0.1%)</b>	<b>12,622</b>	<b>16.8%</b>
<b>Total Assets</b>	<b>€ 246,865</b>	<b>€ 283,011</b>	<b>€ 289,408</b>	<b>€ 290,907</b>	<b>€ 1,499</b>	<b>0.5%</b>	<b>€ 44,041</b>	<b>17.8%</b>
<b>Current Liabilities</b>								
Accounts payable	73,940	82,233	86,161	90,371	4,210	4.7%	16,431	22.2%
Accrued liabilities	2,201	10,790	8,855	6,925	(1,930)	(27.9%)	4,724	214.6%
Other current liabilities	10,858	9,667	11,073	9,937	(1,136)	(11.4%)	(920)	(8.5%)
<b>Total Current Liabilities</b>	<b>86,998</b>	<b>104,025</b>	<b>106,089</b>	<b>107,901</b>	<b>1,812</b>	<b>1.7%</b>	<b>20,903</b>	<b>24.0%</b>
<b>Long-term liabilities</b>								
Long-term debt less current maturities	92,250	103,550	103,550	103,550	–	0.0%	11,300	12.2%
Long-term unearned revenue	2,334	2,391	2,365	2,404	39	1.6%	70	3.0%
Other non-current liabilities	26,303	24,923	22,270	22,229	(40)	(0.2%)	(4,074)	(15.5%)
<b>Total Long-Term Liabilities</b>	<b>120,888</b>	<b>130,864</b>	<b>128,184</b>	<b>128,183</b>	<b>(1)</b>	<b>(0.0%)</b>	<b>7,296</b>	<b>6.0%</b>
<b>Total Liabilities</b>	<b>207,886</b>	<b>234,890</b>	<b>234,274</b>	<b>236,084</b>	<b>1,811</b>	<b>0.8%</b>	<b>28,198</b>	<b>13.6%</b>
<b>Shareholders' Equity</b>								
Capital in excess of stated value	43,851	62,541	53,551	53,551	–	0.0%	9,700	22.1%
Retained earnings	(4,872)	(14,420)	1,583	1,271	(312)	0.0%	6,143	(126.1%)
<b>Total Shareholders' Equity</b>	<b>38,979</b>	<b>48,121</b>	<b>55,134</b>	<b>54,822</b>	<b>(312)</b>	<b>(0.6%)</b>	<b>15,843</b>	<b>40.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>€ 246,865</b>	<b>€ 283,011</b>	<b>€ 289,408</b>	<b>€ 290,907</b>	<b>€ 1,499</b>	<b>0.5%</b>	<b>€ 44,041</b>	<b>17.8%</b>

Cash flow in April significantly impacted by the inventory increase, leading to an end cash balance of €36.6m vs. €39.9m in budget

## → Cash Flow

In kEur	YTD 04/2019	YTD Budget 04/2019
<b>CASH FLOW</b>		
<b>EBITDA</b>	<b>9.838</b>	<b>11.146</b>
Delta WC (trades)	-10.125	-7.721
Capex	-3.511	-4.027
<b>Operating Cash Flow</b>	<b>-3.798</b>	<b>-602</b>
Financial results	-1.906	-1.800
Restructuring	-582	
Non recurring (reclass DB adjustments)	-500	-500
OGC Fees	-565	-300
Other	517	
CIT	-1.087	-1.440
<b>Other cash flow</b>	<b>-4.123</b>	<b>-4.040</b>
Investment	-21.000	-21.000
Equity	9.700	9.700
Net debt	11.300	11.300
<b>Investment Cash Flow</b>	<b>0</b>	<b>0</b>
<b>Total Cash Flow</b>	<b>-7.921</b>	<b>-4.642</b>

Forecast 2019	Budget 2019
<b>37.389</b>	<b>38.381</b>
6.551	5.264
-7.540	-8.485
<b>36.400</b>	<b>35.160</b>
-8.479	-8.014
-897	
-800	-500
-2.170	-1.200
-283	-1.675
-4.354	-4.354
<b>-16.983</b>	<b>-15.742</b>
-21.000	-21000
9.700	9700
11.300	11300
<b>0</b>	<b>0</b>
<b>19.417</b>	<b>19.417</b>

<b>FINANCIAL POSITION DEVELOPMENT</b>		
<b>Opening fin. position</b>		
Cash and cash equivalent	44.530	44.530
Fin. debt	-92.250	-92.250
<b>Total</b>	<b>-47.720</b>	<b>-47.720</b>
<b>Closing fin. position</b>		
Cash and cash equivalent	36.609	39.888
Fin. debt	-103.550	-103.550
<b>Total</b>	<b>-66.941</b>	<b>-63.662</b>
<b>Variance cash &amp; cash equivalents</b>	<b>-7.921</b>	<b>-4.642</b>

44.530	44.530
-92.250	-92.250
<b>-47.720</b>	<b>-47.720</b>
63.947	63.947
-103.550	-103.550
<b>-39.603</b>	<b>-39.603</b>
<b>19.417</b>	<b>19.417</b>

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➔ Summary of Portfolio Performance

➔ Fund I – North America

➔ Fund I – Europe

Alfatherm

Bois & Materiaux

EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy



## Low season sales below PY and some inefficiencies in production affected results but with low materiality



### ➔ Operational Overview:

- April net sales with NOK 56.8M were -2% below PY but -4.1% below budget; while in Norway and France continue performing above PY the uncertainties in the US about 2020 emission regulations drag sales down; some negative impact resulted from Easter holidays in April
- YTD Net sales at NOK 270.1M were +2.9% above PY and +8.3% above budget
- Gross margin at 28.4% below PY at 29.2% and budget at 30.5%; production efficiency was down due to higher blue-collar turnover in Norway and Denmark as a result of the relocation project
- Like-for-like EBITDA in April with -NOK 234k was below PY by -NOK2.9M and below budget by -NOK2.2M due to lower sales and production inefficiencies; Accounting adjustment (IFRS 16) of +NOK 3.4M inflated EBITDA to a reported EBITDA of NOK3.1M
- Like-for-like YTD EBITDA at NOK16.3M better than PY at NOK 10.1M and budget at NOK 11.8M; accounting impact boosted reported EBITDA to 29.3M
- Like for like FY 2019 EBITDA outlook reduced to NOK 104.8M vs PY at NOK 92.1M and a budget at NOK 107.1 and an LTM performance of NOK 99.9M
- Operating Cash Flow negative -NOK 26.8M due to seasonal supplier payments and high stock levels to prepare the relocation
- Current trading: May shows slow activity levels with sales after 8 days out of 20 at NOK 19.5M, -21% versus PY and -11% below budget
- Relocation project starts to impact production efficiencies in Norway and Denmark and management is monitoring closely

### ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
Manufacturing efficiency measures	●	<ul style="list-style-type: none"><li>• Project milestones have been met thus far and hiring process started</li><li>• Project budget within the initial plan</li><li>• First impact of ongoing operations due to higher worker turnover in Norway and Denmark</li></ul>



# Low season sales below PY and some inefficiencies in production affected results but with low materiality



## ➔ Profit & Loss Statement

kr'000s	MTD		Var		MTD	Var		YTD	YTD	Var		YTD	Var		FY	FY	Var		FY	Var	
Jotul AS	Act	Bud	kr	%	PY	kr	%	Act	Bud	kr	%	PY	kr	%	Fsct	Bud	kr	%	PY	kr	%
Gross Revenue	103,489	106,803	(3,314)	(3.1%)	103,184	305	0.3%	485,853	454,864	30,989	6.8%	472,517	13,336	2.8%	1,717,459	1,723,078	€ (5,619)	(0.3%)	1,651,786	65,673	4.0%
Adj. to Gross Reven	(46,728)	(47,636)	908	(1.9%)	(45,237)	(1,491)	3.3%	(215,764)	(205,451)	(10,312)	5.0%	(210,008)	(5,756)	2.7%	(766,842)	(767,050)	208	(0.0%)	(739,511)	(27,332)	3.7%
Net Revenue	56,761	59,168	(2,406)	(4.1%)	57,947	(1,186)	(2.0%)	270,089	249,413	20,677	8.3%	262,510	7,580	2.9%	950,617	956,028	(5,411)	(0.6%)	912,275	38,342	4.2%
Other COGS	15,105	13,952	1,153	8.3%	13,875	1,230	8.9%	55,697	55,653	44	0.1%	68,927	(13,230)	(19.2%)	210,466	220,631	(10,165)	(4.6%)	216,205	(5,739)	(2.7%)
Total COGS	40,631	41,134	(503)	(1.2%)	41,020	(389)	(0.9%)	187,209	173,202	14,007	8.1%	189,073	(1,864)	(1.0%)	650,643	654,225	(3,582)	(0.5%)	634,762	15,882	2.5%
Gross Margin	16,130	18,034	(1,903)	(10.6%)	16,927	(797)	(4.7%)	82,880	76,211	6,670	8.8%	73,437	9,444	12.9%	299,973	301,802	(1,829)	(0.6%)	277,513	22,460	8.1%
Gross Margin %	28.4%	30.5%			29.2%			30.7%	30.6%			28.0%			31.6%	31.6%			30.4%		
Sales & Marketing	8,159	8,107	52	0.6%	6,466	1,693	26.2%	31,313	33,818	(2,505)	(7.4%)	29,348	1,965	6.7%	100,149	100,447	(298)	(0.3%)	88,728	11,421	12.9%
Administrative	3,100	6,069	(2,969)	(48.9%)	5,800	(2,700)	(46.6%)	14,625	24,973	(10,348)	(41.4%)	24,888	(10,263)	(41.2%)	60,461	73,551	(13,090)	(17.8%)	76,971	(16,510)	(21.5%)
Total Opex	12,983	16,024	(3,041)	(19.0%)	14,275	(1,292)	(9.1%)	53,539	66,075	(12,536)	(19.0%)	61,595	(8,056)	(13.1%)	182,094	194,716	(12,622)	(6.5%)	185,450	(3,356)	(1.8%)
EBITDA	3,147	2,009	1,138	56.6%	2,652	495	18.7%	29,341	10,136	19,205	189.5%	11,842	17,500	147.8%	117,879	107,086	10,793	10.1%	92,063	25,816	28.0%
EBITDA %	5.5%	3.4%			4.6%			10.9%	4.1%			4.5%			12.4%	11.2%			10.1%		
Net Income (Loss)	(10,831)	(8,979)	(1,852)	20.6%	(9,429)	(1,402)	14.9%	(28,657)	(24,692)	(3,964)	16.1%	(37,647)	8,991	(23.9%)	(23,491)	(7,641)	(15,850)	207.4%	(48,852)	25,362	(51.9%)
Capex	(5,158)	(3,090)	(2,068)	66.9%	(2,206)	(2,952)	133.8%	(11,655)	(15,168)	3,513	(23.2%)	(6,626)	(5,029)	75.9%	(31,923)	(31,153)	(770)	2.5%	(33,392)	1,469	(4.4%)



# Negative operating cash flow due to stock build for the relocation and seasonal reduction of supplier payables



## → Balance Sheet

kr'000s	Apr-18	Jan-19	Feb-19	Mar-19	Apr-19	Variance LM	
Jotul AS	Act	Act	Act	Act	Act	€	%
<b>Current Assets</b>							
Cash and cash equivalents	78,933	176,666	199,921	181,181	138,071	43,110	31.2%
Accounts receivable, net	78,967	78,898	77,902	82,379	67,854	14,525	21.4%
Inventory, net	167,598	184,274	200,133	210,182	217,744	(7,562)	(3.5%)
Prepaid expenses and other current assets	—	—	—	—	—	—	0.0%
Other current assets	15,290	22,059	23,771	15,135	27,766	(12,631)	(45.5%)
<b>Total Current Assets</b>	<b>340,788</b>	<b>461,897</b>	<b>501,727</b>	<b>488,877</b>	<b>451,435</b>	<b>37,442</b>	<b>8.3%</b>
<b>Non-Current Assets</b>							
Property, plant & equipment, net	142,949	136,464	137,935	138,384	140,463	(2,079)	(1.5%)
Goodwill	1,568	—	—	—	—	—	0.0%
Identifiable intangible assets, net	126,734	16,865	14,057	13,080	12,595	485	3.9%
Deferred tax asset	1,253	1,266	1,253	1,248	1,250	(2)	(0.2%)
Other non-current assets	15,636	15,033	15,060	15,050	14,826	224	1.5%
<b>Total Non-Current Assets</b>	<b>288,140</b>	<b>169,628</b>	<b>168,305</b>	<b>607,946</b>	<b>605,744</b>	<b>2,202</b>	<b>0.4%</b>
<b>Total Assets</b>	<b>628,928</b>	<b>631,525</b>	<b>670,032</b>	<b>1,096,823</b>	<b>1,057,179</b>	<b>39,644</b>	<b>3.7%</b>
<b>Current Liabilities</b>							
Current portion of long-term debt	0	14,898	26,458	24,308	18,141	6,167	34.0%
Accounts payable	63,020	72,165	96,348	87,356	81,034	6,322	7.8%
Accrued liabilities	—	—	—	—	—	—	0.0%
Accrued compensation	—	—	—	—	—	—	0.0%
Income taxes payable	—	—	—	—	—	—	0.0%
Short-term unearned revenue	—	—	—	—	—	—	0.0%
Other current liabilities	70,956	74,563	76,890	74,902	71,198	3,704	5.2%
<b>Total Current Liabilities</b>	<b>133,976</b>	<b>161,626</b>	<b>199,696</b>	<b>186,566</b>	<b>170,373</b>	<b>16,193</b>	<b>9.5%</b>
<b>Long-term liabilities</b>							
Long-term debt less current maturities	251,676	334,050	337,053	336,886	332,350	4,536	1.4%
Capital lease	—	7,531	7,495	7,388	8,773	(1,385)	(15.8%)
Debt owing to OpenGate	177,321	140,019	140,816	141,344	142,067	(723)	(0.5%)
Deferred income taxes	650	12,602	12,259	12,769	12,648	121	1.0%
Deferred liabilities	—	—	—	—	—	—	0.0%
Other non-current liabilities	39,731	(594)	227	4,420	4,330	90	2.1%
<b>Total Long-Term Liabilities</b>	<b>469,378</b>	<b>493,608</b>	<b>497,850</b>	<b>944,900</b>	<b>934,836</b>	<b>10,064</b>	<b>1.1%</b>
<b>Total Liabilities</b>	<b>603,354</b>	<b>655,233</b>	<b>697,546</b>	<b>1,131,466</b>	<b>1,105,209</b>	<b>26,257</b>	<b>2.4%</b>
<b>Shareholders' Equity</b>							
Common stock	121	600	600	600	600	600	0.0%
Retained earnings	25,453	(24,307)	(28,114)	(35,242)	(48,630)	(48,630)	0.0%
Other equity transactions	—	—	—	—	—	—	0.0%
<b>Total Shareholders' Equity</b>	<b>25,574</b>	<b>(23,707)</b>	<b>(27,514)</b>	<b>(34,642)</b>	<b>(48,030)</b>	<b>13,388</b>	<b>(27.9%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>628,928</b>	<b>631,526</b>	<b>670,032</b>	<b>1,096,824</b>	<b>1,057,179</b>	<b>39,645</b>	<b>3.8%</b>
<b>Memo:</b>							
<b>Net Working Capital</b>	<b>127,879</b>	<b>138,503</b>	<b>128,568</b>	<b>145,438</b>	<b>161,132</b>	<b>(15,694)</b>	<b>(9.7%)</b>
<b>Total Net External Debt</b>	<b>172,743</b>	<b>179,813</b>	<b>171,085</b>	<b>187,401</b>	<b>221,193</b>	<b>(33,792)</b>	<b>(15.3%)</b>



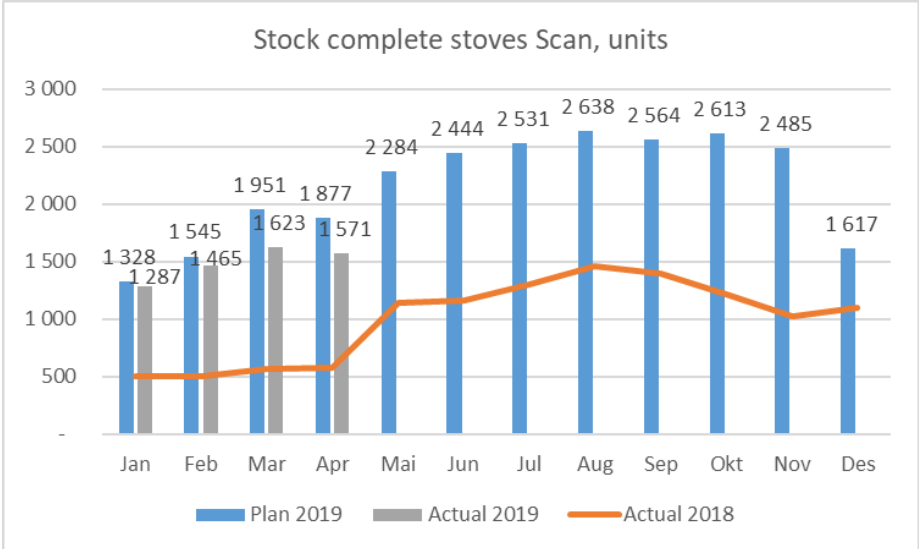
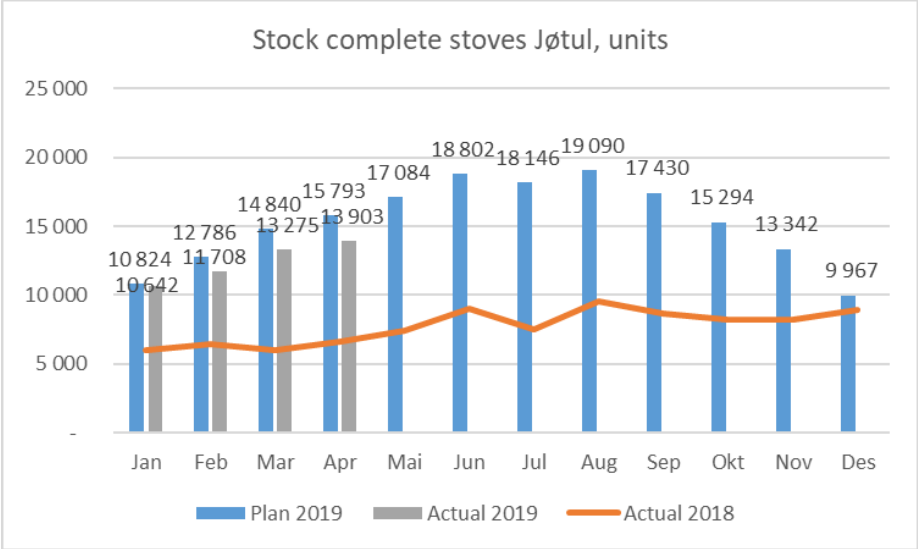
# Liquidity forecast does not foresee any liquidity issue in 2019



	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	YTD
	December	January	February	March	April	May	June	July	August	September	October	November	December	December
Actual 2019	2018	AC	AC	AC	AC	FC	FC	FC	FC	FC	FC	FC	FC	AC/FC
Inventories (gross value)	179 012	184 274	200 133	210 182	202 949	207 892	222 227	217 090	226 783	231 125	221 826	213 625	190 714	190 714
Trade account receivables	75 698	78 898	77 902	82 379	75 246	82 152	95 560	88 527	113 597	150 151	150 344	138 508	95 749	95 749
Other current assets	15 213	22 059	23 470	14 809	14 269	11 754	10 002	15 489	12 623	11 048	14 709	11 307	8 944	8 944
Trade account payables	-83 282	-72 165	-96 348	-87 356	-58 120	-52 055	-61 206	-46 309	-57 883	-70 073	-75 187	-70 274	-78 138	-78 138
Other current liabilities	-77 725	-66 365	-71 679	-67 865	-66 666	-59 396	-60 778	-45 568	-53 125	-56 349	-64 026	-65 051	-70 533	-70 533
<b>Operating Working Capital (OWC)</b>	<b>108 916</b>	<b>146 700</b>	<b>133 478</b>	<b>156 010</b>	<b>167 678</b>	<b>190 348</b>	<b>205 805</b>	<b>229 229</b>	<b>241 995</b>	<b>265 902</b>	<b>247 666</b>	<b>228 116</b>	<b>146 736</b>	<b>146 736</b>
EBITDA (before NRI)	-4 467	5 532	5 501	5 508	-233	5 079	915	-2 598	5 983	25 115	30 832	27 730	-4 518	104 844
Change in WC	54 521	-37 784	13 222	-22 532	-11 668	-22 670	-15 457	-23 424	-12 766	-23 907	18 236	19 550	81 380	-37 820
Other operating cash flow	-277	-199	-389	798	240	-383	-393	-148	-383	-383	-158	-383	-480	-2 262
Capex Re-location					-9 989	-2 998	-4 385	-1 850	-1 880	-20 054	-8 620	-1 772	-783	-52 330
Capex- other	-2 966	-1 645	-1 345	-3 507	-5 158	-3 150	-3 464	-3 005	-2 043	-1 705	-1 672	-1 369	-3 091	-31 153
<b>OPERATING CASH FLOW</b>	<b>46 810</b>	<b>-34 097</b>	<b>16 989</b>	<b>-19 733</b>	<b>-26 808</b>	<b>-24 123</b>	<b>-22 784</b>	<b>-31 026</b>	<b>-11 090</b>	<b>-20 933</b>	<b>38 618</b>	<b>43 755</b>	<b>72 508</b>	<b>-18 722</b>
Non-recurring items and management fee	-9 917	-2 280	-3 177	-1 988	-2 071	-1 278	-2 014	-3 282	-2 020	-3 184	-2 625	-1 992	-11 388	-37 299
Agio	-1 841	5 494	1 452	7 774	-6 311	881	-1 050	912	1 630	1 886	3 430	1 242	1 679	19 019
Net payable interest and financial expenses	-1 826	-5 416	-3 830	-1 889	-3 287	-406	-352	-5 356	-388	-400	-5 395	-482	-652	-27 854
Corporate income tax	-1 462	-660	286	-647	149	-316	125	659	-1 171	-2 409	-3 444	-2 838	4 751	-5 515
<b>NON-OPERATING CASH FLOW</b>	<b>-15 046</b>	<b>-2 862</b>	<b>-5 269</b>	<b>3 250</b>	<b>-11 520</b>	<b>-1 119</b>	<b>-3 291</b>	<b>-7 067</b>	<b>-1 949</b>	<b>-4 107</b>	<b>-8 034</b>	<b>-4 071</b>	<b>-5 610</b>	<b>-51 649</b>
Variation leasing debt	-45	-398	-36	-107	1 385	-93	-93	-93	-93	-93	-93	-94	1 504	1 696
Aico France Purchase						-10 000								
Change RCF	5 355	-	-	-	-	1 236	31 761	27 116	10 454	-5 547	-40 898	-24 122	2 000	2 000
Change in factoring debt	-8 823	8 473	11 561	-2 150	-6 167	8	4 746	-741	6 386	11 133	421	-3 023	-17 756	12 890
Net proceeds from transaction (funding)	-	87 750	-	-	-	-	-	-	-	-	-	-	-	87 750
<b>FINANCING CASH FLOW</b>	<b>-3 513</b>	<b>95 825</b>	<b>11 525</b>	<b>-2 257</b>	<b>-4 782</b>	<b>-8 849</b>	<b>36 415</b>	<b>26 282</b>	<b>16 747</b>	<b>5 493</b>	<b>-40 570</b>	<b>-27 239</b>	<b>-14 252</b>	<b>104 336</b>
<b>NET CASH FLOW</b>	<b>28 252</b>	<b>58 866</b>	<b>23 245</b>	<b>-18 740</b>	<b>-43 110</b>	<b>-34 090</b>	<b>10 340</b>	<b>-11 811</b>	<b>3 708</b>	<b>-19 546</b>	<b>-9 986</b>	<b>12 445</b>	<b>52 646</b>	<b>33 965</b>
														0
<b>Opening cash balance</b>	<b>89 559</b>	<b>117 810</b>	<b>176 676</b>	<b>199 921</b>	<b>181 181</b>	<b>138 071</b>	<b>103 980</b>	<b>114 321</b>	<b>102 510</b>	<b>106 218</b>	<b>86 672</b>	<b>76 686</b>	<b>89 131</b>	<b>117 810</b>
<b>NET CASH FLOW</b>	<b>28 252</b>	<b>58 866</b>	<b>23 245</b>	<b>-18 740</b>	<b>-43 110</b>	<b>-34 090</b>	<b>10 340</b>	<b>-11 811</b>	<b>3 708</b>	<b>-19 546</b>	<b>-9 986</b>	<b>12 445</b>	<b>52 646</b>	<b>33 965</b>
<b>Closing cash balance</b>	<b>117 810</b>	<b>176 676</b>	<b>199 921</b>	<b>181 181</b>	<b>138 071</b>	<b>103 980</b>	<b>114 321</b>	<b>102 510</b>	<b>106 218</b>	<b>86 672</b>	<b>76 686</b>	<b>89 131</b>	<b>141 777</b>	<b>151 775</b>
Jotul Holdings SA	91 090	69 578	66 041	65 937	58 476									
Jotul AS	26 721	107 098	133 880	115 244	79 595									-
Line of credit (available for drawdown)	60 000	60 000	60 000	60 000	60 000	46 000	46 000	46 000	46 000	54 000	54 000	54 000	54 000	60 000
Local cash requirements (subsidiaries)	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000	-15 000
Used credit line		-	-	-	-	-1 236	-32 997	-60 113	-70 567	-65 020	-24 122	-	-	-
<b>Available credit line</b>	<b>45 000</b>	<b>45 000</b>	<b>45 000</b>	<b>45 000</b>	<b>45 000</b>	<b>29 764</b>	<b>-1 997</b>	<b>-29 113</b>	<b>-39 567</b>	<b>-26 020</b>	<b>14 878</b>	<b>39 000</b>	<b>39 000</b>	<b>45 000</b>
Bank deposits	117 810	176 676	199 921	181 181	138 071	103 980	114 321	102 510	106 218	86 672	76 686	89 131	141 777	
Restricted cash (tax withhold)	-5 107	-3 966	-7 007	-2 896	-6 829	-2 806	-5 969	-160	-4 850	-3 111	-6 444	-3 710	-5 292	
<b>Total liquidity</b>	<b>157 703</b>	<b>217 710</b>	<b>237 914</b>	<b>223 285</b>	<b>176 242</b>	<b>130 939</b>	<b>106 355</b>	<b>73 236</b>	<b>61 801</b>	<b>57 540</b>	<b>85 119</b>	<b>124 421</b>	<b>175 485</b>	
<b>Opening External Net Debt</b>	<b>-175 474</b>	<b>-143 709</b>	<b>-179 802</b>	<b>-171 086</b>	<b>-187 401</b>	<b>-221 193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Variation leasing debt	45	398	36	107	-1 385									
Transfer of debt	-5 355													
Compound interests on bond debt		867	-3 004	167	4 536									
Change in RCF	-	-87 750												
Change in factoring	8 823	-8 473	-11 561	2 150	6 167									
Net Cash Flow	28 252	58 866	23 245	-18 740	-43 110									
<b>Closing external Net Debt</b>	<b>-143 709</b>	<b>-179 802</b>	<b>-171 086</b>	<b>-187 401</b>	<b>-221 193</b>									
Intercompany loan	-139 211	-140019	-140816	-141 343	-142067									-
<b>Total net debt</b>	<b>-282 920</b>	<b>-319 821</b>	<b>-311 902</b>	<b>-328 744</b>	<b>-363 260</b>									



# Stock build analysis for the relocation project





## ➔ Operational Overview:

- CEO resigned on May 9<sup>th</sup> , interviews with temp CEOs planned for May 22<sup>nd</sup>
- Recapitalization IC on May 20 approved €5M equity injection for AICO; AICO will be kept standalone until stabilized (12-18 months)
- April results to be updated end of this week

## ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
AICO performance and funding	●	<ul style="list-style-type: none"><li>• Recapitalization IC on May 20 approved €5M equity injection for AICO; AICO will be kept standalone until stabilized (12-18 months)</li><li>• Interview session for new CEO on May 22nd</li></ul>

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➔ Summary of Portfolio Performance

➔ Fund I – North America

➔ Fund I – Europe

Alfatherm

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EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy



# Sales performance in line with Q1 average

## Backlog weakness on Entrance Control and Electronic Security

### ➔ Operational Overview:

- Sales reached 10.2M€ in April, in line with Q1 monthly average. It is +14% vs PY but -6% vs Budget due to low performance on Entrance Control and Electronic Security
- April EBITDA is €-358k in line with Budget (-1.3%) and significantly higher +67% vs PY. Increased sales and favourable product mix provided a higher Gross Margin than budget, coupled with fixed production costs reduction. An additional cost saving plan is currently being drafted by the new CFO
- YTD EBITDA is -2.3M€ vs -2.5M€ Budgeted and -2.7M€ in PY
- 2019 EBITDA forecast is in line with budget at -0.4M€, and confirmed significantly better than PY which was -6.4M€
- Board of Directors now fully in operation:
  - Permanent CFO joined on 15 April
  - COO joined on 13 May
- Closing accounts: Agreement signed with Gunnebo for a favourable final price adjustment of 1.8M€. Payment pending.
- Group reorganisation/redundancy plan:
  - R0 meeting happened on 26 April with first consultation/information meeting on 29 April. Next rounds of negotiation with Employee representatives 16 & 29 May
  - So far soft reaction from Unions
  - Overall 92 roles at stake representing a net saving of 5.6M€ and for a redundancy plan costs of maximum 8.2M€

### ➔ Key Initiatives

Key Initiative	Status	Expected Progress/Milestones Over Next 90 Days
Closing Accounts	●	• Agreement reached with Gunnebo, pending payment
CFO Recruitment	●	• new CFO joined on 15 April
COO Recruitment	●	• new COO joined on 13 May
IT Carve-Out	●	• Successfully completed end of April. Post mortem scheduled for 21 May
New commercial strategy implementation	●	• Kick off with Roland Berger to support Fichet in developing new market segment (Safe building and Channel partners)
Restructuring Plan	●	• Negotiation formally started. Target end date: 31 August

# Sales performance in line with Q1 average

## Backlog weakness on Entrance Control and Electronic Security

### Profit & Loss

		Month							YTD							FY						
€'000s	Currency	MTD	MTD	Var		MTD	Var		YTD	YTD	Var		YTD	Var		FY	FY	Var		FY	Var	
Fichet Security Solution	EUR	Act	Bud	\$	%	PY	€	%	Act	Bud	\$	%	PY	€	%	Fsct	Bud	\$	%	PY	€	%
Gross Revenue	€	10,220	€ 10,827	€ (607)	(5.6%)	€ 8,983	€ 1,237	13.8%	€ 41,099	€ 40,813	€ 286	0.7%	€ 38,923	€ 2,176	5.6%	€ 133,943	€ 133,943	€ -	0.0%	€ 124,913	€ 9,030	7.2%
Adj. to Gross Revenue		-	-	-	n/a	-	-	n/a	-	-	-	n/a	-	-	n/a	-	-	-	n/a	-	-	n/a
Net Revenue		10,220	10,827	(607)	(5.6%)	8,983	1,237	13.8%	41,099	40,813	286	0.7%	38,923	2,176	5.6%	133,943	133,943	-	0.0%	124,913	9,030	7.2%
Other COGS		2,317	2,480	(163)	(6.6%)	2,302	16	0.7%	9,198	9,090	108	1.2%	9,264	(66)	(0.7%)	29,518	29,350	167	0.6%	30,118	(600)	(2.0%)
Total COGS		7,670	8,269	(598)	(7.2%)	7,665	5	0.1%	31,785	31,599	187	0.6%	31,370	415	1.3%	101,104	100,675	430	0.4%	99,659	1,445	1.5%
Gross Margin		2,550	2,558	(9)	(0.3%)	1,318	1,232	93.5%	9,314	9,214	99	1.1%	7,553	1,761	23.3%	32,839	33,268	(430)	(1.3%)	25,253	7,585	30.0%
Gross Margin %		24.9%	23.6%			14.7%			22.7%	22.6%			19.4%			24.5%	24.8%			20.2%		
Sales & Marketing		1,489	1,410	79	5.6%	1,120	369	32.9%	5,672	5,693	(21)	(0.4%)	5,109	563	11.0%	16,169	16,168	0	0.0%	16,024	145	0.9%
Administrative		1,256	1,195	61	5.1%	996	259	26.1%	4,966	4,813	153	3.2%	4,155	810	19.5%	13,989	13,849	140	1.0%	13,116	872	6.7%
Total Opex		2,907	2,911	(4)	(0.1%)	2,398	510	21.3%	11,570	11,762	(193)	(1.6%)	10,256	1,313	12.8%	33,293	33,678	(385)	(1.1%)	31,628	1,665	5.3%
EBITDA		(358)	(353)	(5)	1.3%	(1,080)	722	(66.9%)	(2,256)	(2,548)	292	(11.5%)	(2,703)	447	(16.5%)	(455)	(410)	(45)	10.9%	(6,375)	5,920	(92.9%)
EBITDA %		(3.5%)	(3.3%)			(12.0%)			(5.5%)	(6.2%)			(6.9%)			(0.3%)	(0.3%)			(5.1%)		
Net Income (Loss)	€	(9,140)	€ (736)	€ (8,405)	1142.4%	€ (1,326)	€ (7,814)	589.1%	€ (12,962)	€ (4,074)	€ (8,888)	218.2%	€ (4,902)	€ (8,061)	164.4%	€ (13,382)	€ (13,863)	€ 480	(3.5%)	€ 4,525	€ (17,908)	(395.7%)
Capex	€	(111)	€ (281)	€ 170	(60.5%)	€ (124)	€ 13	(10.8%)	€ (476)	€ (678)	€ 202	(29.8%)	€ (426)	€ (50)	11.8%	€ (2,838)	€ (2,838)	€ -	0.0%	€ (1,903)	€ (935)	49.1%

# Other current liabilities impacted by the full provision of the redundancy plan (7.8M€)

## ➔ Balance Sheet

€'000s	Currency	Jan-19	Feb-19	Mar-19	Apr-19	Variance LM	
Fichet Security Solutions	EUR	Act	Act	Act	Act	€	%
<b>Current Assets</b>							
Cash and cash equivalents		€ 32,361	€ 31,916	€ 24,586	€ 24,736	€ (150)	(0.6%)
Accounts receivable, net		27,966	28,446	30,900	30,635	265	0.9%
Inventory, net		17,257	17,942	17,826	17,793	32	0.2%
Other current assets		7,200	7,149	6,457	7,344	(887)	(12.1%)
<b>Total Current Assets</b>		<b>85,718</b>	<b>86,520</b>	<b>80,666</b>	<b>81,647</b>	<b>(981)</b>	<b>(1.2%)</b>
<b>Non-Current Assets</b>							
Property, plant & equipment, net		5,412	5,396	5,359	5,336	23	0.4%
Goodwill		–	–	–	–	–	0.0%
Deferred financing cost		–	–	–	–	–	0.0%
Other non-current assets		175	167	(1,343)	(927)	(416)	44.9%
<b>Total Non-Current Assets</b>		<b>7,840</b>	<b>7,779</b>	<b>6,211</b>	<b>6,568</b>	<b>(357)</b>	<b>(5.4%)</b>
<b>Total Assets</b>		<b>€ 93,558</b>	<b>€ 94,299</b>	<b>€ 86,877</b>	<b>€ 88,214</b>	<b>€ (1,338)</b>	<b>(1.5%)</b>
<b>Current Liabilities</b>							
Accounts payable		14,524	15,855	15,958	15,816	141	0.9%
Accrued liabilities		–	–	–	–	–	0.0%
Other current liabilities		31,862	32,620	27,393	37,397	(10,004)	(26.8%)
<b>Total Current Liabilities</b>		<b>52,524</b>	<b>54,751</b>	<b>49,604</b>	<b>59,806</b>	<b>(10,202)</b>	<b>(17.1%)</b>
<b>Long-term liabilities</b>							
Long-term debt less current maturities		5,842	5,852	6,008	5,977	31	0.5%
Long-term unearned revenue		–	–	–	–	–	0.0%
Deferred liabilities		–	–	–	–	–	0.0%
Other non-current liabilities		–	–	–	–	–	0.0%
<b>Total Long-Term Liabilities</b>		<b>5,842</b>	<b>5,852</b>	<b>6,008</b>	<b>5,977</b>	<b>31</b>	<b>0.5%</b>
<b>Total Liabilities</b>		<b>58,366</b>	<b>60,603</b>	<b>55,612</b>	<b>65,783</b>	<b>(10,170)</b>	<b>(15.5%)</b>
<b>Shareholders' Equity</b>							
Capital in excess of stated value		–	–	–	–	–	0.0%
Retained earnings		(9,038)	(10,538)	(12,227)	(21,370)	(21,370)	0.0%
<b>Total Shareholders' Equity</b>		<b>35,192</b>	<b>33,695</b>	<b>31,265</b>	<b>22,432</b>	<b>8,833</b>	<b>39.4%</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>€ 100,247</b>	<b>€ 100,992</b>	<b>€ 92,828</b>	<b>€ 94,476</b>	<b>€ (1,648)</b>	<b>(1.7%)</b>
<i>Memo:</i>							
<b>Net Working Capital</b>		<b>€ 53,357</b>	<b>€ 54,604</b>	<b>€ 56,080</b>	<b>€ 56,911</b>	<b>€ (831)</b>	<b>(1.5%)</b>
<b>Total Net External Debt</b>		<b>€ (24,915)</b>	<b>€ (24,483)</b>	<b>€ (16,976)</b>	<b>€ (17,157)</b>	<b>€ 181</b>	<b>(1.1%)</b>





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