



**SARGENT AND GREENLEAF**

2019 Quarterly Operating Review— Q2 2019

July 30<sup>th</sup>, 2019

# Q2 2019 Quarterly Operating Review Meeting Agenda

- ➔ **Executive Summary**
- ➔ Financial Review
- ➔ Full Year Financial Outlook
- ➔ Governance Reporting
- ➔ Appendix



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## Executive Summary

June revenues of \$4.4M favorable to Standalone AOP(budget) by \$0.4M/10.8%

Driven primarily by convertible A-series (Electronic Lock) shipped to India in the APAC region

Strong performance compared to budget for APAC by \$0.9M/96%

Unfavorable NA OEM's and Distributors by (\$0.3M)/(14%) and LAG (\$0.2M)/(67%)

Q2 revenues of \$11.4M unfavorable to budget by (\$1.4M)/(11.1%)

Compared to budget NA OEM's and Distributors unfavorable (\$0.7M)/(13%)

India unfavorable (\$0.7M)/(19%) due to national elections in April/May resulting in lower convertible order rates

YTD revenues of \$22.8M unfavorable to budget by (\$1.5M)/(6.4%)

Compared to budget NA OEM's and Distributors unfavorable (\$1.8M)/(17%)

Strong Q1 in India offset by election pressure in Q2 netted favorable \$0.3M/3%.

Versus prior year, favorable 951 Padlock contract sales of \$1.9M offset core volume decline of (\$1.8M)

### Hits

- Total Backlog Of \$8.6M Is \$2.8M/48% Favorable Than Prior Year
- Convertible A-series (electronic lock) Orders shipped to India: Pingan \$54k, AGS \$92k, Arya \$47k, Other Customers \$127k
- China/North Asia BDM Returned To S&G – Immediate Positive Response From Customer Base
- Progress On Standalone Hiring Plan –VP Sales, NA Government BDM, India BDM, CFO, CEO, and Quality Manager Added

### Misses

- Softness Across NA OEM And Distributor Base: YTD Liberty (\$0.5M), Genmega (\$0.4M), Global File (\$0.3M), Diebold (\$0.2M)
- Continued Q2 Pressure In APAC – India Elections, China Trade Uncertainty, and SEA Weakness
- NA Government BDM vacant for most of Q2

# Executive Summary (Continued)

## Key Go-Forward Actions

- Align expectations and execute on near-term targets with current Sales team
  - Increase reach and frequency of customer-facing engagement
  - Identify and focus on channel partner and key account opportunities (i.e. blanket and stocking order programs)
    - Drive level-loading production scheduling and demand forecasting
- Effective deployment and adherence to the schedule on 2019 Strategic Initiatives
  - Maintain prioritization and visibility through weekly Steering Committee meetings and Smartsheet
  - Effectively leverage support resources (i.e. OGx)
- Execute to the defined New Product Development Pipeline
  - Recapture lost and eroding business in NA Gun Safe Market
    - “Fighter-product” approach to capture installed base – replacement business
  - Capture identified high-probability, low-resource demand, quick-hit opportunities
- Leverage Operational capabilities and capacities
  - Market-lead in most critical customer KPI’s
    - Increased focus on Quality and Delivery
    - Exceed market expectations on Customer Service and Technical Support



# Executive Summary (Continued)

	Description	Potential Impact	Plan to Address
Risks	<ul style="list-style-type: none"> <li>Mechanical Portfolio Erosion</li> </ul>	<ul style="list-style-type: none"> <li>YTD Mechanical Lock Sales decline of (\$0.6M)</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Initiative prioritized for low-cost Electronic Lock Keypad refresh</li> <li>Recapture Liberty business to offset migration from mechanical lock and reset growth in sales at this key account</li> </ul>
	<ul style="list-style-type: none"> <li>Demand Slowdown Across Non-Govt Channels In North America</li> </ul>	<ul style="list-style-type: none"> <li>YTD (\$3.5M) Vs Quota; (\$2.4M) VPY</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of opportunity funnel and improvement on win-loss</li> <li>Set Gap-to-Plan initiatives to drive growth</li> </ul>
	<ul style="list-style-type: none"> <li>Tariff Pressure – Margin</li> <li>Tariff Pressure – China Sales</li> </ul>	<ul style="list-style-type: none"> <li>Annualized \$0.3M Margin Pressure Driven By Tariffs</li> <li>Resi Safe OEMs In China Down (\$0.6M)/60% VPY</li> </ul>	<ul style="list-style-type: none"> <li>Partner with key suppliers on manufacturing moves</li> <li>Leverage duty drawback and targeted surcharges to offset margin pressure</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>LAG Market Penetration Potential with ASWD</li> </ul>	<ul style="list-style-type: none"> <li>Global Smart Safes, Mexico with 2,000 units, \$700k</li> <li>Cogar upgrade program, installed base of 15,000 units, \$5M</li> <li>Interlase/Marnell on Bancolombia switch from LaGard for 2,000 units, \$700k</li> </ul>	<ul style="list-style-type: none"> <li>Establish messaging and replacement program that will drive market share acquisition with this customer base</li> <li>Note, leverage similar opportunities identified in Germany and Netherlands</li> </ul>
	<ul style="list-style-type: none"> <li>EMEA success in market share gain from Insys</li> </ul>	<ul style="list-style-type: none"> <li>CLS / Gunnebo (Sallen) tender (CEN3/CEN4 safes) for 1,500 units, \$495k</li> </ul>	<ul style="list-style-type: none"> <li>S&amp;G prototype under review by Gunnebo Product Manager</li> </ul>
	<ul style="list-style-type: none"> <li>APAC preliminary success with Axis Blu</li> </ul>	<ul style="list-style-type: none"> <li>Small orders in Korean market expected to increase potential to \$200k</li> </ul>	<ul style="list-style-type: none"> <li>Support OEM roll-out for successful launch and leverage for parallel markets</li> </ul>



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## Key Wins and Losses During June 2019

### Key Wins

#### APAC

- Bank of China, ASWD order – used by three key players for the CIT market in HK – 1000 units, \$266k
- Government Approval of 2890 drove a few additional orders

#### EMEA

- AMN Saudi Arabia, second ASWD order, \$75k
- G4S Morocco, annual ASWD order, \$65k

#### LAG

- MAPA, first ASWD order, 200 units, \$70k
- Cogar, A Series order, 300 units, \$110k

#### NA

- APG Federal Credit Union, first NexusIP order, 24 units, \$10k

### Key Losses

#### APAC

- None

#### EMEA

- CIT One of Romania purchased Italian competitor OTC Technosicurezza, 800 units, (\$175K)

#### LAG





- Aglar, Nexus IP, (\$20k)

#### NA

- None



# 2019 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Establish globally consistent pricing strategy		<ul style="list-style-type: none"> <li>Preliminary discussion on current state and strategy for future modeling</li> </ul>	Segmentation of Market, Region, Product: <ul style="list-style-type: none"> <li>Analysis of current pricing structure</li> <li>Develop list price/discount model to achieve market-based pricing</li> </ul>	<ul style="list-style-type: none"> <li>Potential for instances of margin loss when applying a unified pricing model               <ul style="list-style-type: none"> <li>➤ Anticipate aggregate upside</li> <li>➤ Offset with premium list price and targeted discount</li> </ul> </li> </ul>
Launch refreshed brand and digital marketing presence (i.e. website)		<ul style="list-style-type: none"> <li>Review of current brand identity and market position</li> <li>Prioritized digital media customer-enhancing elements</li> </ul>	<ul style="list-style-type: none"> <li>Confirm and align brand vision and related elements</li> <li>Define strategy and scope for digital material roll-out</li> </ul>	<ul style="list-style-type: none"> <li>Achieve objective while managing potential for scope creep and diminishing returns               <ul style="list-style-type: none"> <li>➤ Prioritize on core and growth Market, Product &amp; Region</li> </ul> </li> </ul>
Develop new industrial design aesthetic for existing and new products		<ul style="list-style-type: none"> <li>Keypad industrial design resource identification in progress with OGx</li> </ul>	<ul style="list-style-type: none"> <li>Draft of design criteria aligned to refreshed brand elements</li> <li>Engage ID resource on development of concepts</li> </ul>	<ul style="list-style-type: none"> <li>Bandwidth to apply new design across new product pipeline and core product (i.e. Titan, Spartan)               <ul style="list-style-type: none"> <li>➤ Consider contractor for application across core product</li> </ul> </li> </ul>
Develop Augmented Reality installation instructions for key product lines		<ul style="list-style-type: none"> <li>Completed project scoping including criteria and platforms</li> </ul>	<ul style="list-style-type: none"> <li>Identify the products</li> <li>Identify contract partner with support by OGx</li> <li>Determine resultant ROI</li> </ul>	<ul style="list-style-type: none"> <li>The costs may be prohibitive               <ul style="list-style-type: none"> <li>➤ Target highest growth potential only</li> <li>➤ Conventional solution (YouTube)</li> </ul> </li> </ul>



Complete



On-Schedule







At Risk



Behind



# 2019 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Modularize core product lines		<ul style="list-style-type: none"> <li>High-level review to identify key requirements and product candidates (Ideation phase)</li> </ul>	<ul style="list-style-type: none"> <li>Compare current design platform to requirements</li> <li>Identify gaps and opportunities</li> <li>Develop SKU rationalization strategy (Discovery phase)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure modular design does not compromise performance and quality               <ul style="list-style-type: none"> <li>➤ Leverage core product (Titan / Spartan) for modular platform</li> </ul> </li> </ul>
Develop new core products		<ul style="list-style-type: none"> <li>Completed ROC models toward gaging financial impact</li> <li>Prioritized product development pipeline for 2019/2020</li> </ul>	<ul style="list-style-type: none"> <li>Apply Stage Gate process to optimize project delivery and results</li> <li>Finalize NPD project plans and kick-off development (Design phase)</li> </ul>	<ul style="list-style-type: none"> <li>Effectual deployment of design resources including contract (i.e. biometric &amp; network connect)               <ul style="list-style-type: none"> <li>➤ Leverage OGx to identify firmware/software design partner(s)</li> </ul> </li> </ul>
Develop SIOP process using historical data analytics		<ul style="list-style-type: none"> <li>Historical data review and scrubbing performed with OGx</li> </ul>	<ul style="list-style-type: none"> <li>Establish and execute on resultant algorithms and forecast</li> <li>Quantify potential inventory impact</li> </ul>	<ul style="list-style-type: none"> <li>Sufficient history and clean data to derive accurate demand and forecast model               <ul style="list-style-type: none"> <li>➤ OGx modeling by product families for review and reality check</li> </ul> </li> </ul>
Deploy Artificial Intelligence vision inspection system to improve quality		<ul style="list-style-type: none"> <li>Reviewed candidate production areas to maximize customer satisfaction needs and ROI</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility and design proposal by OGx</li> <li>Conduct ROI analysis</li> </ul>	<ul style="list-style-type: none"> <li>Software development requirements on OGx               <ul style="list-style-type: none"> <li>➤ Requirements straight-forward, risk is nominal</li> </ul> </li> </ul>



Complete



On-Schedule



At Risk



Behind





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# Key Performance Indicators (Current State)

In \$(000)s		Actual + Estimate				Actual + Estimate				Comments (week 7 Actual)	
		Full Month - Jun Estimate				Full Quarter - 2Q					
		Actual	OR	VOR		Actual	OR	VOR			
Safety	# of Recordables	0.0	0.0	0.0		0.0	0.0	0.0		1,957days and 1.5M hours w/o lost time	
	TRIR	0.0	1.6	(1.6)		0.0	1.6	(1.6)			
	Roadmap	0.5	0.6	(0.1)		0.5	0.6	(0.1)			
Service	Fill Rate	96.4%	98.0%	-1.6%		95.4%	98.0%	-2.6%			
	On Time	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%			
	Past Due	125.0	100.0	25.0		125.0	100.0	25.0			
Quality	EOLA	605.5	800.0	(194.5)		557.9	800.0	(242.1)			
	Customer Complaints #	24	32	(8)		84	104	(20)			
	Warranty \$	\$ 36.0	\$ 34.6	\$ 1.4		\$ 124.0	\$ 112.5	\$ 11.5			
	Scrap %	1.1%	1.3%	-0.2%		2.9%	1.3%	1.6%			
SFS	Inventory \$	\$ 6,448.3	\$ 5,157.4	\$ 1,290.9		\$ 6,448.3	\$ 5,157.4	\$ 1,290.9		Largest portion is excess as a result of soft 2018 sale	
	DSI	96.3	73.7	22.7		96.3	73.7	22.7			
	Plant Turns	3.8	5.0	(1.2)		3.8	5.0	(1.2)			
	E&O \$	\$ 1,358.8	\$ 757.0	\$ 601.8		\$ 1,358.8	\$ 757.0	\$ 601.8			
	E&O %	21.1%	14.7%	6.4%		21.1%	14.7%	6.4%			
Mtl. Cost	Material COS @ STD	\$ 1,508.0	\$ 1,474.6	\$ 33.4		\$ 4,092.0	\$ 4,286.8	\$ (194.8)			
	Mat'l PPV	\$ 99.0	\$ 12.7	\$ 86.3		\$ 69.0	\$ 41.3	\$ 27.8			
	Other Mat'l Variances	\$ (32.0)	\$ (60.1)	\$ 28.1		\$ 13.0	\$ (187.1)	\$ 200.1			
	Subtotal	\$ 1,575.0	\$ 1,427.2	\$ 147.8		\$ 4,174.0	\$ 4,141.0	\$ 33.0			
Labor & Conv	Labor (Comp & Ben)	\$ 347.0	\$ 332.1	\$ 14.9		\$ 1,159.0	\$ 1,105.4	\$ 53.6			
	OT Premium	\$ 14.0	\$ 8.3	\$ 5.7		\$ 38.0	\$ 26.9	\$ 11.1			
	Conversion	\$ 121.0	\$ 123.4	\$ (2.4)		\$ 377.0	\$ 401.0	\$ (24.0)			
	Base	\$ 263.0	\$ 286.0	\$ (23.0)		\$ 835.0	\$ 887.0	\$ (52.0)			
	Subtotal	\$ 745.0	\$ 749.8	\$ (4.8)		\$ 2,409.0	\$ 2,420.3	\$ (11.3)			
	Liquidations	\$ (665.0)	\$ (705.1)	\$ 40.1		\$ (2,017.0)	\$ (2,385.6)	\$ 368.6			
	Variance to Standard	\$ 80.0	\$ 44.8	\$ 35.2		\$ 392.0	\$ 34.7	\$ 357.3			
	Total Variances	\$ 147.0	\$ (2.6)	\$ 149.6		\$ 474.0	\$ (111.2)	\$ 585.2			
	% of Standard COS	7%	0%	7%		8%	-2%	9%			
	Earned Hours (000's)	10.53	9.93	0.60		31.99	31.81	0.18			
Per ELH	Labor	34.30	34.28	0.02		37.42	35.60	1.82			
	Conversion	11.50	12.43	(0.93)		11.79	12.61	(0.82)			
	Base	24.99	28.81	(3.82)		26.10	27.89	(1.78)			
	Total Spending	70.78	75.51	(4.73)		75.31	76.09	(0.78)			
Per Liq	Labor	0.52	0.47	0.05		0.57	0.46	0.11		12 temps	
	Conversion	0.18	0.18	0.01		0.19	0.17	0.02			
	Base	0.40	0.41	(0.01)		0.41	0.37	0.04			

## Q2 2019 Quarterly Operating Review Meeting Agenda

- ➔ Executive Summary
- ➔ **Financial Review**
- ➔ Full Year Financial Outlook
- ➔ Governance Reporting
- ➔ Appendix



# Summary P&L vs Budget

\$'000	MTD		Variance		QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
<b>Gross Revenue</b>	\$ 5,195	\$ 4,485	\$ 710	15.8%	\$ 13,439	\$ 14,468	\$ (1,029)	(7.1%)	\$ 26,209	\$ 27,525	\$ (1,316)	(4.8%)
Adj. to Gross Revenue	(782)	(501)	(281)	56.1%	(2,019)	(1,617)	(402)	24.9%	(3,447)	(3,212)	(234)	7.3%
<b>Net Revenue</b>	<b>4,413</b>	<b>3,983</b>	<b>429</b>	<b>10.8%</b>	<b>11,420</b>	<b>12,851</b>	<b>(1,431)</b>	<b>(11.1%)</b>	<b>22,762</b>	<b>24,313</b>	<b>(1,551)</b>	<b>(6.4%)</b>
Material	1,485	1,224	261	21.3%	4,142	4,126	16	0.4%	7,920	7,880	40	0.5%
Labor	489	609	(120)	(19.8%)	1,664	1,989	(326)	(16.4%)	3,374	3,691	(317)	(8.6%)
Other COGS	311	202	109	54.0%	663	765	(102)	(13.3%)	1,400	1,564	(164)	(10.5%)
<b>Total COGS</b>	<b>2,284</b>	<b>2,035</b>	<b>249</b>	<b>12.3%</b>	<b>6,468</b>	<b>6,880</b>	<b>(412)</b>	<b>(6.0%)</b>	<b>12,695</b>	<b>13,136</b>	<b>(441)</b>	<b>(3.4%)</b>
<b>Gross Margin</b>	<b>2,129</b>	<b>1,949</b>	<b>180</b>	<b>9.2%</b>	<b>4,952</b>	<b>5,971</b>	<b>(1,019)</b>	<b>(17.1%)</b>	<b>10,068</b>	<b>11,177</b>	<b>(1,110)</b>	<b>(9.9%)</b>
<i>Gross Margin %</i>	<i>48.2%</i>	<i>48.9%</i>			<i>43.4%</i>	<i>46.5%</i>			<i>44.2%</i>	<i>46.0%</i>		
R&D	84	163	(79)	(48.6%)	301	503	(202)	(40.2%)	649	902	(253)	(28.1%)
Sales & Marketing	240	368	(127)	(34.6%)	853	1,134	(281)	(24.8%)	1,879	2,222	(343)	(15.4%)
Administrative	656	720	(65)	(9.0%)	1,310	1,403	(92)	(6.6%)	2,360	2,445	(85)	(3.5%)
Other Opex	—	—	—	N/A	—	—	—	N/A	—	—	—	N/A
<b>Total Opex</b>	<b>980</b>	<b>1,250</b>	<b>(271)</b>	<b>(21.7%)</b>	<b>2,464</b>	<b>3,040</b>	<b>(576)</b>	<b>(18.9%)</b>	<b>4,888</b>	<b>5,570</b>	<b>(682)</b>	<b>(12.2%)</b>
<b>EBITDA</b>	<b>1,149</b>	<b>698</b>	<b>451</b>	<b>64.5%</b>	<b>2,487</b>	<b>2,931</b>	<b>(443)</b>	<b>(15.1%)</b>	<b>5,180</b>	<b>5,608</b>	<b>(428)</b>	<b>(7.6%)</b>
<i>EBITDA %</i>	<i>26.0%</i>	<i>17.5%</i>			<i>21.8%</i>	<i>22.8%</i>			<i>22.8%</i>	<i>23.1%</i>		
<b>Adj. EBITDA</b>	<b>1,653</b>	<b>1,284</b>	<b>369</b>	<b>28.8%</b>	<b>2,992</b>	<b>3,516</b>	<b>(525)</b>	<b>(14.9%)</b>	<b>5,684</b>	<b>6,193</b>	<b>(509)</b>	<b>(8.2%)</b>
<i>Adj. EBITDA %</i>	<i>37.5%</i>	<i>32.2%</i>			<i>26.2%</i>	<i>27.4%</i>			<i>25.0%</i>	<i>25.5%</i>		
<b>Net Income (Loss)</b>	<b>\$ 463</b>	<b>\$ 124</b>	<b>\$ 339</b>	<b>274.3%</b>	<b>\$ 1,607</b>	<b>\$ 1,557</b>	<b>\$ 50</b>	<b>3.2%</b>	<b>\$ 3,984</b>	<b>\$ 3,217</b>	<b>\$ 766</b>	<b>23.8%</b>
<b>Capex</b>	<b>\$ (26)</b>	<b>\$ (225)</b>	<b>\$ 199</b>	<b>(88.5%)</b>	<b>\$ (87)</b>	<b>\$ (379)</b>	<b>\$ 292</b>	<b>(77.0%)</b>	<b>\$ (159)</b>	<b>\$ (601)</b>	<b>\$ 442</b>	<b>(73.5%)</b>

## Management Discussion

- June Adjusted EBITDA favorable \$0.4M from gross margin favorable volume of \$0.2M. OPEX favorable \$0.3M versus budget, related to timing of innovation spending (R&D) \$0.1M, and timing of standalone/1X costs, \$0.2M
- Q2 Adjusted EBITDA unfavorable (\$0.5M) primarily driven by volume budget variance on gross margin (\$0.7M) with the remaining (\$0.3M) related to rate/mix. Q2 OPEX favorable \$0.6M versus budget, related to timing of innovation spending (R&D) \$0.2M, discretionary spending controls (Jan-May) \$0.2M and timing of standalone/1X costs \$0.2M
- YTD Adjusted EBITDA unfavorable (\$0.5M) versus budget, primarily driven by volume on gross margin (\$0.7M) with the remaining gross margin (\$0.4M) related to rate/mix. Various favorable offsets from timing of OPEX.



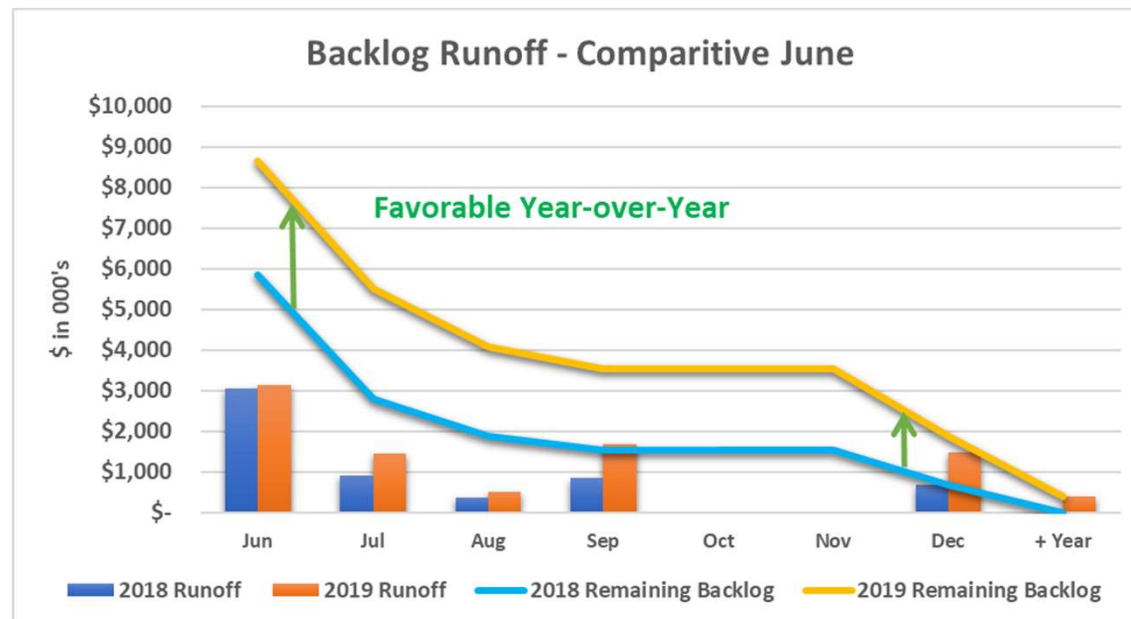
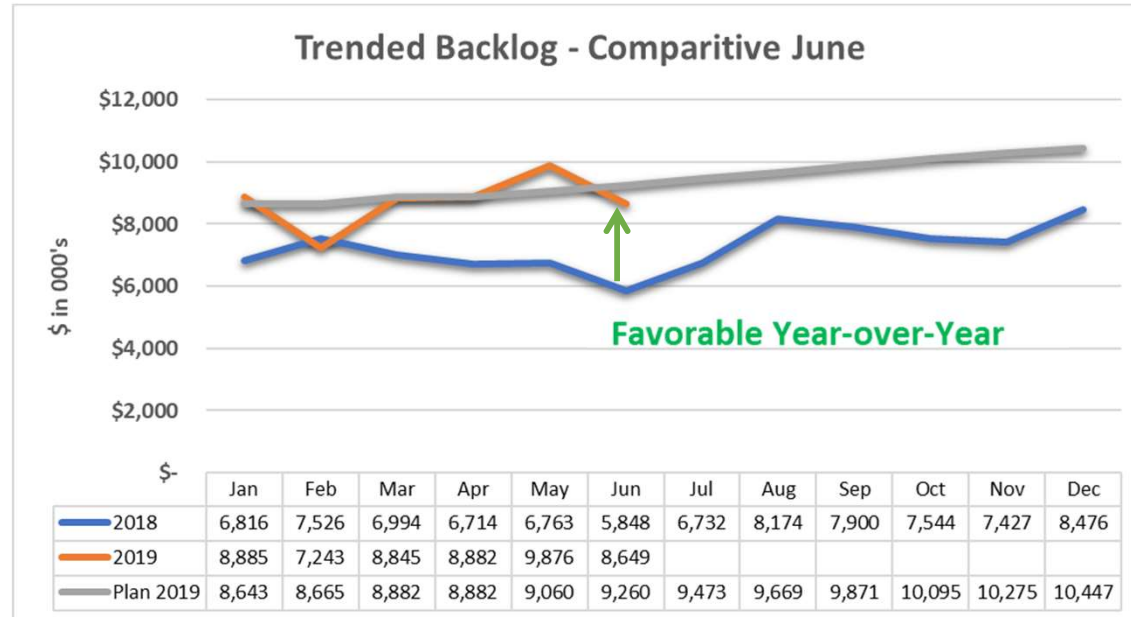
# Summary P&L vs Prior Year

\$'000	MTD		PY MTD		Variance		QTD	PY QTD	Variance		YTD	PY YTD	Variance	
	Act		Act		\$	%	Act	Act	\$	%	Act	Act	\$	%
<b>Gross Revenue</b>	\$	5,195	\$	4,829	\$	366	7.6%	\$	13,439	\$	13,676	\$	(237)	(1.7%)
Adj. to Gross Revenue		(782)		(577)		(205)	35.6%		(2,019)		(1,588)		(431)	27.2%
<b>Net Revenue</b>		<b>4,413</b>		<b>4,252</b>		<b>161</b>	<b>3.8%</b>		<b>11,420</b>		<b>12,088</b>		<b>(668)</b>	<b>(5.5%)</b>
Material		1,485		1,751		(266)	(15.2%)		4,142		4,651		(509)	(10.9%)
Labor		489		541		(52)	(9.7%)		1,664		1,655		8	0.5%
Other COGS		311		134		176	131.3%		663		456		207	45.3%
<b>Total COGS</b>		<b>2,284</b>		<b>2,426</b>		<b>(142)</b>	<b>(5.9%)</b>		<b>6,468</b>		<b>6,763</b>		<b>(294)</b>	<b>(4.4%)</b>
<b>Gross Margin</b>		<b>2,129</b>		<b>1,825</b>		<b>303</b>	<b>16.6%</b>		<b>4,952</b>		<b>5,325</b>		<b>(374)</b>	<b>(7.0%)</b>
<i>Gross Margin %</i>		48.2%		42.9%					43.4%		44.1%		(0.7%)	(1.6%)
R&D		84		139		(55)	(39.9%)		301		443		(142)	(32.1%)
Sales & Marketing		240		331		(90)	(27.3%)		853		995		(141)	(14.2%)
Administrative		656		348		308	88.4%		1,310		1,077		233	21.6%
Other Opex		—		—		—	N/A		—		—		—	N/A
<b>Total Opex</b>		<b>980</b>		<b>818</b>		<b>162</b>	<b>19.8%</b>		<b>2,464</b>		<b>2,515</b>		<b>(51)</b>	<b>(2.0%)</b>
<b>EBITDA</b>		<b>1,149</b>		<b>1,008</b>		<b>141</b>	<b>14.0%</b>		<b>2,487</b>		<b>2,810</b>		<b>(323)</b>	<b>(11.5%)</b>
<i>EBITDA %</i>		26.0%		23.7%					21.8%		23.2%		(1.5%)	(6.3%)
<b>Adj. EBITDA</b>		<b>1,653</b>		<b>1,008</b>		<b>646</b>	<b>64.1%</b>		<b>2,992</b>		<b>2,810</b>		<b>181</b>	<b>6.5%</b>
<i>Adj. EBITDA %</i>		37.5%		23.7%					26.2%		23.2%		2.9%	12.7%
<b>Net Income (Loss)</b>	\$	<b>463</b>	\$	<b>904</b>	\$	<b>(441)</b>	<b>(48.8%)</b>	\$	<b>1,607</b>	\$	<b>2,497</b>	\$	<b>(890)</b>	<b>(35.7%)</b>
<b>Capex</b>	\$	<b>24</b>	\$	<b>6</b>	\$	<b>17</b>	<b>267.4%</b>	\$	<b>86</b>	\$	<b>417</b>	\$	<b>(331)</b>	<b>(79.5%)</b>

## Management Discussion

- June Adjusted EBITDA favorable \$0.3M versus prior year, primarily driven by gross margin rate/mix, \$0.2M with the remainder volume driven, \$0.1M. OPEX unfavorable \$0.2M versus PY, related to 1X costs
- Q2 Adjusted EBITDA unfavorable (\$0.4M) versus PY, primarily driven by volume, (\$0.3M) with the remaining (\$0.1M) related to rate/mix
- YTD Adjusted EBITDA favorable \$0.3M versus PY, driven by volume, \$0.1M with the remaining \$0.2M related to rate/mix

# Backlog Trends





SARGENT AND GREENLEAF

## YTD Business Split

### YTD Sales (\$'s 000)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$3,502	\$0	\$228	\$1	\$0	<b>\$3,731</b>
APAC (Less India)	\$2,056	\$233	\$1,802	\$39	\$17	<b>\$4,146</b>
EMEA	\$1,778	\$233	\$827	\$58	\$8	<b>\$2,904</b>
LATAM	\$906	\$68	\$432	\$34	\$116	<b>\$1,556</b>
US and Canada	\$1,569	\$5,344	\$2,680	\$319	\$514	<b>\$10,426</b>
<b>Total</b>	<b>\$9,812</b>	<b>\$5,877</b>	<b>\$5,970</b>	<b>\$451</b>	<b>\$655</b>	<b>\$22,763</b>

### YTD Sales (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	15%	0%	1%	0%	0%	<b>16%</b>
APAC (Less India)	9%	1%	8%	0%	0%	<b>18%</b>
EMEA	8%	1%	4%	0%	0%	<b>13%</b>
LATAM	4%	0%	2%	0%	1%	<b>7%</b>
US and Canada	7%	23%	12%	1%	2%	<b>46%</b>
<b>Total</b>	<b>43%</b>	<b>26%</b>	<b>26%</b>	<b>2%</b>	<b>3%</b>	<b>100%</b>

### YTD Contribution Margin (\$'s 000)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$2,435	\$0	\$93	(\$1)	\$0	<b>\$2,526</b>
APAC (Less India)	\$1,059	\$31	\$537	\$17	\$6	<b>\$1,650</b>
EMEA	\$415	\$66	\$248	\$23	\$2	<b>\$755</b>
LATAM	\$594	\$10	\$177	\$21	\$22	<b>\$824</b>
US and Canada	\$956	\$2,363	\$1,221	\$151	\$128	<b>\$4,820</b>
<b>Total</b>	<b>\$5,460</b>	<b>\$2,470</b>	<b>\$2,276</b>	<b>\$209</b>	<b>\$160</b>	<b>\$10,575</b>

### YTD Contribution Margin (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	23%	0%	1%	(0%)	0%	<b>24%</b>
APAC (Less India)	10%	0%	5%	0%	0%	<b>16%</b>
EMEA	4%	1%	2%	0%	0%	<b>7%</b>
LATAM	6%	0%	2%	0%	0%	<b>8%</b>
US and Canada	9%	22%	12%	1%	1%	<b>46%</b>
<b>Total</b>	<b>52%</b>	<b>23%</b>	<b>22%</b>	<b>2%</b>	<b>2%</b>	<b>100%</b>



SARGENT AND GREENLEAF

## YTD YoY Comparison

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$1,127	(\$4)	\$143	\$1	\$0	\$1,266
APAC (Less India)	(\$264)	(\$39)	(\$311)	\$20	\$3	(\$590)
EMEA	(\$369)	\$33	\$6	(\$4)	\$1	(\$333)
LATAM	(\$296)	\$33	\$74	(\$46)	(\$115)	(\$349)
US and Canada	(\$294)	\$1,438	(\$1,042)	(\$6)	\$308	\$403
<b>Total</b>	<b>(\$96)</b>	<b>\$1,461</b>	<b>(\$1,129)</b>	<b>(\$35)</b>	<b>\$197</b>	<b>\$398</b>

### YTD YoY Change in Sales (% Growth)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	47%	-100%	168%	N/A	N/A	51%
APAC (Less India)	-11%	-14%	-15%	106%	23%	-12%
EMEA	-17%	16%	1%	-6%	15%	-10%
LATAM	-25%	95%	21%	-58%	-50%	-18%
US and Canada	-16%	37%	-28%	-2%	150%	4%
<b>Total</b>	<b>-1%</b>	<b>33%</b>	<b>-16%</b>	<b>-7%</b>	<b>43%</b>	<b>2%</b>

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$737	(\$0)	\$58	\$0	\$0	\$795
APAC (Less India)	(\$63)	(\$4)	(\$122)	\$13	\$1	(\$176)
EMEA	\$70	\$35	(\$45)	(\$4)	(\$0)	\$56
LATAM	(\$149)	\$3	\$29	(\$22)	(\$20)	(\$158)
US and Canada	(\$19)	\$220	(\$398)	(\$17)	\$55	(\$159)
<b>Total</b>	<b>\$577</b>	<b>\$252</b>	<b>(\$478)</b>	<b>(\$30)</b>	<b>\$36</b>	<b>\$358</b>

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	-194 bps	N/A	-8 bps	N/A	N/A	-255 bps
APAC (Less India)	316 bps	30 bps	-139 bps	2176 bps	-412 bps	125 bps
EMEA	729 bps	1267 bps	-568 bps	-379 bps	-552 bps	442 bps
LATAM	377 bps	-509 bps	-51 bps	737 bps	104 bps	138 bps
US and Canada	857 bps	-1065 bps	208 bps	-438 bps	-1057 bps	-345 bps
<b>Total</b>	<b>636 bps</b>	<b>-819 bps</b>	<b>-67 bps</b>	<b>-289 bps</b>	<b>-257 bps</b>	<b>77 bps</b>

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



# Cost of Goods Sold by Component

\$'000	MTD		Var		QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
<b>Material</b>												
Material costs at standard	\$ 1,508	\$ 1,216	\$ 293	24.1%	\$ 4,093	\$ 4,131	\$ (38)	(0.9%)	\$ 7,881	\$ 7,853	\$ 27	0.3%
Materials FX loss / (gain)	–	–	–	N/A	–	–	–	N/A	0	(0)	0	(103.6%)
Purchase price variance	(45)	5	(50)	(968.4%)	(74)	17	(91)	(541.9%)	(141)	3	(144)	(4590.4%)
Freight in	30	20	10	49.6%	152	135	17	12.7%	349	331	17	5.3%
Cost revision	–	–	–	N/A	(101)	(101)	–	0.0%	(232)	(232)	–	0.0%
Scrap costs	(11)	(23)	12	(52.8%)	47	(75)	122	(163.1%)	(13)	(104)	91	(87.5%)
Consumables	2	6	(4)	(68.0%)	25	20	5	26.1%	77	29	48	166.3%
<b>Total Material COGS</b>	<b>\$ 1,485</b>	<b>\$ 1,224</b>	<b>\$ 261</b>	<b>21.3%</b>	<b>\$ 4,142</b>	<b>\$ 4,126</b>	<b>\$ 16</b>	<b>0.4%</b>	<b>\$ 7,920</b>	<b>\$ 7,880</b>	<b>\$ 40</b>	<b>0.5%</b>
<b>Labor</b>												
Direct labor	\$ 217	\$ 301	\$ (84)	(27.9%)	\$ 754	\$ 1,006	\$ (252)	(25.1%)	\$ 1,505	\$ 1,729	\$ (224)	(13.0%)
Direct labor - overtime	14	8	5	65.2%	38	27	12	42.9%	90	69	21	31.0%
Direct labor - benefits	80	102	(22)	(21.6%)	258	356	(97)	(27.4%)	524	658	(134)	(20.3%)
Indirect labor	149	151	(2)	(1.1%)	480	457	23	5.0%	966	935	31	3.3%
Indirect labor – benefits	29	47	(18)	(38.3%)	133	144	(10)	(7.2%)	289	301	(12)	(4.1%)
<b>Total Labor COGS</b>	<b>\$ 489</b>	<b>\$ 609</b>	<b>\$ (120)</b>	<b>(19.8%)</b>	<b>\$ 1,664</b>	<b>\$ 1,989</b>	<b>\$ (326)</b>	<b>(16.4%)</b>	<b>\$ 3,374</b>	<b>\$ 3,691</b>	<b>\$ (317)</b>	<b>(8.6%)</b>
<b>Other</b>												
Repairs and maintenance	\$ 14	\$ 17	\$ (3)	(16.2%)	\$ 49	\$ 54	\$ (6)	(10.6%)	\$ 103	\$ 91	\$ 13	13.9%
Rent / facilities	178	165	13	7.7%	502	515	(13)	(2.4%)	1,115	1,098	17	1.6%
Utilities	21	23	(1)	(6.4%)	65	74	(10)	(13.2%)	132	144	(12)	(8.1%)
Other cost of sales	98	(3)	100	(3565.0%)	48	121	(74)	(60.7%)	49	231	(182)	(78.7%)
<b>Total Other COGS</b>	<b>\$ 311</b>	<b>\$ 202</b>	<b>\$ 109</b>	<b>54.0%</b>	<b>\$ 663</b>	<b>\$ 765</b>	<b>\$ (102)</b>	<b>(13.3%)</b>	<b>\$ 1,400</b>	<b>\$ 1,564</b>	<b>\$ (164)</b>	<b>(10.5%)</b>
<b>Total COGS</b>	<b>\$ 2,284</b>	<b>\$ 2,035</b>	<b>\$ 249</b>	<b>55.5%</b>	<b>\$ 6,468</b>	<b>\$ 6,880</b>	<b>\$ (412)</b>	<b>(29.3%)</b>	<b>\$ 12,695</b>	<b>\$ 13,136</b>	<b>\$ (441)</b>	<b>(18.6%)</b>

## Management Discussion

- June/Q2/YTD Favorable purchase price variance PPV related to Zinc, 115mm FAS Key Blanks, and 6120 Satin Chrome Housings
- June/Q2/YTD Unfavorable freight-in variances related to increased transportation rates and increased tariffs
- June Scrap Income of \$28k offset by scrap costs in Rivets (product # 8500) and 6242
- Q2/YTD Scrap Income of \$173k offset by Zinc and Aluminum, scrap costs in rivets and 6242





# Balance Sheet: NWC, Cash, Debt

\$'000	Jun-19		Variance	
	Act	Bud	\$	%
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 1,376	\$ 1,247	\$ 129	10.4%
<i>Accounts receivable, gross</i>	8,117	9,119	(1,001)	(11.0%)
<i>Accounts receivable, reserves</i>	(177)	(164)	(13)	7.9%
Accounts receivable, net	7,940	8,954	(1,014)	(11.3%)
<i>Inventory, gross</i>	7,042	6,216	826	13.3%
<i>Inventory, reserves</i>	(458)	(435)	(23)	5.3%
Inventory, net	6,584	5,781	803	13.9%
Prepaid expenses and other current assets	46	238	(192)	(80.6%)
<b>Total Current Assets</b>	<b>15,946</b>	<b>16,221</b>	<b>(274)</b>	<b>(1.7%)</b>
<b><u>Current Liabilities</u></b>				
Current portion of long-term debt	\$ 892	\$ 892	\$ 0	0.0%
Accounts payable	2,980	4,028	(1,047)	(26.0%)
Accrued liabilities	848	739	109	14.7%
Accrued compensation	179	228	(48)	(21.3%)
Income taxes payable	266	(121)	387	(319.7%)
Short-term unearned revenue	70	—	70	N/A
<b>Total Current Liabilities</b>	<b>5,235</b>	<b>5,765</b>	<b>(530)</b>	<b>(9.2%)</b>
<b><u>Long-term liabilities</u></b>				
Long-term debt less current maturities	43,694	43,694	(0)	(0.0%)

## Management Discussion

- A/R Balances below plan due to lighter than budget revenue
- Inventory Balances higher than plan due to lighter than planned QTD revenue.
- A/P Balances lower than plan due to G&A spending controls and Cap Ex timing
- Full balance sheet ending opening balance sheet adjustments



# Opex Summary vs Budget

\$'000	MTD		Variance		QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
<b>Opex Overview:</b>												
Payroll	\$ 235	\$ 265	\$ (31)	(11.6%)	\$ 820	\$ 879	\$ (59)	(6.7%)	\$ 1,739	\$ 1,797	\$ (58)	(3.2%)
Overtime	–	1	(1)	(100.0%)	0	2	(2)	(93.1%)	0	5	(4)	(92.5%)
Benefits	15	25	(10)	(39.3%)	201	208	(7)	(3.3%)	478	486	(8)	(1.7%)
Bonus	2	42	(40)	(95.1%)	35	100	(64)	(64.7%)	113	184	(71)	(38.5%)
Commissions	11	58	(47)	(81.4%)	53	188	(135)	(71.6%)	138	375	(237)	(63.2%)
Marketing	22	25	(3)	(12.5%)	69	89	(20)	(22.4%)	222	186	36	19.2%
Travel and Entertainment	25	29	(5)	(16.7%)	97	101	(4)	(3.9%)	198	237	(39)	(16.6%)
Insurance	–	3	(3)	(100.0%)	–	8	(8)	(100.0%)	1	17	(16)	(93.5%)
Professional Fees	543	673	(130)	(19.3%)	829	1,084	(255)	(23.5%)	1,272	1,537	(265)	(17.2%)
Utl., Repair, Maint., & Sec.	0	4	(3)	(91.2%)	4	11	(7)	(65.5%)	12	22	(10)	(46.7%)
IT	97	64	33	51.7%	186	153	33	21.5%	321	288	33	11.5%
Bad Debts	21	–	21	N/A	15	–	15	N/A	58	–	58	N/A
Supplies	6	10	(5)	(46.6%)	15	32	(17)	(53.5%)	33	64	(31)	(48.9%)
Other Expenses	4	52	(48)	(93.2%)	136	186	(50)	(26.7%)	295	373	(77)	(20.8%)
<b>Total Opex</b>	<b>\$ 980</b>	<b>\$ 1,250</b>	<b>\$ (271)</b>	<b>(21.7%)</b>	<b>\$ 2,464</b>	<b>\$ 3,040</b>	<b>\$ (576)</b>	<b>(18.9%)</b>	<b>\$ 4,888</b>	<b>\$ 5,570</b>	<b>\$ (682)</b>	<b>(12.2%)</b>

## Management Discussion

- June – Payroll favorable variance due to timing of hiring for open positions (Gov't BDM, CFO, IT Manager), professional fees favorable variance driven by timing of recruiting fees, \$38k, costs related to Opening Balance Sheet, \$55k, and timing for R&D spend, \$39k, and commissions favorable driven by lower sales
- Q2 – Payroll favorable variance due to timing of hiring for open positions (Gov't BDM, CFO, IT Manager); professional fees favorable by timing of recruiting fees, \$38k, costs related to Opening Balance Sheet, \$55k, and timing for R&D/Marketing spend, \$178k; and other favorable variances driven by discretionary spending controls
- YTD - Payroll favorable variance due to timing of hiring for open positions (Gov't BDM, CFO, IT Manager); professional fees favorable variance driven by timing of recruiting fees, \$38k, costs related to Opening Balance Sheet, \$55k, and timing for R&D/Marketing spend, \$180k; commissions favorable variance driven by lower sales, and other favorable variances driven by controls on discretionary spending



# Opex Summary vs Prior Year

\$'000	MTD		PY MTD		Variance		QTD		PY QTD		Variance		YTD		PY YTD		Variance				
	Act		Act		\$	%	Act		Act		\$	%	Act		Act		\$	%			
Opex Overview:																					
Payroll	\$	235	\$	306	\$	(71)	(23.3%)	\$	820	\$	890	\$	(70)	(7.8%)	\$	1,739	\$	1,862	\$	(123)	(6.6%)
Overtime		–		0		(0)	(100.0%)		0		2		(2)	(92.4%)		0		4		(3)	(90.2%)
Benefits		15		88		(73)	(82.9%)		201		309		(108)	(34.8%)		478		462		16	3.5%
Bonus		2		38		(36)	(94.6%)		35		97		(62)	(63.9%)		113		132		(19)	(14.4%)
Commissions		11		18		(7)	(39.9%)		53		69		(16)	(22.8%)		138		154		(16)	(10.1%)
Marketing		22		53		(31)	(58.3%)		69		131		(62)	(47.2%)		222		288		(66)	(23.1%)
Travel and Entertainment		25		32		(8)	(24.4%)		97		116		(20)	(17.0%)		198		257		(59)	(23.1%)
Insurance		–		3		(3)	(100.0%)		–		9		(9)	(100.0%)		1		18		(17)	(93.9%)
Professional Fees		543		169		373	220.8%		829		492		336	68.4%		1,272		994		278	27.9%
Utl., Repair, Maint., & Sec.		0		3		(3)	(90.2%)		4		8		(4)	(52.3%)		12		16		(4)	(26.6%)
IT		97		45		52	116.0%		186		134		52	38.7%		321		269		52	19.3%
Bad Debts		21		6		15	271.8%		15		40		(25)	(62.7%)		58		45		14	31.0%
Supplies		6		6		(1)	(8.8%)		15		14		1	8.4%		33		32		0	0.3%
Other Expenses		4		51		(48)	(93.1%)		136		203		(67)	(33.0%)		295		323		(27)	(8.4%)
Total Opex	\$	980	\$	818	\$	162	19.8%	\$	2,464	\$	2,515	\$	(51)	(2.0%)	\$	4,888	\$	4,855	\$	33	0.7%

## Management Discussion

- June – Payroll favorable due to timing of hiring for open/new positions (Gov't BDM, IT Manager&Support, CFO) and positions included in PY standalone proforma of (Legal FTE, 2 finance FTE's, HR Specialist); professional fees unfavorable variance driven 1X costs TSA (\$95k), Consulting Fees(\$299k), and recruitment fees (\$57k) partially offset by timing in R&D \$30k and open BDM position (India); and other favorable variances driven by control of discretionary spending
- Q2 – Payroll favorable variance due to timing of hiring for open/new positions (Gov't BDM, IT Manager&Support, CFO) and positions included in PY proforma of (Legal FTE, 2 finance FTE's, HR Specialist); professional fees unfavorable variance driven 1X costs TSA (\$95k), Consulting Fees(\$299k), and recruitment fees (\$57k) partially offset by timing in R&D \$30k and open BDM position (India); benefits favorable variance driven by open positions; favorable variance in bonus due to lower that budgeted core sales (excluding 951's); and other favorable variances due to discretionary spending controls
- YTD – Payroll favorable variance due to timing of hiring for open/new positions (Gov't BDM, IT Manager&Support, CFO) and positions included in PY proforma of (Legal FTE, 2 finance FTE's, HR Specialist); professional fees unfavorable variance driven 1X costs TSA (\$95k), Consulting Fees(\$299k), and recruitment fees (\$57k) partially offset by timing in R&D \$30k and open BDM position (India); and Other favorable variances due to discretionary spending controls



# Standalone Costs

\$'000		MTD		Variance		QTD		Variance		YTD		Variance	
Description		Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
<b>IT</b>		-	24	(24)	-100.0%	-	24	(24)	-100.0%	-	24	(24)	-100.0%
Manager	Salary and Benefits	-	9	(9)	-100.0%	-	9	(9)	-100.0%	-	9	(9)	-100.0%
Analyst	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Direct Technology Ch: Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill		-	10	(10)	-100.0%	-	10	(10)	-100.0%	-	10	(10)	-100.0%
Business Services	Offset to TSA	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Sales Force	Licensing	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Accounting / HR syste Concur Set-up and monthly fee		-	4	(4)	-100.0%	-	4	(4)	-100.0%	-	4	(4)	-100.0%
ERP transition licensi Licensing		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Data Communications Licensing		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
<b>Legal</b>		-	19	(19)	-100.0%	-	19	(19)	-100.0%	-	19	(19)	-100.0%
Headcount costs (1 FT Salary and Benefits		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
External legal fees an Legal Fees		-	13	(13)	-100.0%	-	13	(13)	-100.0%	-	13	(13)	-100.0%
Patent fees	Patent Fees	-	6	(6)	-100.0%	-	6	(6)	-100.0%	-	6	(6)	-100.0%
<b>Finance</b>		14	28	(14)	-50.4%	14	28	(14)	-50.4%	14	28	(14)	-50.4%
CFO	Salary and Benefits	5	19	(14)	-73.2%	5	19	(14)	-73.2%	5	19	(14)	-73.2%
Base compensation (2 Salary and Benefits		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Audit Fees 2019 Audit Fees		9	9	-	0.0%	9	9	-	0.0%	9	9	-	0.0%
<b>Sales</b>		-	2	(2)	-100.0%	-	2	(2)	-100.0%	-	2	(2)	-100.0%
VP of Sales	Salary and Benefits	-	2	(2)	-100.0%	-	2	(2)	-100.0%	-	2	(2)	-100.0%
<b>HR</b>		2	2	(0)	-14.4%	2	2	(0)	-14.4%	2	2	(0)	-14.4%
Specialist	Salary and Benefits	-	0	(0)	-100.0%	-	0	(0)	-100.0%	-	0	(0)	-100.0%
Business Travel and A Business Travel and Accident		0	0	-	0.0%	0	0	-	0.0%	0	0	-	0.0%
Global Emergency Tra Global Emergency Travel Services		1	1	-	0.0%	1	1	-	0.0%	1	1	-	0.0%
<b>Trade Compliance</b>		1	1	-	0.0%	1	1	-	0.0%	1	1	-	0.0%
Export Compliance D: Export Compliance Daily/ICPA annual fee		0	0	-	0.0%	0	0	-	0.0%	0	0	-	0.0%
Trade Flow software I Trade Flow software license		1	1	-	0.0%	1	1	-	0.0%	1	1	-	0.0%
<b>Bonuses</b>		-	15	(15)	-100.0%	-	15	(15)	-100.0%	-	15	(15)	-100.0%
<b>Risk</b>		16	16	-	0.0%	16	16	-	0.0%	16	16	-	0.0%
<b>Freight</b>		-	42	(42)	-100.0%	-	42	(42)	-100.0%	-	42	(42)	-100.0%
<b>401(k) compensation</b>		10	10	-	0.0%	10	10	-	0.0%	10	10	-	0.0%
<b>Total Standalone Costs</b>		43	159	(116)	-73.0%	43	159	(116)	-73.0%	43	159	(116)	-73.0%



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# 1X Costs

\$'000	Description	MTD		Variance		QTD		Variance		YTD		Variance	
		Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
<b>IT</b>		<b>40</b>	<b>49</b>	<b>(9)</b>	<b>-18.4%</b>	<b>40</b>	<b>49</b>	<b>(9)</b>	<b>-18.4%</b>	<b>40</b>	<b>49</b>	<b>(9)</b>	<b>-18.4%</b>
IT Specialist	Gray Drohan consulting fees	40	49	(9)	-18.4%	40	49	(9)	-18.4%	40	49	(9)	-18.4%
Technology Carve-Out	ERP Implementation, VOIP, Firewall hardware, network re-engineering, Office 365	—	—	—	0.0%	—	—	—	0.0%	—	—	—	0.0%
<b>Legal/Professional Fees</b>		<b>362</b>	<b>432</b>	<b>(70)</b>	<b>-16.3%</b>	<b>362</b>	<b>432</b>	<b>(70)</b>	<b>-16.3%</b>	<b>362</b>	<b>432</b>	<b>(70)</b>	<b>-16.3%</b>
Audit/Valuation Fees	Opening Balance Sheet/Asset Valuation Fees	—	55	(55)	-100.0%	—	55	(55)	-100.0%	—	55	(55)	-100.0%
HR Specialist	Joel Tokarz consulting fees	276	213	63	29.5%	276	213	63	29.5%	276	213	63	29.5%
Employee Recruitment	Recruiting Fees for CFO, VP of Sales, IT Manager, IT Analyst, Gov't BDM	57	95	(38)	-40.2%	57	95	(38)	-40.2%	57	95	(38)	-40.2%
OGX	Consulting Fees	23	23	(0)	-1.3%	23	23	(0)	-1.3%	23	23	(0)	-1.3%
Other	Navex	6	47	(41)	-86.7%	6	47	(41)	-86.7%	6	47	(41)	-86.7%
<b>Marketing/Rebranding</b>	Deal related external communications, rebranding (signage, business cards, etc)	<b>—</b>	<b>7</b>	<b>(7)</b>	<b>-100.0%</b>	<b>—</b>	<b>7</b>	<b>(7)</b>	<b>-100.0%</b>	<b>—</b>	<b>7</b>	<b>(7)</b>	<b>-100.0%</b>
<b>Payroll Implementation</b>	Internaltion GEO, Domestic PEO set up fees	<b>7</b>	<b>11</b>	<b>(4)</b>	<b>-33.6%</b>	<b>7</b>	<b>11</b>	<b>(4)</b>	<b>-33.6%</b>	<b>7</b>	<b>11</b>	<b>(4)</b>	<b>-33.6%</b>
<b>Market Parity</b>	Products to catch up to competitors' offerings	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.0%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.0%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.0%</b>
<b>TSA</b>		<b>95</b>	<b>87</b>	<b>9</b>	<b>10.1%</b>	<b>95</b>	<b>87</b>	<b>9</b>	<b>10.1%</b>	<b>95</b>	<b>87</b>	<b>9</b>	<b>10.1%</b>
TSA - IT	Data center infrastructure, ERP and all other in use systems and support, Enterprise services and Business Services	57	54	2	4.3%	57	54	2	4.3%	57	54	2	4.3%
TSA - Non-IT	Order to Cash, AP, GL, Treasury Management, Trade Compliance, Transportation, Global Supply Management,	39	32	6	19.8%	39	32	6	19.8%	39	32	6	19.8%
<b>Total 1X Costs</b>		<b>504</b>	<b>586</b>	<b>(81)</b>	<b>-13.9%</b>	<b>504</b>	<b>586</b>	<b>(81)</b>	<b>-13.9%</b>	<b>504</b>	<b>586</b>	<b>(81)</b>	<b>-13.9%</b>

## Cash Flow Statement

Cash Flow will be presented beginning in July,  
after Opening Balance Sheet Audit is  
completed



# 13-Week Cash Flow Projection

In US\$	Forecast 7/22	Forecast 7/29	Forecast 8/5	Forecast 8/12	Forecast 8/19	Forecast 8/26	Forecast 9/2	Forecast 9/9	Forecast 9/16	Forecast 9/23	Forecast 9/30	Forecast 10/7	Forecast 10/14	Forecast 10/21
<b>Cash Inflows - Operational</b>														
Collections from customers (Actual)														
Collections from customers based on projected aging (Foreca	1,299	1,164	1,206	850	714	798	516	325	191	31	32	36	35	30
Collections from new forecasted sales	-	-	-	-	-	438	438	425	513	975	1,078	600	823	1,100
<b>Total AR Collections</b>	<b>1,299</b>	<b>1,164</b>	<b>1,206</b>	<b>850</b>	<b>714</b>	<b>1,236</b>	<b>954</b>	<b>750</b>	<b>704</b>	<b>1,006</b>	<b>1,110</b>	<b>636</b>	<b>857</b>	<b>1,130</b>
Other non-AR inflows														
<b>Total Cash Inflows - Operational</b>	<b>1,299</b>	<b>1,164</b>	<b>1,206</b>	<b>850</b>	<b>714</b>	<b>1,236</b>	<b>954</b>	<b>750</b>	<b>704</b>	<b>1,006</b>	<b>1,110</b>	<b>636</b>	<b>857</b>	<b>1,130</b>
<b>Cash Outflows - Operational</b>														
Product inventory (SAP AP)	(453)	(578)	(475)	(416)	(375)	(391)	(322)	(348)	(353)	(307)	(334)	(442)	(407)	(346)
Payroll	(245)	(70)	(388)	(115)	(245)	(70)	(388)	(70)	(290)	(70)	(388)	(70)	(290)	(115)
Commissions														
Bonus	(30)													
Facilities & other (Freight)	(175)	(23)	(68)	(23)	(23)	(23)	(68)	(23)	(23)	(23)	(23)	(473)	(23)	(23)
Professional services	-	-	(64)	-	-	-	(72)	-	(25)	-	(72)	-	(25)	-
Marketing	(2)		(18)				(2)							
Recruiter fees		(150)												
Other expenses (Insurance, TSA, CC)	(45)	(35)	(88)	(149)	-	-	(153)	(141)	-	-	(55)	(141)	-	-
<b>Total Cash Outflows - Operational</b>	<b>(950)</b>	<b>(856)</b>	<b>(1,101)</b>	<b>(704)</b>	<b>(643)</b>	<b>(484)</b>	<b>(1,005)</b>	<b>(582)</b>	<b>(691)</b>	<b>(400)</b>	<b>(872)</b>	<b>(1,126)</b>	<b>(745)</b>	<b>(484)</b>
<b>Cashflows - Financial and Other</b>														
Revolving Loan Draw (Paydown)														
Term Loan paydowns											(223)			
Interest and financial amortization											(885)			
Other financial income/expense (e.g. fx, hedging)														
Non-financial income/expense														
Estimated Tax Payments								(650)						
Monitoring fees (including travel expenses)												(250)		
Non-recurring items														
<b>Total Cash Outflows - Financial and Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(650)</b>	<b>-</b>	<b>-</b>	<b>(1,108)</b>	<b>(250)</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH FLOW</b>	<b>349</b>	<b>308</b>	<b>105</b>	<b>146</b>	<b>71</b>	<b>752</b>	<b>(51)</b>	<b>(482)</b>	<b>12</b>	<b>606</b>	<b>(871)</b>	<b>(740)</b>	<b>112</b>	<b>646</b>
<b>Cash Rollforward</b>														
Beginning cash balance	1,869	2,218	2,525	2,631	2,777	2,848	3,599	3,548	3,065	3,078	3,684	2,813	2,073	2,186
Cash activity	349	308	105	146	71	752	(51)	(482)	12	606	(871)	(740)	112	646
<b>ENDING CASH BALANCE</b>	<b>2,218</b>	<b>2,525</b>	<b>2,631</b>	<b>2,777</b>	<b>2,848</b>	<b>3,599</b>	<b>3,548</b>	<b>3,065</b>	<b>3,078</b>	<b>3,684</b>	<b>2,813</b>	<b>2,073</b>	<b>2,186</b>	<b>2,832</b>
<b>Debt Summary</b>														
Rolled debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit facility	44,586	44,586	44,586	44,586	44,586	44,586	44,586	44,586	44,586	44,586	44,363	44,363	44,363	44,363
<b>TOTAL DEBT</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,586</b>	<b>44,363</b>	<b>44,363</b>	<b>44,363</b>	<b>44,363</b>
<b>TOTAL NET DEBT</b>	<b>42,368</b>	<b>42,061</b>	<b>41,955</b>	<b>41,809</b>	<b>41,738</b>	<b>40,987</b>	<b>41,038</b>	<b>41,521</b>	<b>41,508</b>	<b>40,902</b>	<b>41,550</b>	<b>42,290</b>	<b>42,177</b>	<b>41,531</b>
<b>AVAILABILITY</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>



# Covenant Analysis - Revised AOP

000's	Fixed Charge Ratio			
	Sep	Oct	Nov	Dec
TTM Fixed Charges:				
TTM Net Cash Interest	3,542	3,428	3,489	3,539
Plus:				
TTM Mandatory Principal Debt Payments	892	892	892	892
<b>Fixed Charges</b>	<b>4,434</b>	<b>4,320</b>	<b>4,381</b>	<b>4,430</b>
TTM EBITDA for defined Period	10,971	11,271	11,537	11,683
Less:				
TTM Unfinanced Capital Expenditures	1,040	1,200	1,301	1,242
TTM OGC Monitoring Fees	1,000	1,000	1,000	1,000
TTM Cash Taxes Paid	3,185	3,185	3,185	3,185
<b>TTM Operating Cash Flow</b>	<b>5,746</b>	<b>5,885</b>	<b>6,050</b>	<b>6,256</b>
Fixed Charge Coverage Ratio	1.30	1.36	1.38	1.41
Minimum Ratio	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	4,877	4,752	4,819	4,873
TTM Operating Cash Flow Cushion	869	1,134	1,231	1,382





# Covenant Analysis – Revised AOP

	Total Debt to EBITDA Ratio			
000's	Sep	Oct	Nov	Dec
Total Debt:				
Revolver Balance	-	-	-	-
Plus: Term Loan Balance	44,363	44,363	44,363	44,140
Plus: Other Debt	-	-	-	-
Less: Qualified Cash	1,765	1,504	2,986	1,562
<b>Total Debt</b>	<b>42,598</b>	<b>42,859</b>	<b>41,377</b>	<b>42,578</b>
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	10,971	11,271	11,537	11,683
<b>TTM Adjusted EBITDA</b>	<b>10,971</b>	<b>11,271</b>	<b>11,537</b>	<b>11,683</b>
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.04	3.94	3.85	3.78
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	6.00	6.00	6.00	6.00
In Compliance	YES	YES	YES	YES
Minimum TTM EBITDA required	7,100	7,143	6,896	7,096
TTM EBITDA Cushion	3,872	4,128	4,640	4,586

*Amounts for October 2018 through April 2019 defined per credit agreement*

# Q2 2019 Quarterly Operating Review Meeting Agenda

- ➔ Executive Summary
- ➔ Financial Review
- ➔ **Full Year Financial Outlook**
- ➔ Governance Reporting
- ➔ Appendix



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# Full Year Forecast: Summary P&L

\$'000

\$'000	FY		Variance		PY		Variance	
	Fcst	Bud	\$	%	Rfc / Act	\$	%	
Gross Revenue	\$ 52,958	\$ 54,275	\$ (1,316)	(2.4%)	\$ 50,276	\$ 2,682	5.3%	
Adj. to Gross Revenue	(6,437)	(6,203)	(234)	3.8%	(6,409)	(28)	0.4%	
Net Revenue	46,521	48,072	(1,551)	(3.2%)	43,867	2,654	6.0%	
Material	15,757	15,717	40	0.3%	15,626	131	0.8%	
Labor	6,897	7,214	(317)	(4.4%)	6,473	424	6.5%	
Other COGS	2,791	2,955	(164)	(5.5%)	1,968	823	41.8%	
Total COGS	25,445	25,886	(441)	(1.7%)	24,067	1,378	5.7%	
Gross Margin	21,077	22,186	(1,110)	(5.0%)	19,800	1,276	6.4%	
Gross Margin %	45.3%	46.2%			45.1%			
R&D	2,258	2,511	(253)	(10.1%)	1,763	494	28.0%	
Sales & Marketing	4,587	4,930	(343)	(7.0%)	3,727	860	23.1%	
Administrative	5,322	5,407	(85)	(1.6%)	4,254	1,068	25.1%	
Other Opex	—	—	—	N/A	—	—	N/A	
Total Opex	12,166	12,848	(682)	(5.3%)	9,744	2,422	24.9%	
EBITDA	8,911	9,338	(428)	(4.6%)	10,056	(1,146)	(11.4%)	
EBITDA %	19.2%	19.4%			22.9%			
Adj. EBITDA	11,681	12,190	(509)	(4.2%)	10,056	1,625	16.2%	
Adj. EBITDA %	25.1%	25.4%			22.9%			
Net Income (Loss)	\$ 3,920	\$ 3,154	\$ 766	24.3%	\$ 8,802	\$ (4,881)	(55.5%)	



# Full Year Forecast: Opex Summary

\$'000

\$'000	FY		Variance		PY	Variance						
	Fcst	Bud	\$	%	Rfc / Act	\$	%					
<u>Opex Overview:</u>												
Payroll	\$	3,533	\$	3,591	\$	(58)	(1.6%)	\$	3,716	\$	(183)	(4.9%)
Overtime		5		9		(4)	(45.9%)		5		(0)	(0.8%)
Benefits		580		588		(8)	(1.4%)		967		(388)	(40.1%)
Bonus		374		445		(71)	(15.9%)		193		181	93.9%
Commissions		524		761		(237)	(31.1%)		222		302	136.2%
Marketing		346		311		36	11.5%		546		(199)	(36.5%)
Travel and Entertainment		456		495		(39)	(8.0%)		434		22	5.0%
Insurance		17		33		(16)	(47.7%)		36		(19)	(52.2%)
Professional Fees		4,156		4,421		(265)	(6.0%)		1,996		2,160	108.2%
Utl., Repair, Maint., & Sec.		41		52		(10)	(20.0%)		73		(32)	(43.5%)
IT		1,036		1,003		33	3.3%		538		498	92.7%
Bad Debts		58		0		58	N/A		55		4	6.6%
Supplies		97		128		(31)	(24.4%)		67		30	44.4%
Other Expenses		624		703		(78)	(11.2%)		897		(272)	(30.4%)
Total Opex	\$	12,166	\$	12,848	\$	(683)	(5.3%)	\$	9,744	\$	2,422	24.9%

## Full Year Forecast: Balance Sheet Summary – Quarterly

Balance Sheet will be presented beginning in July,  
upon completion of the Opening Balance Sheet Audit

## Full Year Forecast: Cash Flow Summary

Cash Flow will be presented beginning in July, upon completion of the Opening Balance Sheet Audit

# Q2 2019 Quarterly Operating Review Meeting Agenda

- ➔ Executive Summary
- ➔ Financial Review
- ➔ Full Year Financial Outlook
- ➔ **Governance Reporting**
- ➔ Appendix

# Management Governance Report

## **Disclosure Committee:**

- Members include: CEO, CFO, VP Sales, VP Operations, VP and General Counsel
- First Audit Committee meeting to be held on Tuesday July, 30th prior to the Q2 Board meeting

## **Anonymous Hotline:**

- Navex implemented July 16<sup>th</sup>, 2019

## **Modification of Internal Control and Authority Matrix:**

- OGC in process of developing





## Management Governance Report (Continued)

A)	Requests for waivers or out-of-the-ordinary course approvals under the Internal Control and Corporate Governance Matrix, Code of Ethics or any internal control:	None
B)	Any conflicts of interest or the appearance of any such conflict or potential conflict:	None
C)	Any actual or apparent weakness or inadequacy in the Company's policies of internal controls and financial reporting:	None
D)	Any reports or complaints regarding accounting, internal accounting controls or auditing matters.	None



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## Q2 2019 Quarterly Operating Review Meeting Agenda

- ➔ Executive Summary
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- ➔ **Appendix**



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# Squeeze Report

	Net Revenue					Adj. EBITDA					Net Debt		
	Act	Rfc	Variance	PY	Variance	Act	Rfc	Variance	PY	Variance	Act	Rfc	PY
This Month	\$ 4,413	\$ 3,983	10.8%	\$ 4,252	3.8%	\$ 1,653	\$ 1,284	28.8%	\$ 1,008	64.1%	\$ (1,376)	\$ (1,247)	\$ (10,713)
Quarter to Date	\$ 11,420	\$ 12,851	-11.1%	\$ 12,088	-5.5%	\$ 2,992	\$ 3,516	-14.9%	\$ 2,810	6.5%			
Year to Date	\$ 22,762	\$ 24,313	-6.4%	\$ 22,615	0.7%	\$ 5,684	\$ 6,193	-8.2%	\$ 4,955	14.7%			
LTM Trends (\$'000s)	7/31/18	8/31/18	9/30/18	10/31/18	11/30/18	12/31/18	1/31/19	2/28/19	3/31/19	4/30/19	5/31/19	6/30/19	LTM
Net Revenue	\$ 3,780	\$ 3,780	\$ 4,037	\$ 3,764	\$ 2,783	\$ 3,109	\$ 3,350	\$ 4,088	\$ 3,904	\$ 3,773	\$ 3,235	\$ 4,413	\$ 44,015
Gross Margin	1,636	1,934	2,008	1,771	1,357	1,285	1,456	1,821	1,838	1,469	1,354	2,129	20,058
Gross Margin %	43.3%	51.2%	49.7%	47.0%	48.8%	41.3%	43.5%	44.6%	47.1%	38.9%	41.9%	48.2%	45.6%
SG&A	637	837	1,018	890	809	697	898	810	715	765	720	980	9,777
Reported EBITDA	1,000	1,097	989	880	548	588	559	1,011	1,123	705	634	1,149	10,282
Rep. EBITDA %	26.4%	29.0%	24.5%	23.4%	19.7%	18.9%	16.7%	24.7%	28.8%	18.7%	19.6%	26.0%	23.4%
Adj. EBITDA	1,000	1,097	989	880	548	588	559	1,011	1,123	705	634	1,653	10,786
Adj. EBITDA %	26.4%	29.0%	24.5%	23.4%	19.7%	18.9%	16.7%	24.7%	28.8%	18.7%	19.6%	37.5%	24.5%
Capex	\$ (226)	\$ (42)	\$ (17)	\$ (1)	\$ (56)	\$ (416)	\$ (29)	\$ (21)	\$ (22)	\$ (14)	\$ (47)	\$ (26)	\$ (918)
Accounts Receivable, Net	\$ 6,652	\$ 6,864	\$ 7,712	\$ 7,332	\$ 6,979	\$ 6,637	\$ 6,542	\$ 7,672	\$ 7,838	\$ 7,201	\$ 7,047	\$ 7,940	\$ 7,940
Inventory, Net	5,895	5,943	6,320	6,420	6,742	6,360	6,919	6,772	6,832	6,979	6,919	6,584	6,584
Accounts Payable	4,082	4,082	4,415	3,722	3,743	3,785	3,933	3,707	3,716	4,031	2,966	2,980	2,980
CCC	\$ 8,465	\$ 8,725	\$ 9,617	\$ 10,029	\$ 9,979	\$ 9,212	\$ 9,528	\$ 10,736	\$ 10,954	\$ 10,149	\$ 11,001	\$ 11,544	\$ 11,544
DSO	74.0	72.3	83.7	70.5	66.0	61.9	84.9	95.7	63.2	56.0	58.8	63.3	65.8
DSI	82.8	83.8	95.3	98.8	114.1	110.3	121.8	104.1	100.8	96.6	102.2	94.3	54.6
DPO	56.1	56.7	65.6	55.8	61.5	63.8	67.7	55.8	54.3	55.4	43.8	33.7	45.4
C2C	100.6	99.4	113.4	113.5	118.6	108.4	139.1	144.0	109.7	97.2	117.2	123.9	75.0
Bank revolver	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -
Unclassified external debt / OID	-	-	-	-	-	-	-	-	-	-	-	-	-
OpenGate debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Outstanding	-	-	-	-	-	-	-	-	-	-	800	-	-
Cash and equivalents	10,981	11,396	11,658	10,845	11,132	11,172	10,903	10,588	1,328	422	807	1,376	1,376
Total Net Debt	\$ (10,981)	\$ (11,396)	\$ (11,658)	\$ (10,845)	\$ (11,132)	\$ (11,172)	\$ (10,903)	\$ (10,588)	\$ (1,328)	\$ (422)	\$ (7)	\$ (1,376)	\$ (1,376)
Beginning Cash Balance	\$ 10,713	\$ 10,981	\$ 11,396	\$ 11,658	\$ 10,846	\$ 11,132	\$ 11,172	\$ 10,903	\$ 10,588	\$ 1,328	\$ 422	\$ 1,607	\$ 10,713
Add / (Less): Operating Cash Flow	2,031	948	178	(2,512)	795	3,447	207	6,879	1,413	1,044	8,479	595	23,503
Add / (Less): Investing Cash Flow	(226)	(42)	(17)	(1)	(56)	(416)	(29)	(21)	(22)	(14)	(47)	(26)	(918)
Add / (Less): Financing Cash Flow	(1,536)	(490)	101	1,701	(452)	(2,990)	(446)	(7,173)	(10,652)	(1,935)	(7,247)	(800)	(31,920)
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	\$ 10,981	\$ 11,396	\$ 11,658	\$ 10,846	\$ 11,132	\$ 11,174	\$ 10,903	\$ 10,588	\$ 1,328	\$ 422	\$ 1,607	\$ 1,376	\$ 1,376
Long-term trend													
	Calendar year ending			Forecast		LTM Actual							
Summary Financials	12/31/2013	12/31/2014	12/31/2015	12/31/2016	6/30/2019								
Total Net Revenue	\$ -	\$ -	\$ 43,867	\$ 46,521	\$ 44,015								
EBITDA, Reported	-	-	10,056	9,238	10,282								
EBITDA, Reported %	N/A	N/A	22.9%	19.9%	23.4%								
EBITDA, Adjusted	-	-	10,056	11,706	10,786								
EBITDA, Adjusted %	N/A	N/A	22.9%	25.2%	24.5%								
Accounts Receivable, Net	-	-	6,637	8,062	7,940								
Inventory, Net	-	-	6,360	5,532	6,584								
Accounts Payable	-	-	3,785	4,041	2,980								
CCC	-	-	9,212	9,553	11,544								
Net Debt	\$ -	\$ -	\$ (11,172)	\$ (1,562)	\$ (1,376)								



SARGENT AND GREENLEAF

# Monthly P&L

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Gross Revenue	\$ 3,737	\$ 4,592	\$ 4,440	\$ 4,311	\$ 3,933	\$ 5,195	\$ 4,810	\$ 4,399	\$ 4,560	\$ 5,043	\$ 4,055	\$ 3,882	\$ 52,958	\$ 54,275	\$ (1,316)	(2.4%)	\$ 50,276	\$ 2,682	5.3%
Adj. to Gross Revenue	(387)	(504)	(536)	(538)	(698)	(782)	(538)	(492)	(510)	(564)	(453)	(434)	(6,437)	(6,203)	(234)	3.8%	(6,409)	(28)	0.4%
Net Revenue	3,350	4,088	3,904	3,773	3,235	4,413	4,272	3,907	4,050	4,480	3,601	3,448	46,521	48,072	(1,551)	(3.2%)	43,867	2,654	6.0%
Material	1,083	1,424	1,272	1,488	1,169	1,485	1,414	1,256	1,433	1,425	1,166	1,142	15,757	15,717	40	0.3%	15,626	131	0.8%
Labor	621	550	539	632	543	489	636	564	646	642	523	511	6,897	7,214	(317)	(4.4%)	6,473	424	6.5%
Other COGS	190	292	255	184	168	311	211	177	217	301	245	239	2,791	2,955	(164)	(5.5%)	1,968	823	41.8%
Total COGS	1,894	2,266	2,066	2,303	1,881	2,284	2,262	1,997	2,296	2,368	1,934	1,893	25,445	25,886	(441)	(1.7%)	24,067	1,378	5.7%
Gross Margin	1,456	1,821	1,838	1,469	1,354	2,129	2,011	1,910	1,754	2,111	1,668	1,555	21,077	22,186	(1,110)	(5.0%)	19,800	1,276	6.4%
Gross Margin %	43.5%	44.6%	47.1%	38.9%	41.9%	48.2%	47.1%	48.9%	43.3%	47.1%	46.3%	45.1%	45.3%	46.2%			45.1%		
R&D	133	112	103	109	109	84	178	272	288	294	276	301	2,258	2,511	(253)	(10.1%)	1,763	494	28.0%
Sales & Marketing	374	336	315	308	305	240	487	396	410	466	474	450	4,562	4,905	(343)	(7.0%)	3,727	835	22.4%
Administrative	390	362	297	348	306	656	481	677	381	367	379	374	5,020	5,105	(85)	(1.7%)	4,254	766	18.0%
Other Opex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Total Opex	898	810	715	765	720	980	1,146	1,346	1,079	1,127	1,129	1,124	11,839	12,521	(682)	(5.4%)	9,744	2,095	21.5%
EBITDA	559	1,011	1,123	705	634	1,149	865	564	675	984	539	431	9,238	9,665	(428)	(4.4%)	10,056	(819)	(8.1%)
EBITDA %	16.7%	24.7%	28.8%	18.7%	19.6%	26.0%	20.2%	14.4%	16.7%	22.0%	15.0%	12.5%	19.9%	20.1%			22.9%		
Adj. EBITDA	559	1,011	1,123	705	634	1,653	1,244	972	957	1,245	870	734	11,706	12,215	(509)	(4.2%)	10,056	1,650	16.4%
Adj. EBITDA %	16.7%	24.7%	28.8%	18.7%	19.6%	37.5%	29.1%	24.9%	23.6%	27.8%	24.1%	21.3%	25.2%	25.4%			22.9%		
Net Income (Loss)	\$ 440	\$ 909	\$ 1,028	\$ 609	\$ 535	\$ 463	\$ (7)	\$ 31	\$ 111	\$ 77	\$ 14	\$ (59)	\$ 4,151	\$ 3,384	\$ 766	22.6%	\$ 8,802	\$ (4,651)	(52.8%)



# Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Revised Costs							
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
IT		81	81	81	81	81	24	39	207	39	39	42	42	837
Manager	Salary and Benefits	12	12	12	12	12	9	9	9	9	9	9	9	124
Analyst	Salary and Benefits	25	25	25	25	25	-	6	6	6	6	6	6	160
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Wind	14	14	14	14	14	10	16	177	7	7	7	7	297
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	2	2	2	2	8
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	4	2	2	2	2	2	2	99
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	19	303
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	13	150
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	28	30	30	30	30	30	30	352
CFO	Salary and Benefits	19	19	19	19	19	19	21	21	21	21	21	21	238
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	-	-	-	52
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		-	-	-	-	-	2	11	22	22	22	22	22	125
VP of Sales	Salary and Benefits	-	-	-	-	-	2	11	22	22	22	22	22	125
HR		6	6	6	6	6	2	2	2	2	8	8	8	59
Specialist	Salary and Benefits	6	6	6	6	6	0	0	0	0	6	6	6	47
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	0	0	0	2
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	10
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	0	0	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses	Incremental management bonuses	-	-	-	-	-	15	15	15	15	15	15	15	108
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	16	16	16	232
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	42	42	42	42	42	42	42	676
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		262	262	262	262	262	159	185	364	196	202	205	205	2,826



SARGENT AND GREENLEAF

# 1X Costs

\$'000	Description	Revised AOP							2019 AOP
		19-Jun AOP	19-Jul AOP	19-Aug AOP	19-Sep AOP	19-Oct AOP	19-Nov AOP	19-Dec AOP	
<b>IT</b>		<b>49</b>	<b>28</b>	<b>175</b>	<b>85</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>547</b>
IT Specialist	Gray Drohan consulting fees	49	20	20	20	20	20	20	169
Technology Carve-Out	ERP Implementation, VOIP, Firewall hardware, network re-engineering, Office 365	–	8	155	65	50	50	50	378
<b>Legal/Professional Fees</b>		<b>433</b>	<b>247</b>	<b>66</b>	<b>41</b>	<b>51</b>	<b>46</b>	<b>41</b>	<b>925</b>
Audit/Valuation Fees	Opening Balance Sheet/Asset Valuation Fees	55	–	–	–	–	–	–	55
HR Specialist	Joel Tokarz consulting fees	213	60	18	18	18	18	18	363
Employee Recruitment	Recruiting Fees for CFO, VP of Sales, IT Manager, IT Analyst, Gov't BDM	95	164	–	–	–	–	–	259
OGX	Consulting Fees	23	23	23	23	23	23	23	161
Other	Navex, Affirmative Action Policy, Morgan Lewis DSS invoice	47	–	25	–	10	5	–	87
<b>Marketing/Rebranding</b>	Deal related external communications, rebranding (signage, business cards, etc), Ecommerce/social media refresh strategy, competitive database	<b>7</b>	<b>19</b>	<b>17</b>	<b>20</b>	<b>30</b>	<b>108</b>	<b>58</b>	<b>259</b>
<b>Payroll Implementation</b>	International GEO, Domestic PEO set up fees, visa transfer fees	<b>11</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27</b>
<b>Market Parity</b>	Products to catch up to competitors' offerings	<b>–</b>	<b>–</b>	<b>74</b>	<b>82</b>	<b>56</b>	<b>56</b>	<b>83</b>	<b>351</b>
<b>SA Closure</b>	Severance	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>310</b>	<b>310</b>
<b>TSA</b>		<b>87</b>	<b>87</b>	<b>78</b>	<b>73</b>	<b>73</b>	<b>70</b>	<b>70</b>	<b>535</b>
TSA - IT	Data center infrastructure, ERP and all other in use systems and support, Enterprise services and Business Services	54	54	46	41	41	38	38	314
TSA - Non-IT	Order to Cash, AP, GL, Treasury Management, Trade Compliance, Transportation, Global Supply Management,	32	32	31	31	31	31	31	221
<b>Total 1X Costs</b>		<b>587</b>	<b>380</b>	<b>427</b>	<b>301</b>	<b>279</b>	<b>349</b>	<b>632</b>	<b>2,955</b>



SARGENT AND GREENLEAF

# Monthly Cost of Goods Sold by Component

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
<b>Material</b>																			
Material costs at standard	\$ 1,075	\$ 1,395	\$ 1,318	\$ 1,462	\$ 1,122	\$ 1,508	\$ 1,401	\$ 1,240	\$ 1,423	\$ 1,414	\$ 1,160	\$ 1,131	\$ 15,650	\$ 15,623	\$ 27	0.2%	\$ 14,987	\$ 663	4.4%
Materials FX loss / (gain)	—	(0)	0	—	—	—	—	0	—	—	—	—	0	(0)	0	(120.0%)	(2)	2	(101.2%)
Purchase price variance	14	(32)	(48)	14	(44)	(45)	6	5	5	6	5	5	(107)	37	(144)	(393.7%)	68	(175)	(258.7%)
Freight in	57	82	58	38	84	30	28	28	22	25	18	23	493	475	17	3.7%	681	(188)	(27.6%)
Cost revision	(50)	(30)	(50)	(50)	(50)	—	—	—	—	—	—	—	(232)	(232)	—	0.0%	—	(232)	N/A
Scrap costs	5	(11)	(54)	11	47	(11)	(29)	(23)	(23)	(29)	(23)	(23)	(163)	(254)	91	(35.8%)	(200)	37	(18.5%)
Consumables	(18)	20	49	12	11	2	8	6	6	8	6	6	117	69	48	69.8%	92	25	26.8%
<b>Total Material COGS</b>	<b>\$ 1,083</b>	<b>\$ 1,424</b>	<b>\$ 1,272</b>	<b>\$ 1,488</b>	<b>\$ 1,169</b>	<b>\$ 1,485</b>	<b>\$ 1,414</b>	<b>\$ 1,256</b>	<b>\$ 1,433</b>	<b>\$ 1,425</b>	<b>\$ 1,166</b>	<b>\$ 1,142</b>	<b>\$ 15,757</b>	<b>\$ 15,717</b>	<b>\$ 40</b>	<b>0.3%</b>	<b>\$ 15,626</b>	<b>\$ 131</b>	<b>0.8%</b>
<b>Labor</b>																			
Direct labor	\$ 277	\$ 238	\$ 235	\$ 293	\$ 244	\$ 217	\$ 293	\$ 254	\$ 335	\$ 297	\$ 207	\$ 194	\$ 3,083	\$ 3,307	\$ (224)	(6.8%)	\$ 2,736	\$ 347	12.7%
Direct labor - overtime	15	19	17	16	8	14	11	9	10	13	15	16	164	143	21	14.9%	194	(30)	(15.3%)
Direct labor - benefits	102	83	81	98	81	80	126	102	102	125	101	101	1,180	1,314	(134)	(10.2%)	971	209	21.5%
Indirect labor	168	161	158	167	164	149	156	152	152	158	153	153	1,892	1,861	31	1.7%	1,971	(79)	(4.0%)
Indirect labor – benefits	60	48	48	57	47	29	49	47	47	50	47	47	577	589	(12)	(2.1%)	600	(24)	(3.9%)
<b>Total Labor COGS</b>	<b>\$ 621</b>	<b>\$ 550</b>	<b>\$ 539</b>	<b>\$ 632</b>	<b>\$ 543</b>	<b>\$ 489</b>	<b>\$ 636</b>	<b>\$ 564</b>	<b>\$ 646</b>	<b>\$ 642</b>	<b>\$ 523</b>	<b>\$ 511</b>	<b>\$ 6,897</b>	<b>\$ 7,214</b>	<b>\$ (317)</b>	<b>(4.4%)</b>	<b>\$ 6,473</b>	<b>\$ 424</b>	<b>6.5%</b>
<b>Other</b>																			
Repairs and maintenance	\$ 13	\$ 6	\$ 35	\$ 24	\$ 10	\$ 14	\$ 21	\$ 17	\$ 17	\$ 21	\$ 17	\$ 17	\$ 212	\$ 199	\$ 13	6.4%	\$ 220	\$ (8)	(3.6%)
Rent / facilities	206	215	193	167	157	178	185	168	166	187	169	167	2,157	2,140	17	0.8%	979	1,178	120.3%
Utilities	22	25	21	22	21	21	29	23	23	29	23	23	281	293	(12)	(4.0%)	300	(18)	(6.1%)
Other cost of sales	(50)	46	5	(29)	(21)	98	(24)	(31)	11	65	36	33	140	322	(182)	(56.6%)	469	(329)	(70.2%)
<b>Total Other COGS</b>	<b>\$ 190</b>	<b>\$ 292</b>	<b>\$ 255</b>	<b>\$ 184</b>	<b>\$ 168</b>	<b>\$ 311</b>	<b>\$ 211</b>	<b>\$ 177</b>	<b>\$ 217</b>	<b>\$ 301</b>	<b>\$ 245</b>	<b>\$ 239</b>	<b>\$ 2,791</b>	<b>\$ 2,955</b>	<b>\$ (164)</b>	<b>(5.5%)</b>	<b>\$ 1,968</b>	<b>\$ 823</b>	<b>41.8%</b>
<b>Total COGS</b>	<b>\$ 1,894</b>	<b>\$ 2,266</b>	<b>\$ 2,066</b>	<b>\$ 2,303</b>	<b>\$ 1,881</b>	<b>\$ 2,284</b>	<b>\$ 2,262</b>	<b>\$ 1,997</b>	<b>\$ 2,296</b>	<b>\$ 2,368</b>	<b>\$ 1,934</b>	<b>\$ 1,893</b>	<b>\$ 25,445</b>	<b>\$ 25,886</b>	<b>\$ (441)</b>	<b>(9.7%)</b>	<b>\$ 24,067</b>	<b>\$ 1,378</b>	<b>49.2%</b>



# Monthly Balance Sheet: NWC, Cash, Debt

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
\$'000	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
<b><u>Current Assets</u></b>																
Cash and cash equivalents	\$ 10,903	\$ 10,588	\$ 1,328	\$ 422	\$ 1,607	\$ 1,376	\$ 1,978	\$ 2,695	\$ 1,755	\$ 1,492	\$ 2,971	\$ 1,235	\$ 1,235	\$ 1,235	\$ -	0.0%
<i>Accounts receivable, gross</i>	6,704	7,865	8,000	7,380	7,203	8,117	8,994	8,833	8,911	9,298	8,726	8,210	8,210	8,210	-	0.0%
<i>Accounts receivable, reserves</i>	(162)	(194)	(161)	(179)	(156)	(177)	(162)	(159)	(160)	(167)	(157)	(148)	(148)	(148)	-	0.0%
Accounts receivable, net	6,542	7,672	7,838	7,201	7,047	7,940	8,832	8,674	8,750	9,130	8,569	8,062	8,062	8,062	-	0.0%
<i>Inventory, gross</i>	7,413	7,264	7,342	7,448	7,385	7,042	5,979	6,089	6,329	6,505	6,374	5,948	5,948	5,948	-	0.0%
<i>Inventory, reserves</i>	(493)	(492)	(510)	(470)	(466)	(458)	(419)	(426)	(443)	(455)	(446)	(416)	(416)	(416)	-	0.0%
Inventory, net	6,919	6,772	6,832	6,979	6,919	6,584	5,560	5,663	5,886	6,049	5,928	5,532	5,532	5,532	-	0.0%
Prepaid expenses and other current assets	113	118	122	75	81	46	222	206	189	173	157	141	141	141	-	0.0%
<b>Total Current Assets</b>	<b>24,477</b>	<b>25,150</b>	<b>16,120</b>	<b>14,677</b>	<b>15,655</b>	<b>15,946</b>	<b>16,592</b>	<b>17,238</b>	<b>16,581</b>	<b>16,845</b>	<b>17,625</b>	<b>14,969</b>	<b>14,969</b>	<b>14,969</b>	<b>-</b>	<b>0.0%</b>
<b><u>Current Liabilities</u></b>																
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ 892	\$ 892	\$ 892	\$ 892	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,115	\$ 1,115	\$ 1,115	\$ -	0.0%
Accounts payable	3,933	3,707	3,716	4,031	2,966	2,980	3,559	3,693	4,291	3,921	4,191	4,041	4,041	4,041	-	0.0%
Accrued liabilities	643	809	1,333	950	557	848	1,054	1,350	765	1,082	1,363	773	773	773	-	0.0%
Accrued compensation	116	140	134	110	149	179	304	338	374	277	311	347	347	347	-	0.0%
Income taxes payable	1,876	-	-	(140)	(0)	266	104	244	(389)	(130)	(2)	(792)	(792)	(792)	-	0.0%
Short-term unearned revenue	80	20	34	72	43	70	-	-	-	-	-	-	-	-	-	N/A
<b>Total Current Liabilities</b>	<b>6,628</b>	<b>4,677</b>	<b>5,218</b>	<b>5,023</b>	<b>5,406</b>	<b>5,235</b>	<b>5,913</b>	<b>6,518</b>	<b>6,044</b>	<b>6,153</b>	<b>6,867</b>	<b>5,483</b>	<b>5,483</b>	<b>5,483</b>	<b>-</b>	<b>0.0%</b>
<b><u>Long-term liabilities</u></b>																
Long-term debt less current maturities	-	-	-	-	43,694	43,694	43,694	43,694	43,360	43,360	43,360	43,025	43,025	43,025	-	0.0%

Entire Balance Sheet will be presented beginning in July,  
upon completion of the Opening Balance Sheet Audit





# Monthly Cash Flow

\$'000	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
<b>Cash flow from operations</b>											
Net Income (Loss)	\$ 463	\$ (7)	\$ 31	\$ 111	\$ 77	\$ 14	\$ (59)	\$ 1,164	\$ 290	\$ 874	300.9%
Depreciation, amortization and other	103	93	93	91	94	94	92	763	648	115	17.8%
<b>Change in operating assets and liabilities:</b>											
Accounts receivable	(893)	122	158	(76)	(380)	561	507	153	1,107	(954)	(86.2%)
Inventory	335	221	(103)	(224)	(163)	121	396	644	803	(158)	(19.7%)
Prepaid expenses and other current assets	35	16	16	16	16	16	16	126	(81)	208	(255.2%)
Accounts payable	15	(468)	134	598	(371)	271	(150)	(1,038)	350	(1,387)	(396.5%)
Accrued expenses	290	314	297	(585)	317	281	(590)	(69)	62	(130)	(211.5%)
Accrued income taxes	266	225	137	(627)	260	129	(699)	(169)	(1,194)	1,025	(85.9%)
Other changes in operating assets and liabilities	(19)	76	34	36	(97)	34	36	9,053	236	8,817	3737.9%
Other cash flow from operations	—	—	—	—	—	—	—	—	—	—	N/A
<b>Total Cash Flow from Operations</b>	<b>\$ 595</b>	<b>\$ 593</b>	<b>\$ 797</b>	<b>\$ (660)</b>	<b>\$ (246)</b>	<b>\$ 1,521</b>	<b>\$ (451)</b>	<b>\$ 10,630</b>	<b>\$ 2,220</b>	<b>\$ 8,409</b>	<b>378.8%</b>
<b>Cash flow from investing</b>											
Additions to property, plant and equipment	\$ (26)	\$ (80)	\$ (100)	\$ (35)	\$ (15)	\$ (40)	\$ (750)	\$ (1,093)	\$ (1,245)	\$ 152	(12.2%)
<b>Total Cash Flow from Investing</b>	<b>\$ (26)</b>	<b>\$ (80)</b>	<b>\$ (100)</b>	<b>\$ (35)</b>	<b>\$ (15)</b>	<b>\$ (40)</b>	<b>\$ (750)</b>	<b>\$ (1,093)</b>	<b>\$ (1,245)</b>	<b>\$ 152</b>	<b>(12.2%)</b>
<b>Cash flow from financing</b>											
Proceeds from the issuance (repayment) of short-term debt	\$ (800)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (800)	\$ 800	(100.0%)
Proceeds from the issuance of debt	—	—	—	—	—	—	—	—	—	—	N/A
Repayment of debt	—	—	—	(223)	—	—	(223)	(446)	(446)	—	0.0%
Other cash flow from financing costs	0	225	(0)	—	—	0	(0)	(7,822)	225	(8,047)	(3573.1%)
<b>Total Cash Flow from Financing</b>	<b>\$ (800)</b>	<b>\$ 225</b>	<b>\$ (0)</b>	<b>\$ (223)</b>	<b>\$ —</b>	<b>\$ 0</b>	<b>\$ (223)</b>	<b>\$ (8,268)</b>	<b>\$ (1,021)</b>	<b>\$ (7,247)</b>	<b>710.0%</b>
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>
<b>Net change in cash</b>	<b>\$ (231)</b>	<b>\$ 739</b>	<b>\$ 697</b>	<b>\$ (918)</b>	<b>\$ (261)</b>	<b>\$ 1,481</b>	<b>\$ (1,424)</b>	<b>\$ 1,269</b>	<b>\$ (46)</b>	<b>\$ 1,315</b>	<b>(2888.8%)</b>
Beginning cash	1,607	1,247	1,986	2,683	1,765	1,504	2,986	422	1,607	(1,185)	(73.7%)
Change in cash	(231)	739	697	(918)	(261)	1,481	(1,424)	1,269	(46)	1,315	(2888.8%)
<b>Ending cash</b>	<b>\$ 1,376</b>	<b>\$ 1,986</b>	<b>\$ 2,683</b>	<b>\$ 1,765</b>	<b>\$ 1,504</b>	<b>\$ 2,986</b>	<b>\$ 1,562</b>	<b>\$ 1,562</b>	<b>\$ 1,562</b>	<b>\$ —</b>	<b>—</b>



SARGENT AND GREENLEAF

# Headcount by Month

Month	Direct Labor	Indirect Labor - Hourly	Indirect Labor - Salary	Delivery & Dist.	Research & Development	Sales & Marketing	Administrative	Other	Total Permanent	Agency FTE & Temps	Total Headcount	Bud Headcount	Difference to Bud
2019 January (A)	67	–	18	7	10	17	7	–	126	6	132	143	(11)
2019 February (A)	65	–	19	7	10	17	7	–	125	6	131	143	(12)
2019 March (A)	65	–	19	7	10	16	7	–	124	5	129	143	(14)
2019 April (A)	65	–	19	7	10	16	7	–	124	9	133	143	(10)
2019 May (A)	64	–	19	7	10	16	7	–	123	8	131	143	(12)
2019 June (A)	63	–	19	7	10	17	8	–	124	8	132	145	(13)
2019 July (F)	71	–	18	7	10	21	10	–	137	10	147	147	–
2019 August (F)	71	–	18	7	10	21	10	–	137	10	147	147	–
2019 September (F)	71	–	18	7	10	21	10	–	137	10	147	147	–
2019 October (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
2019 November (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
2019 December (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
<b>Final Headcount</b>	<b>71</b>	<b>–</b>	<b>18</b>	<b>7</b>	<b>10</b>	<b>21</b>	<b>11</b>	<b>–</b>	<b>138</b>	<b>10</b>	<b>148</b>	<b>148</b>	<b>–</b>



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