

Hufcor, Inc. Monthly Operating Review

Month Ended August 31, 2020

September 28, 2020

HUF COR Executive Summary: August Results

1. The Hufcor team has continued to manage through a very challenging environment, along with the additional time and focus on project Red and Morrison. The team remains focused on current targets as there is an incredible amount of uncertainty in our commercial end markets, which has resulted in continued pressure on operations in addition to securement activity
2. Securement activity has materially slowed – particularly with independent distributors – in the month of August; Hufcor’s domestic & international sales offices have fared somewhat better, but significant overhang of projects remain outstanding & securements remain below goal
3. The business has been positioned to control costs & conserve cash into next year while maintaining a strong commercial push and delivering quality product to our customers
4. Following a strong month in July, Hufcor again returned strong financial performance in August compared to our forecast
 - Net Revenue of \$11.3 mm vs forecast of \$13.9 mm
 - Bank EBITDA of \$960k vs reforecast of \$884k
 - Liquidity and collections continue in a strong position with teams focused on managing cash

PRIMARY DEVELOPMENTS SINCE OUR LAST MOR

Domestic Impacts & Actions

- Strong labor productivity in August, while reductions of union labor force ongoing
- Transition enacted 9/1/20 for Southern California market to an independent distributor (L2)
- Easley & Rivers (former ModernFold distributor) trained and launched 9/11/20 in Pittsburgh/West Virginia region

International Impacts & Actions

- Australia/NZ significantly impacted by the shutdown in Melbourne, but strong recovery expected in September
- Steady progress in Europe, though seeing a slowdown in line with EU
- Malaysia & Hong Kong continue to experience weak performance given challenges in the region
- Improved China performance carrying through to September

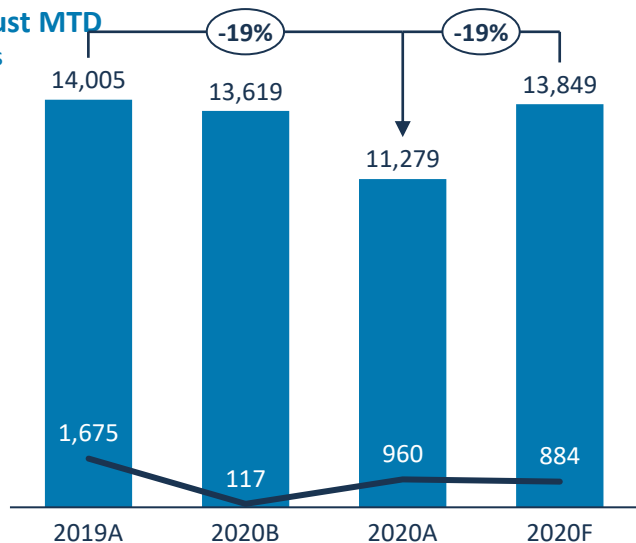
Overhead Impacts & Actions

- Partition Studio 5 Rollout executed in Q3
- 2021 AOP kick-off last week with senior management
- Continue to bolster the commercial & marketing teams, particularly in the international regions
- Steve Long continues to work with the Asia region on commercial strategy

HUFCOR Monthly financial metrics

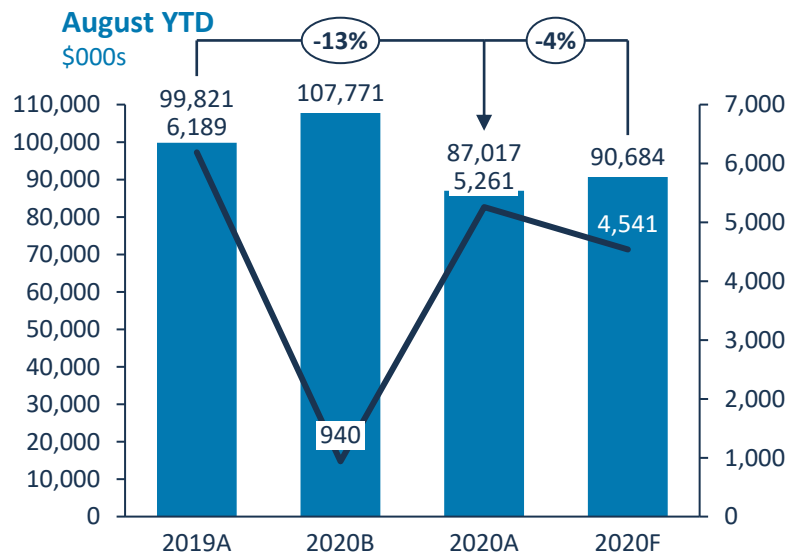
August MTD

\$000s



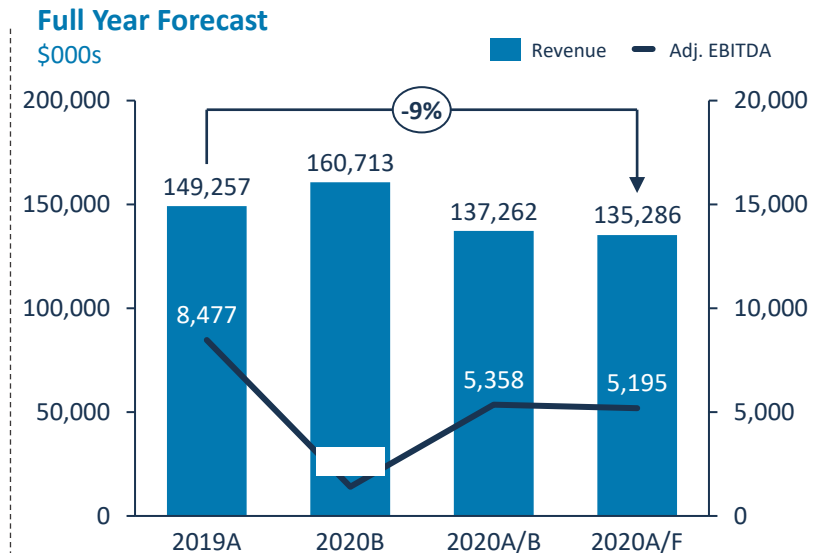
August YTD

\$000s



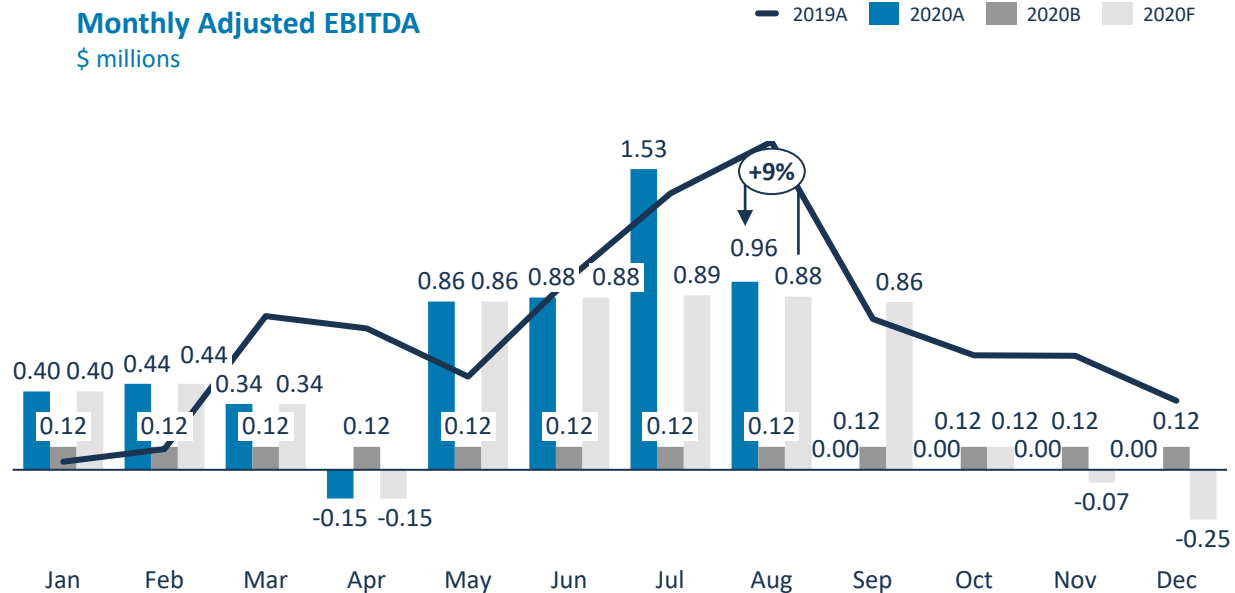
Full Year Forecast

\$000s



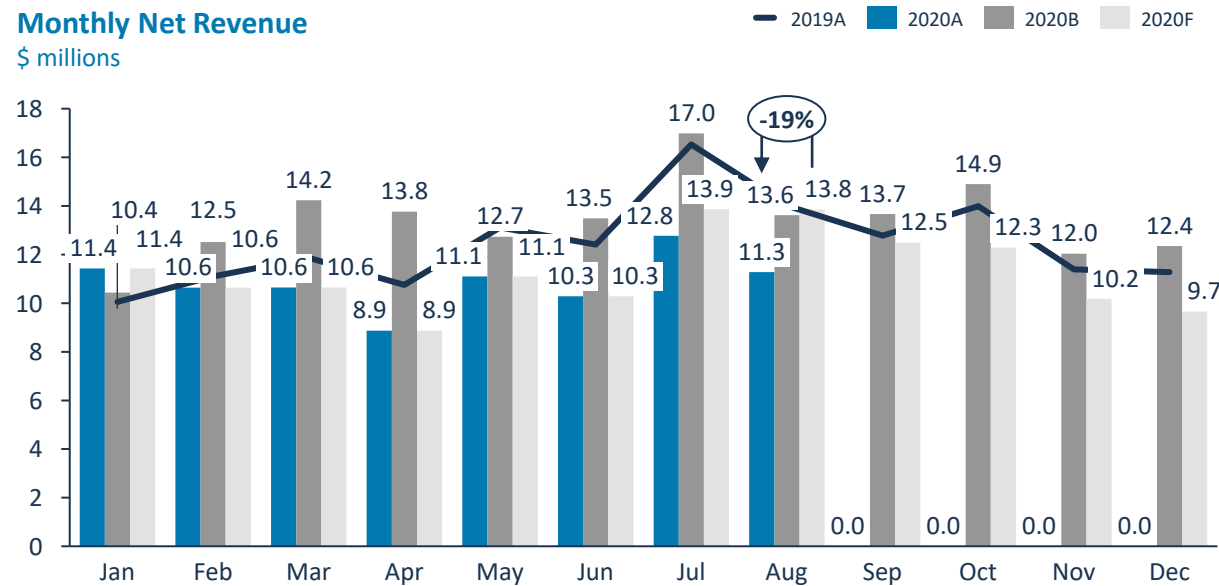
Monthly Adjusted EBITDA

\$ millions



Monthly Net Revenue

\$ millions

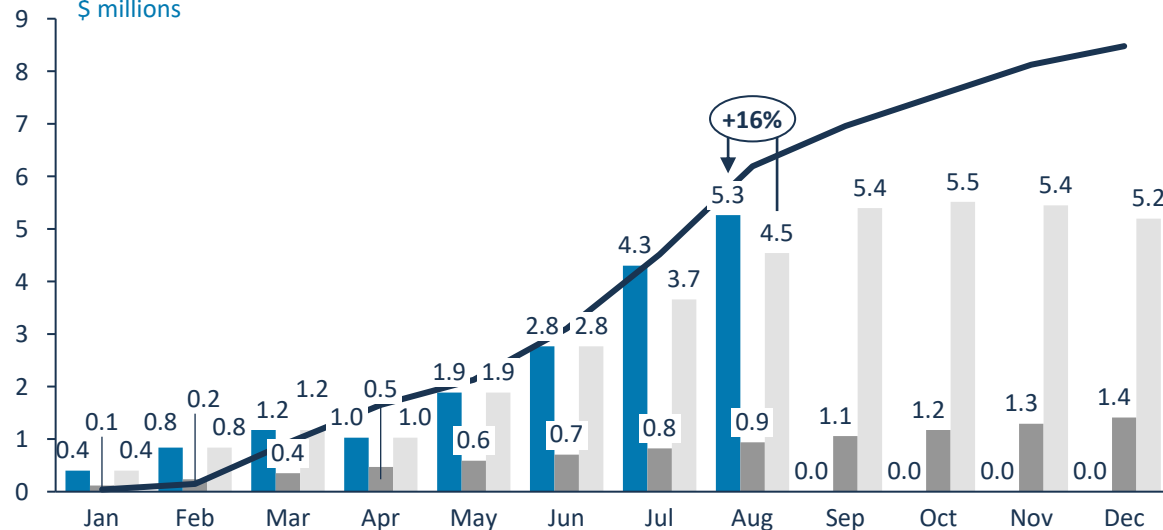


HUFCOR Monthly financial metrics

Monthly Adjusted EBITDA

\$ millions

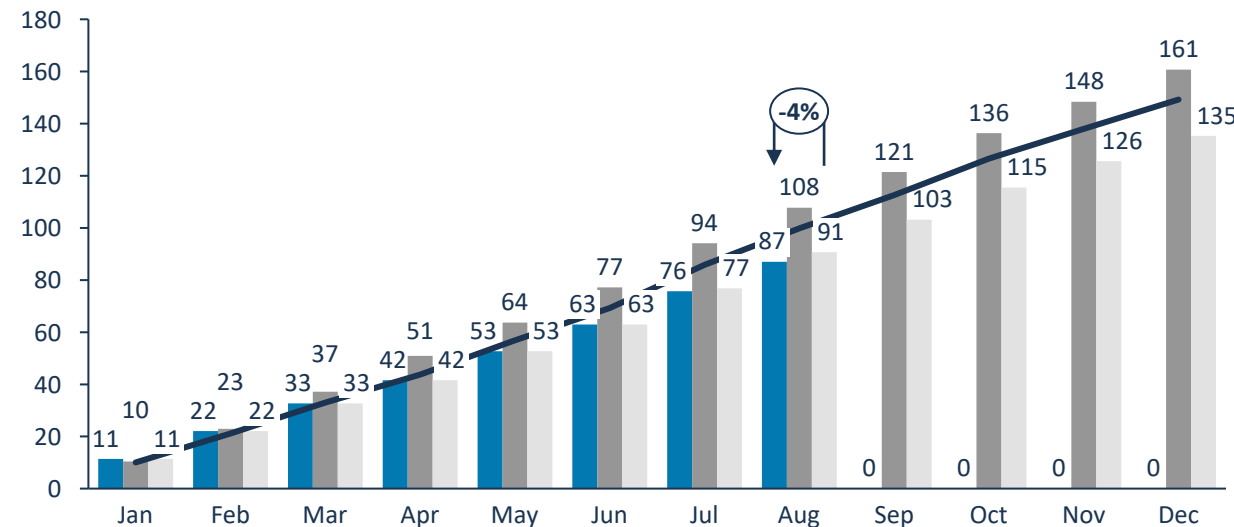
— 2019A ■ 2020A ■ 2020B ■ 2020F



Monthly Net Revenue

\$ millions

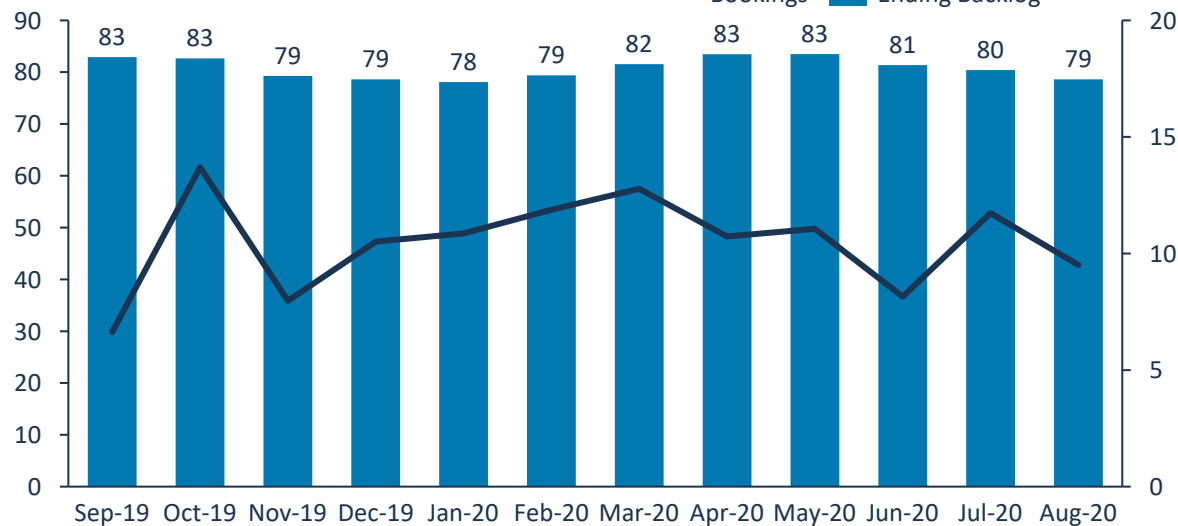
— 2019A ■ 2020A ■ 2020B ■ 2020F



Order Intake

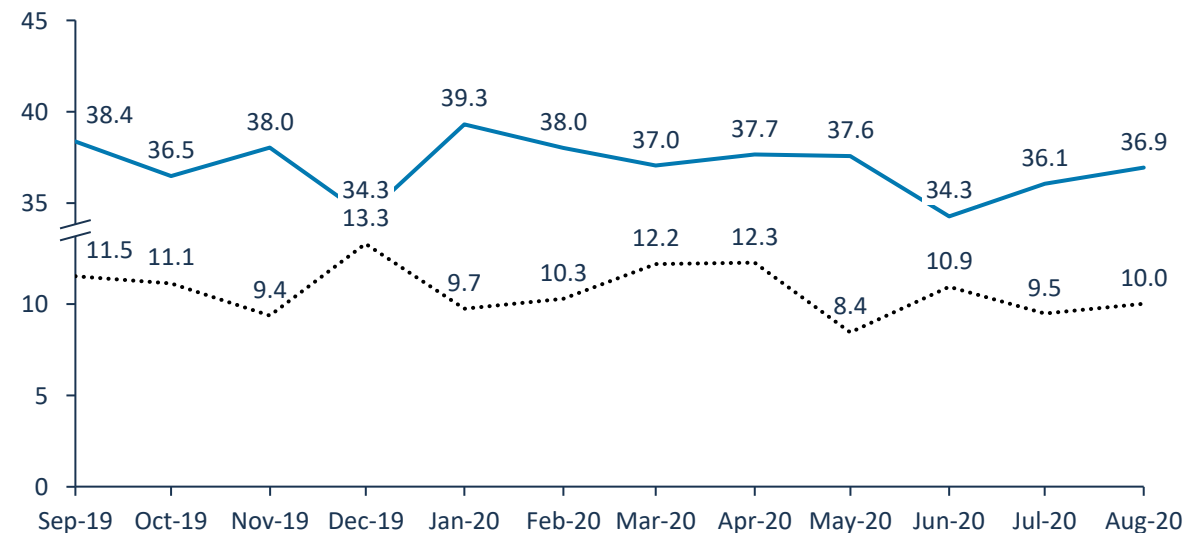
\$ millions

— Bookings ■ Ending Backlog



Liquidity

\$ millions



Outlook

Commercial Update as of mid-September
Operations Impact & Capacity Planning
Financial Outlook

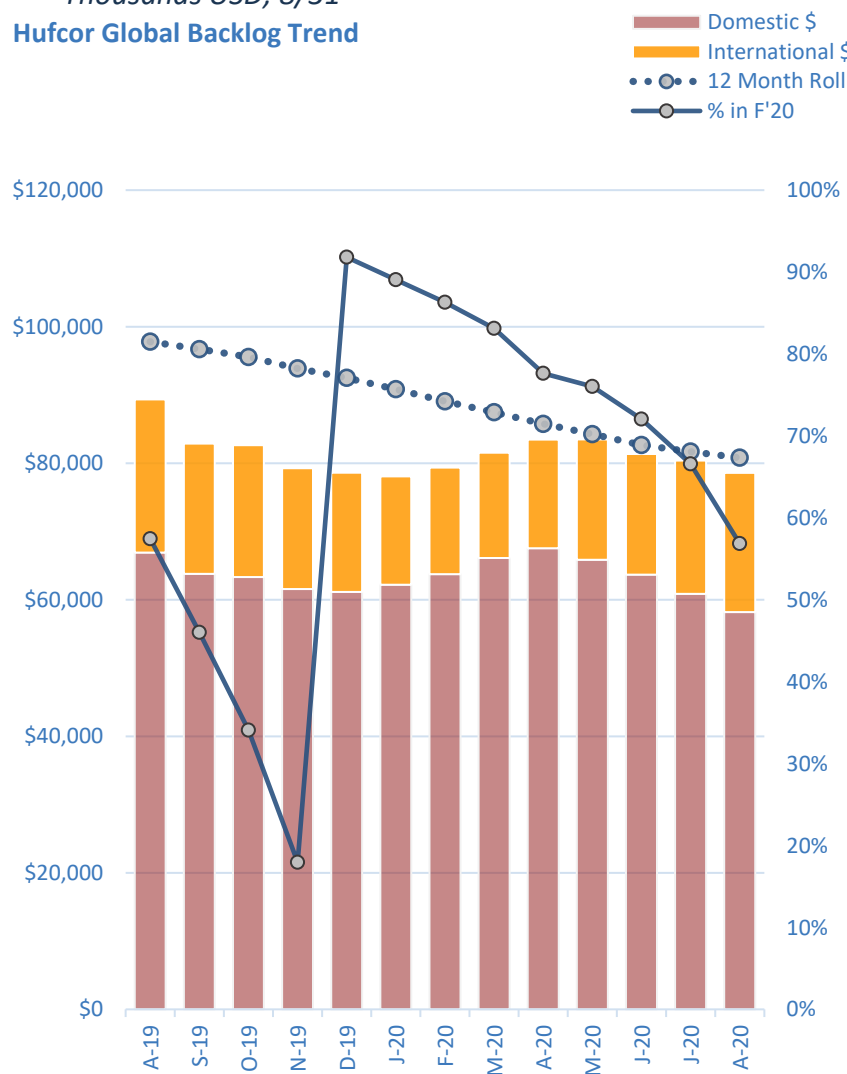
HUFCOR Commercial Update: Hufcor Global Backlog

Overall, the 8/31/2020 backlog Decreased by \$1.8M

Historical backlog

Thousands USD; 8/31

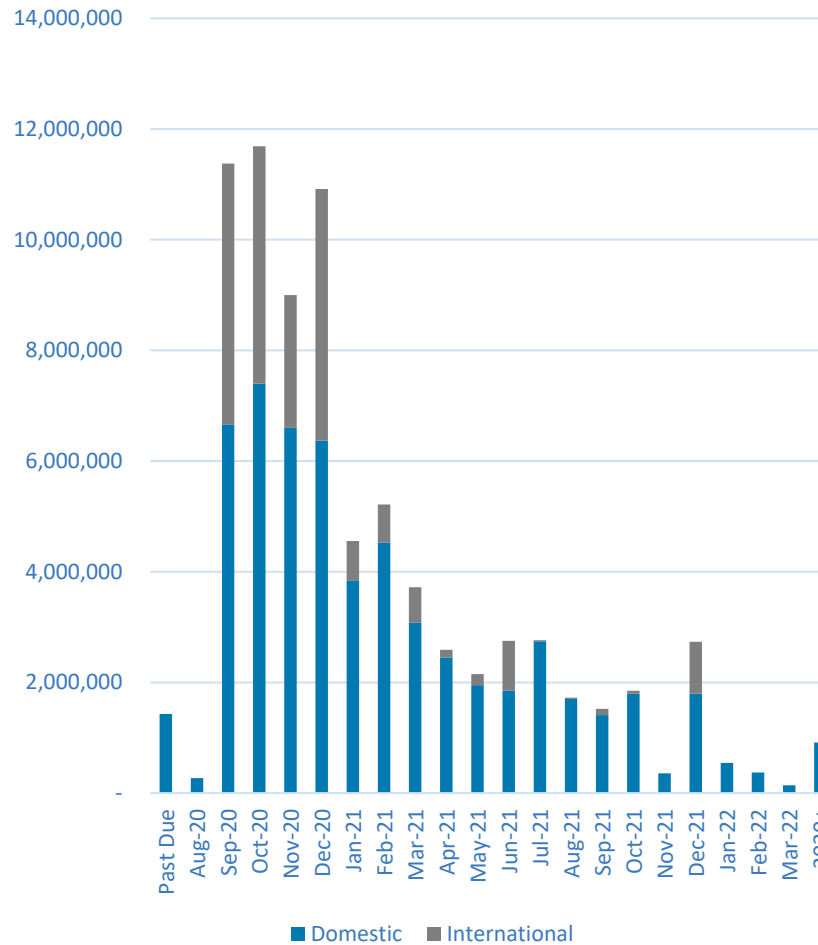
Hufcor Global Backlog Trend



Backlog roll-off

Millions USD; 8/31

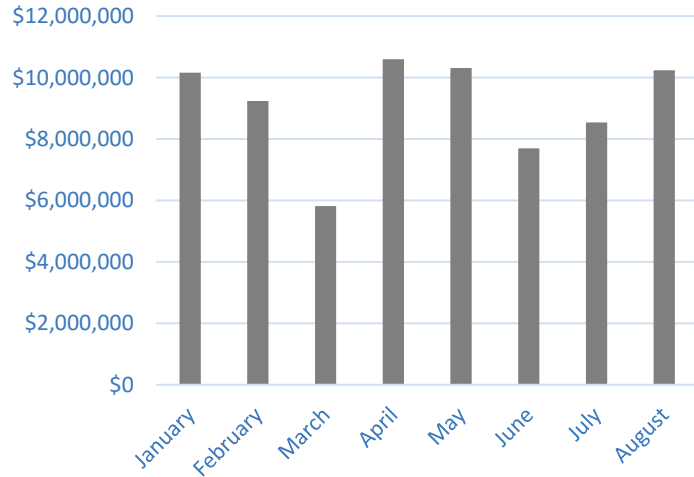
Total Backlog Depletion



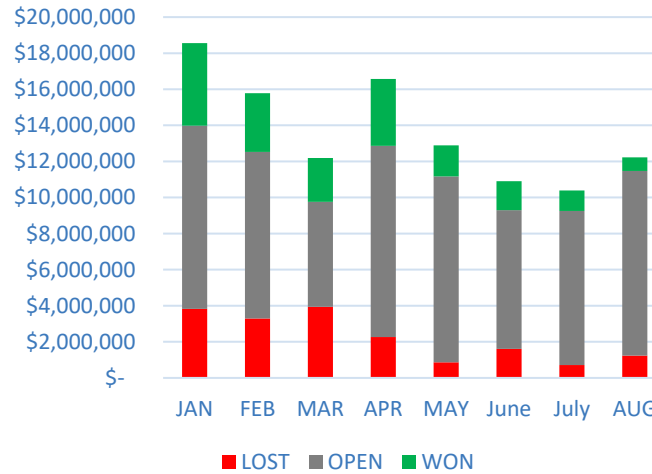
Management Discussion:

- This decrease is driven by a decrease in the domestic backlog of \$2.6M with an increase in International by \$869K.
- All combined, company achieved 82% of securement goal in the month of August – 77% domestically and 88% internationally.
- Hufcor Sales Offices achieved 91% of goal in August while experiencing an uptick in Architectural project budgets and older project requotes.
- Independent Distributor securements were 61% of goal, with quoting activity down 26% in August compared to 2019,
- International securements continue to be below goal as a result of COVID, with only China exceeding securement goal in August. As a group, International locations achieved 88% of goal in August. Australia state of Victoria continues to be in stage 4 lockdown, but expectation for it to lift by first week of October.

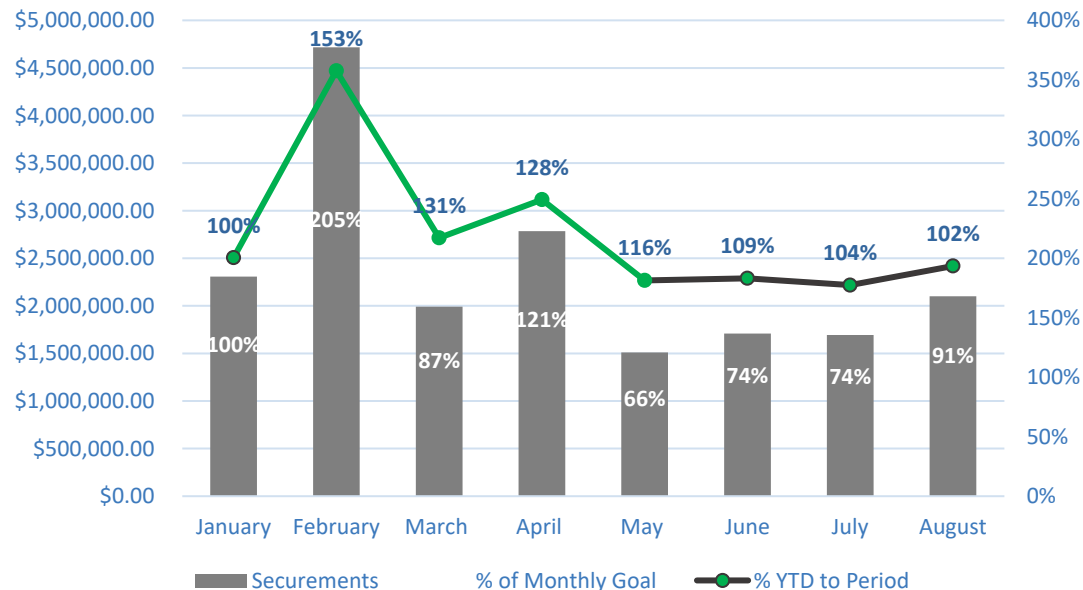
Remaining Open Opportunities: \$72.6M



PIPELINE: CRM Opportunities



Domestic Hufcor MTD & YTD Securements vs Goal



Management Discussion:

Southern CA office has been transitioned to L2 Specialties (Independent Distributor), but Service Sales and backlog depletion remain with Hufcor.

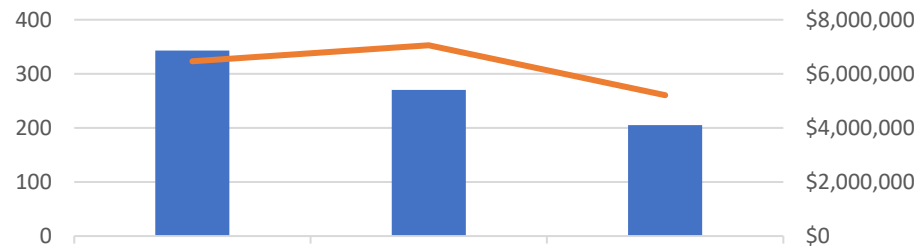
Pipeline Activity:

- August saw an increase in opportunities as well as new securements.
- Must fill open sales position in AZ; Las Vegas still remains slow to open.
- Service Sales remains very slow due to COVID
- Opportunities represent jobs in Hufcor Sales Offices within 3 stages (Qualified/Develop/Negotiate)
- YTD Open Opportunities totaling \$72.6M remains a weekly focus for field office follow up. July open opportunities were \$73.9M with \$11.6 coming off (\$2.3M won in new securements). August added \$10.2M in new open opportunities.
- Many projects still experiencing delays as owners are not releasing projects to bid, but also not cancelling. Delay in permits continues

Securement Activity:

- YOY August remained flat in securements at \$2.1M and 2020 August project count increased by 4 (2019 at 89, 2020 at 93).
- YTD through end of August, Hufcor Sales Offices are at 102% of goal.
- Continued areas of focus:
 - Q1-Q2 blitz on all open quotes - weekly calls min 8 hrs/wk (minimal emails)
 - Protective Partitions – slow results due to numerous competitors and price
 - Competitor lead times are >20 weeks (Moderco), >12 weeks (MF), >12 weeks (KwikWall), Hufcor = 8 Weeks
 - A&D activity remained slow, with some uptick in CEU presentations.
 - Increased advertisements for new product, PP, and service resulting in increase leads – will continue to focus dollars and effort here.

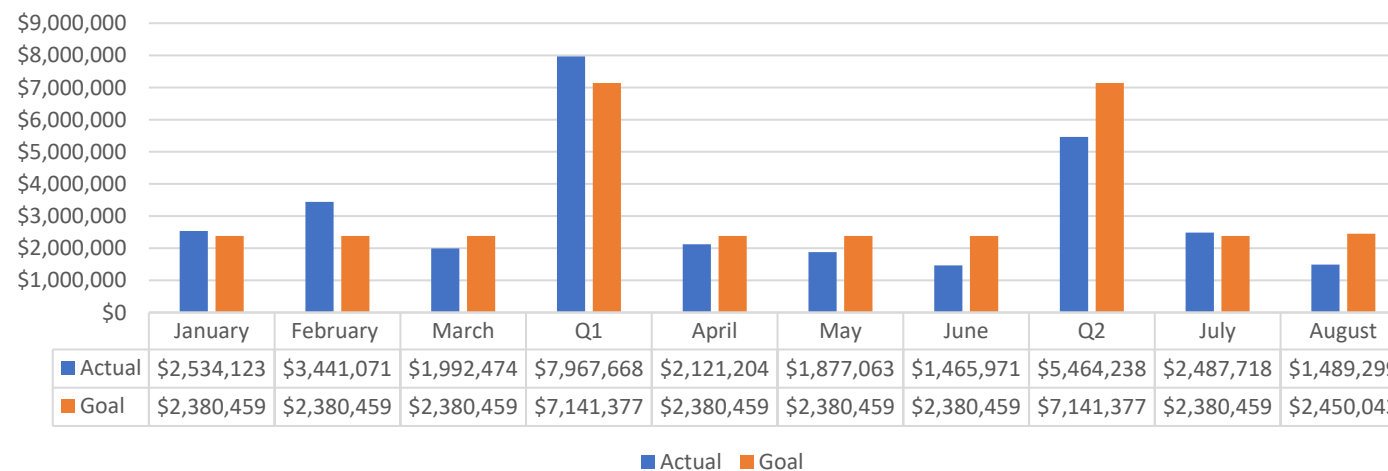
Independent Distributors Quote Log - August



	Aug-18	Aug-19	Aug-20
# Quotes	343	270	205
Total Quote Dollars	\$6,459,174	\$7,055,362	\$5,208,686

Quotes Total Quote Dollars

Independent Distributor Securements



Actual Goal

Management Discussion:

Quote Activity Flat:

- Number of quotes declined significantly (205 for August 2020 vs. 270 for August 2019)
- Dollar volume of quotes for August 2020 decreased (\$5.2M for August 2020 vs. \$7.0M for August 2019).
- Numerous states re-implemented COVID restrictions; attributing the downturn in quoting activity to this retraction.

Securement Activity:

- Finished August at 61% of securement goal (\$1.5M secured vs \$2.4M goal).
- YTD Securement Goal thru August at 85% of goal (\$16.7M secured vs \$19.6M goal).

Actions:

- RSM's continue to be engaged with distributors to close all available orders.
- RSM meeting next week as we ready for training and roll out of PS5. CRM Training and deep dive in evaluating under performing markets and distributors. Action plans to come out of this meeting on these distributors and markets.
- New distributors in Pittsburgh/West VA markets and Southern California market successfully trained and on boarded. L2 Secured 2 Projects for \$40K & Quoted 29 projects for \$524K. E&R no securements to date with 8 projects quoted for \$118K.
- Aggressively pursuing quote log follow up with a heavy focus on projects for secure and release in 2020.

Major Projects Activity:

Strong Project Pipeline Opportunities:

	<u>2019 Jan-Aug</u>	<u>2020 Jan-Aug</u>	<u>Total YTD Aug</u>
# Projects	44	55	99
\$\$ (MM)	\$57.4	\$53.1	\$110.5

Material Bookings Lag 2019:

<u>2019 Jan-Aug</u>	<u>2020 YTD Aug</u>
\$14.1MM	\$11.51MM

Est. Project Margin Growth:

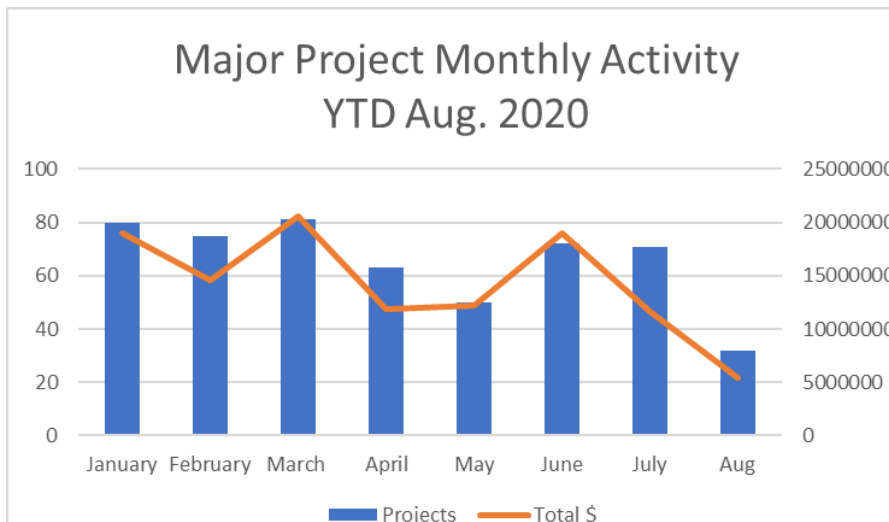
<u>2019 YTD</u>	<u>2020 Jan-July</u>
38.44%	41.5%

August Wins:

Hilton Columbus Glasswall - \$201,000

Palace Corale Gables - \$180,000

Shenzhen Mandarin - \$151,700



Management Discussion:

- August experienced severe reduction in major project quoting activity.

Project Type # Value

Hotels	9	\$1.7MM
Education	7	\$1.4MM
CC	0	\$0.0MM
Commercial	5	\$0.6MM

- Slow Down in International Major Projects
- Material Net bookings (Janesville) lag 2019 levels
- Continued optimism that hospitality and convention center projects in pipeline to continue, expecting requoting activity in September
- No major projects permanently cancelled, but some have pushed out
- Slight recovery in activity in September

International Securement Activity

August Securement Activity (US\$):

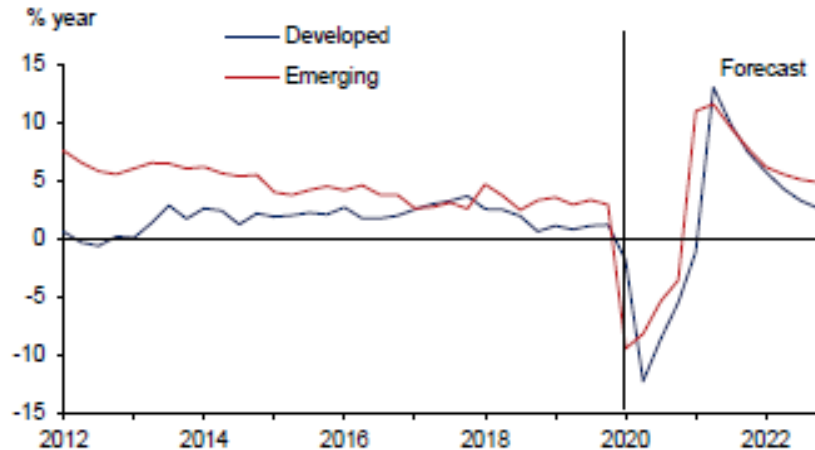
	Goal	Actual	%
Europe	\$ 934,000	\$ 758,996	81%
Australia	\$2,300,000	\$2,112,317	92%
Malaysia	\$ 200,000	\$ 120,903	60%
China	\$ 300,000	\$ 319,669	107%
Hong Kong	\$ 600,000	\$ 515,313	65%
	\$4,334,000	\$3,827,198	88.3%

Management Discussion:

- International securements faded from July, driven by increased expectations in Malaysia, and lower Europe sales.
- Europe – August is traditionally slower month, but market especially slow in 2020.
 - France: Drastic slow down in quote activity and lower than expected orders.
 - Germany:
 - Agents secured 90% of goal**
 - Distributors: 67% Goal**, continues COVID declines
 - Developed Service Sales Plan – recruiting new tech candidates. Interviews in late September, projected to start Q4.

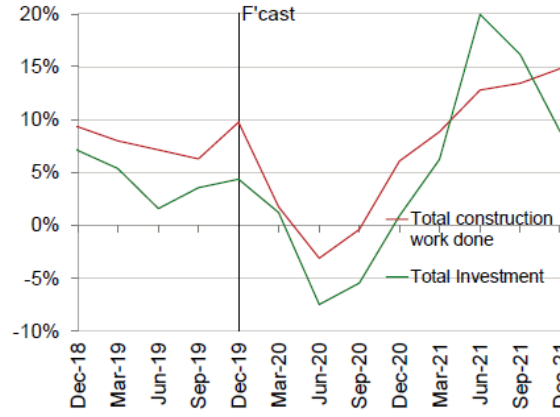
Global Construction Output

World: Construction output growth



SE Asia - Combined

South-east Asia total construction work done and total investment y/y % change

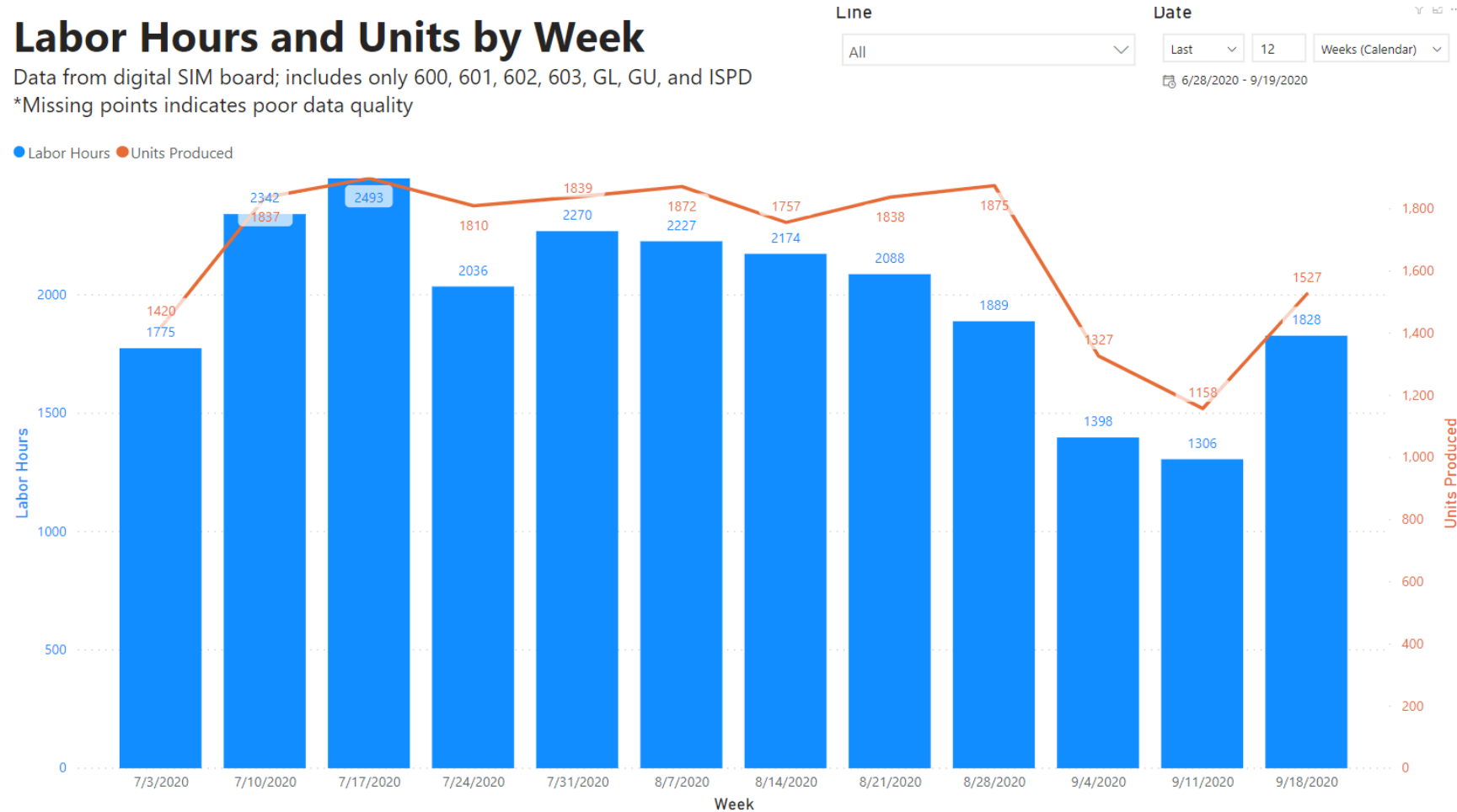


- Australia – Strong opportunity pipeline and government COVID recovery investments in **education markets**.
- Malaysia/SE Asia – opportunities extremely limited with small projects. **Quote activity increased 3X**, but project size totaled approximately half of projected.
 - Marketing Coordinator started Sept 1
 - Google AdWords campaigns remain consistent – off 15% in clicks, equal leads
 - Project tracker implemented – product development/marketing focus
- China – Improved sales.
- Hong Kong – Continue to have slow opportunities
- Marketing Coordinator recruited for China. Located in Shanghai office, Cheryl started mid-September

Labor Hours and Units by Week

Data from digital SIM board; includes only 600, 601, 602, 603, GL, GU, and ISPD

*Missing points indicates poor data quality



Management Discussion:

- Team still plans for permanent headcount reduction in mid-October; however, approach & total number have been revised
- Revised approach revolves around organic paring down of EE's & meticulous hours management
 - JVL has already permanently reduced 9 EE's in the last 30 days
 - Of the remaining 184 employees, 26 EE's are nearing termination
 - One step away (suspension) = 11 EE's
 - Two steps away = 15 EE's
- Final number for the mid-October headcount reduction is anticipated to be 17
 - Bottom rung of seniority EE's are good culture fits, come to work, and occupy key operator positions (final panel assembly)
 - The "bad eggs" are those being terminated organically via contractual process
 - "Bumping" process will be challenging & could negatively impact productivity, quality, & morale
 - Attempting to allow expertise & positive attitudes to remain in the event we see production levels ramp up before Project Red can absorb production
- Contract language very favorable for us to make permanent cuts with change in business condition

Gross Pay Per Unit*

	4-Jul	11-Jul	18-Jul	25-Jul	1-Aug	8-Aug	15-Aug	22-Aug	29-Aug	5-Sep	12-Sep	19-Sep
FC	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47	\$ 97.47
Act	\$ 112.63	\$ 102.69	\$ 97.62	\$ 92.93	\$ 93.60	\$ 86.59	\$ 85.49	\$ 78.93	\$ 77.84	\$ 83.09	\$ 85.49	\$ 90.24

HUFCOR Forecasted 13-Week Cashflow

Cumulative Operating Cashflow forecast at +\$2.4 mm through next 13 weeks. Projecting improved liquidity from collections increasing and cost savings implemented in Q4.

Week #:	39	40	41	42	43	44	45	46	47	48	49	50	51
Week Ending Friday:	25-Sep	2-Oct	9-Oct	16-Oct	23-Oct	30-Oct	6-Nov	13-Nov	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec
13-WEEK CASHFLOW FORECAST	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Collections from Hufcor Entities	100	28	-	-	-	-	100	-	-	-	100	-	-
Collections from Non-Hufcor Entities	2,142	2,227	2,251	2,390	2,177	2,145	2,232	2,206	2,003	2,087	2,388	2,213	2,192
Royalties	-	22	-	-	-	-	22	-	-	-	22	-	-
All other inflows	281	-	-	-	18	-	-	-	22	-	-	-	22
Total Operating Inflows	2,523	2,278	2,251	2,390	2,194	2,145	2,354	2,206	2,025	2,087	2,510	2,213	2,214
Materials - Disb. To Hufcor Entity	340	30	-	-	-	-	103	-	-	-	103	-	-
Materials - Disb. To Non-Hufcor Entity	1,054	1,197	869	869	817	932	980	829	936	925	917	822	919
Hourly / Salary Payroll	628	465	1,076	371	614	362	937	506	650	317	909	419	822
Commissions	262	6	17	20	243	6	17	-	182	83	17	-	20
Benefits	160	160	160	185	160	160	160	160	160	160	160	160	160
Building Rent	79	162	7	2	54	41	68	2	33	50	79	7	2
All Other	155	324	151	330	149	234	164	230	156	233	156	239	145
Total Operating Outflows	2,677	2,345	2,280	1,777	2,037	1,736	2,428	1,728	2,116	1,768	2,339	1,647	2,069
Weekly Net Operating Cashflow	(154)	(67)	(29)	613	158	409	(73)	478	(91)	319	170	567	145
Cumulative Net Operating Cashflow for next 13 Weeks	(154)	(221)	(250)	363	521	930	856	1,334	1,243	1,562	1,733	2,299	2,444
Interest Expense / Debt Service/Principal	-	-	662	21	-	-	-	31	-	-	-	957	-
Taxes	149	47	30	160	194	30	47	120	213	30	30	111	34
CapEx	220	200	-	230	-	-	-	1,250	-	-	1,250	-	-
All Non-Operating Outflows	1	1	1	1	1	76	1	1	1	26	1	1	1
Total Non-Operating Outflows	370	1,205	31	391	195	106	73	1,371	215	56	1,306	113	35
Weekly Net Cashflow	(524)	(1,272)	(60)	222	(37)	303	(147)	(893)	(306)	263	(1,136)	454	110
Cumulative Net Cashflow for next 13 Weeks	(524)	(1,796)	(1,856)	(1,634)	(1,672)	(1,368)	(1,515)	(2,408)	(2,713)	(2,450)	(3,586)	(3,132)	(3,022)
Borrowing Base Estimate	17,256	17,256	17,256	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Revolver Estimate	9,252	10,524	10,584	10,362	10,400	10,097	10,243	11,136	11,441	11,179	12,314	11,860	11,750
Availability Estimate	8,004	6,732	6,672	6,638	6,600	6,903	6,757	5,864	5,559	5,821	4,686	5,140	5,250
Cash Balance Estimate	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651
Net Liquidity Estimate	10,655	9,383	9,323	9,288	9,251	9,554	9,408	8,515	8,209	8,472	7,336	7,790	7,900
Term Loan Balance Estimate	29,528	29,236	29,236	29,236	29,236	29,236	29,236	29,236	29,236	29,236	29,236	29,236	29,236
Total External Debt Estimate	38,780	39,760	39,820	39,599	39,636	39,333	39,479	40,372	40,678	40,415	41,551	41,097	40,987

Month 8

Financials – August 2020

Income Statement

Currency

USD

Month

Latest Month

Aug 2020

Month

QTD

YTD

TTM

Plan Scenario

Reforecast

Income Statement

	Current Year	Prior Year	Plan	Δ Prior Year (%)	Δ Plan (%)
= Units produced	0K	0K	0K		
= Units shipped	0K	0K	0K		
= Bookings	9,508K	11,514K	0K	(17)	
= Backlog	78,595K	89,392K	0K	(12)	
= Gross Revenue	11,279K	14,005K	13,849K	(19)	(19)
Discounts	0K	0K	0K		
Returns	0K	0K	0K		
Rebates	0K	0K	0K		
Other Revenue	0K	0K	0K		
= Net Revenue	11,279K	14,005K	13,849K	(19)	(19)
- Material	3,317K	4,535K	4,920K	(27)	(33)
- Labor	3,378K	3,924K	4,380K	(14)	(23)
- Other COGS	1,096K	1,191K	1,017K	(8)	+8
= Total COGS	7,792K	9,650K	10,316K	(19)	(24)
= Gross Margin	3,487K	4,355K	3,533K	(20)	(1)
- R&D	0K	0K	0K		
- Sales & marketing	1,072K	1,176K	1,055K	(9)	+2
- Administrative	1,853K	1,315K	1,752K	+41	+6
- Other OPEX	11K	(24K)	(8K)	+146	+233
= Total OPEX (excl D&A)	2,936K	2,468K	2,799K	+19	+5
= Reported EBITDA	552K	1,887K	734K	(71)	(25)
Bank allowable EBITDA ad...	409K	1,399K	150K	(71)	+172
= Bank EBITDA	960K	2,079K	884K	(54)	+9
EBITDA addbacks	409K	995K	150K	(59)	+172
= Adjusted EBITDA	960K	1,675K	884K	(43)	+9



Income Statement

Currency

USD

Month

Latest Month

Aug 2020

Month

QTD

YTD

TTM

Plan Scenario

Reforecast

Income Statement

	Current Year	Prior Year	Plan	Δ Prior Year (%)		Δ Plan (%)	
= Units produced	0K	0K	0K				
= Units shipped	0K	0K	0K				
= Bookings	86,691K	93,430K	65,452K	(7)		+32	
= Backlog	646,320K	786,785K	487,326K	(18)		+33	
= Gross Revenue	87,017K	99,821K	90,684K	(13)		(4)	
Discounts	0K	0K	0K				
Returns	0K	0K	0K				
Rebates	0K	0K	0K				
Other Revenue	0K	0K	0K				
= Net Revenue	87,017K	99,821K	90,684K	(13)		(4)	
- Material	28,161K	35,010K	31,023K	(20)		(9)	
- Labor	27,121K	29,648K	28,619K	(9)		(5)	
- Other COGS	8,205K	8,656K	8,153K	(5)		+1	
= Total COGS	63,487K	73,314K	67,796K	(13)		(6)	
= Gross Margin	23,530K	26,508K	22,888K	(11)		+3	
- R&D	0K	0K	0K				
- Sales & marketing	8,717K	9,209K	8,569K	(5)		+2	
- Administrative	12,528K	9,771K	12,303K		+28	+2	
- Other OPEX	(307K)	(207K)	(238K)	(48)		(29)	
= Total OPEX (excl D&A)	20,938K	18,773K	20,634K		+12	+1	
= Reported EBITDA	2,592K	7,735K	2,254K	(66)		+15	
Bank allowable EBITDA ad...	2,669K	9,007K	2,287K	(70)		+17	
= Bank EBITDA	5,261K	8,435K	4,541K	(38)		+16	
EBITDA addbacks	2,669K	6,761K	2,287K	(61)		+17	
= Adjusted EBITDA	5,261K	6,189K	4,541K	(15)		+16	

HUFCOR Covenant Compliance - Last Twelve Months

	Covenant Analysis- JPMC and LBC Credit Partners											
\$'000	Sep-19 Actual	Oct-19 Actual	Nov-19 Actual	Dec-19 Actual	Jan-20 Actual	Feb-20 Actual	Mar-20 Actual	Apr-20 Actual	May-20 Actual	Jun-20 Actual	Jul-20 Actual	Aug-20 Actual
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)												
Net Income (Loss)	\$ (3,773)	\$ 351	\$ (297)	\$ (499)	\$ (845)	\$ (705)	\$ (552)	\$ (1,170)	\$ 60	\$ 28	\$ 728	\$ (47)
Bank EBITDA Calculation:												
Interest Expense	362	342	344	323	327	326	288	271	285	281	266	266
Income and Franchise Tax Expense	99	94	75	785	(14)	23	(13)	18	8	74	44	3
Depreciation and Amortization Expense	240	239	240	249	257	279	261	272	259	281	268	270
Losses (Gains) from Dispositions	1	-	64	(10)	-	-	4	-	30	-	-	-
Management Agreement fees and expenses	-	250	-	-	250	-	-	83	83	83	83	83
Losses (Gains) from Discontinued Operations	-	17	17	117	17	30	-	-	-	-	-	-
Non-cash FX, transaction, translation losses (gains)	59	(65)	28	63	16	(12)	(13)	19	(43)	(23)	(128)	(24)
Severance costs, subject to ABL	732	-	(139)	-	-	-	62	128	-	-	-	-
Other non-cash charges or non-cash gains	-	-	-	374	-	-	-	(0)	-	-	-	76
Other non-recurring fees and expenses - Consultants	331	390	414	780	391	392	248	326	112	155	273	333
Other non-recurring fees and expenses - All Other	7	47	-	189	-	105	46	39	64	-	-	-
Non-recurring inventory write-offs < \$320k in total	498	-	-	(178)	-	-	-	-	-	-	-	-
Non-recurring A/R write-offs < \$1.3mm in total	1,737	(31)	(98)	(879)	-	-	-	(63)	-	-	-	-
Non-recurring warranty claim payments: Mystic Lake < 400k	75	-	-	-	-	-	-	-	-	-	-	-
Non-recurring warranty claim payments: Non- Mystic Lake < 625k	686	(2)	(59)	(147)	-	-	-	(70)	-	-	-	-
Less Extraordinary gains and non-cash income	-	-	-	(412)	-	-	-	-	-	-	-	-
Bank EBITDA	\$ 1,054	\$ 1,633	\$ 589	\$ 754	\$ 400	\$ 439	\$ 336	\$ (147)	\$ 859	\$ 879	\$ 1,535	\$ 960
Less:												
Unfinanced CAPEX	136	132	51	123	219	129	30	23	112	12	110	48
Cash income and franchise taxes	-	4	1	187	-	-	-	-	-	-	52	3
Cash Monitoring fees (including expenses)	184	160	278	346	347	412	42	1,554	75	5	383	363
Numerator	\$ 734	\$ 1,337	\$ 260	\$ 98	\$ (167)	\$ (102)	\$ 264	\$ (1,724)	\$ 672	\$ 862	\$ 990	\$ 546
Fixed Charges:												
Cash Interest	308	289	291	269	272	271	233	249	239	234	220	220
Regularly scheduled principal payments	-	209	-	-	292	-	-	292	-	-	292	-
Capital Lease payments	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Charges	\$ 308	\$ 497	\$ 291	\$ 269	\$ 565	\$ 271	\$ 233	\$ 541	\$ 239	\$ 234	\$ 512	\$ 220
TTM Numerator	8,134	8,890	8,836	8,947	8,800	8,682	7,928	5,224	5,535	5,093	5,090	3,770
TTM Fixed Charges	4,710	4,558	4,537	4,476	4,529	4,496	4,415	4,444	4,635	4,264	4,260	4,179
Fixed Charge Covenant Ratio	1.73	1.95	1.95	2.00	1.94	1.93	1.80	1.18	1.19	1.19	1.19	0.90
Required Fixed Charge Covenant Ratio												
				1.15			1.15 x			1.15 x		
Leverage Ratio (LBC Credit Partners- Quarterly)												
Total Debt for Leverage Calculation	\$ 40,689	\$ 40,241	\$ 40,794	\$ 37,418	\$ 42,640	\$ 39,799	\$ 40,060	\$ 40,683	\$ 39,379	\$ 37,135	\$ 38,846	\$ 39,910
TTM Bank EBITDA	\$ 11,455	\$ 11,870	\$ 11,797	\$ 12,454	\$ 12,635	\$ 12,802	\$ 11,944	\$ 10,517	\$ 10,836	\$ 10,170	\$ 10,399	\$ 9,291
Leverage Ratio	3.55	3.39	3.46	3.00	3.37	3.11	3.35	3.87	3.63	3.65	3.74	4.30
Required Leverage Ratio												
				4.75			4.25 x			3.75 x		

Management Discussion:

Covenant Compliance thru 2020

- Leverage covenant accounts for 3rd party consultants as add-back.
- Fixed charge coverage ratio incorporates the cash consultant costs as well as OGC management fees paid in cash in July.
 - Excluding the major cash outflows associated with the restructuring consultants, FCCR is in line with prior periods
 - Team plan to minimize 3rd party consultant costs through Q4
- Current forecasts anticipate covenant issues in Q3 given depressed output & restrictions from COVID-19.
 - Discussions with LBC/JPM to begin in October
 - Preliminary notice given to LBC/JPM re: covenants

A | Appendix

HUFCOR August P&L Performance

\$'000	MTD					YTD					MTD					YTD					
	Act	%	Rfc	%	Act vs Rfc	Act	%	Rfc	%	Act vs Rfc	Act	%	PY Act	%	Act vs PY Act	Act	%	PY Act	%	Act vs PY Act	
Net Revenue	11,279		13,849		81.4%	87,017		90,684		96.0%	11,279		14,005		80.5%	87,017		99,821		87.2%	
Material	3,317	29.4%	4,920	35.5%	67.4%	28,161	32.4%	31,023	34.2%	90.8%	3,317	29.4%	4,535	32.4%	73.1%	28,161	32.4%	35,010	35.1%	80.4%	
Labor	3,378	30.0%	4,380	31.6%	77.1%	27,121	31.2%	28,619	31.6%	94.8%	3,378	30.0%	3,924	28.0%	86.1%	27,121	31.2%	29,648	29.7%	91.5%	
Other COGS	1,096	9.7%	1,017	7.3%	107.8%	8,205	9.4%	8,153	9.0%	100.6%	1,096	9.7%	1,191	8.5%	92.0%	8,205	9.4%	8,656	8.7%	94.8%	
Total COGS	7,792	69.1%	10,316	74.5%	75.5%	63,487	73.0%	67,796	74.8%	93.6%	7,792	69.1%	9,650	68.9%	80.7%	63,487	73.0%	73,314	73.4%	86.6%	
Gross Margin	3,487	30.9%	3,533	25.5%	98.7%	23,530	27.0%	22,888	25.2%	102.8%	3,487	30.9%	4,355	31.1%	80.1%	23,530	27.0%	26,508	26.6%	88.8%	
R&D	–	0.0%	–	0.0%	0.0%	–	0.0%	–	0.0%	0.0%	–	0.0%	–	0.0%	0.0%	–	0.0%	–	0.0%	0.0%	
Sales & Marketing	1,072	9.5%	1,055	7.6%	101.7%	8,717	10.0%	8,569	9.4%	101.7%	1,072	9.5%	1,176	8.4%	91.1%	8,717	10.0%	9,209	9.2%	94.7%	
Administrative	1,853	16.4%	1,752	12.7%	105.7%	12,528	14.4%	12,303	13.6%	101.8%	1,853	16.4%	1,315	9.4%	140.8%	12,528	14.4%	9,771	9.8%	128.2%	
Other Opex	11	0.1%	(8)	-0.1%	(132.8%)	(307)	-0.4%	(238)	-0.3%	128.7%	11	0.1%	(24)	-0.2%	(45.6%)	(307)	-0.4%	(207)	-0.2%	147.9%	
Total Opex	2,936	26.0%	2,799	20.2%	104.9%	20,938	24.1%	20,634	22.8%	101.5%	2,936	26.0%	2,468	17.6%	118.9%	20,938	24.1%	18,773	18.8%	111.5%	
EBITDA	552	4.9%	734	5.3%	75.2%	2,592	3.0%	2,254	2.5%	115.0%	552	4.9%	1,887	13.5%	29.2%	2,592	3.0%	7,735	7.7%	33.5%	
Adj. EBITDA	960	8.5%	884	6.4%	0.0%	5,261	6.0%	4,541	5.0%	0.0%	960	8.5%	1,675	12.0%	0.0%	5,261	6.0%	6,189	6.2%	0.0%	
Net Income (Loss)	\$ (47)		\$ 89		\$(137)	153.1%	\$(2,503)		\$(2,997)	\$ 495	16.5%	\$ (47)		\$ 680	\$(727)	107.0%	\$(2,503)		\$(572)	\$(1,931)	(337.9%)

	MTD		Variance		MTD		Variance		MTD		Variance		MTD		Variance	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
Opex Overview:																
Payroll	\$ 1,125	\$ 1,085	\$ 40	3.7%	\$ 8,904	\$ 8,782	\$ 122	1.4%	\$ 1,125	\$ 1,147	\$ (22)	(1.9%)	\$ 8,904	\$ 8,340	\$ 564	6.8%
Benefits	264	251	13	5.3%	1,681	1,653	27	1.7%	264	211	53	25.0%	1,681	1,306	375	28.7%
Bonus	260	201	59	29.2%	461	338	123	36.5%	260	99	161	161.4%	461	794	(333)	(41.9%)
Marketing	159	175	(16)	(9.3%)	1,425	1,404	20	1.4%	159	175	(16)	(9.0%)	1,425	1,393	31	2.3%
Commissions	18	19	(1)	(5.7%)	169	163	6	3.7%	18	28	(10)	(35.6%)	169	239	(71)	(29.5%)
Travel and Entertainment	57	56	1	2.1%	634	647	(13)	(2.1%)	57	109	(51)	(47.2%)	634	750	(116)	(15.5%)
Rent and Facilities	72	70	2	2.2%	570	568	2	0.3%	72	63	9	13.6%	570	562	8	1.5%
Insurance	41	73	(32)	(43.8%)	692	755	(63)	(8.3%)	41	37	4	11.0%	692	352	340	96.8%
Professional Fees	85	125	(40)	(32.3%)	1,140	1,196	(56)	(4.7%)	85	106	(21)	(20.0%)	1,140	717	423	59.0%
Utl., Repair, Maint., & Sec.	44	32	12	36.2%	275	257	18	7.1%	44	37	7	18.6%	275	283	(8)	(2.7%)
Office Expenses	4	5	(1)	(25.0%)	42	45	(3)	(6.9%)	4	5	(1)	(26.5%)	42	44	(2)	(3.5%)
IT	75	68	7	10.5%	538	518	19	3.7%	75	61	13	21.9%	538	525	13	2.5%
Bad Debts	57	72	(15)	(20.8%)	228	209	20	9.5%	57	28	29	104.0%	228	982	(754)	(76.7%)
Supplies	18	13	5	41.3%	121	112	9	7.7%	18	17	1	6.2%	121	141	(20)	(14.5%)
FX	—	—	—	0.0%	—	—	—	0.0%	—	—	—	0.0%	—	—	—	0.0%
Other Expenses	656	552	104	18.9%	4,059	3,986	73	1.8%	656	343	313	91.1%	4,059	2,346	1,713	73.0%
Total Opex	\$ 2,936	\$ 2,799	\$ 137	4.9%	\$ 20,938	\$ 20,634	\$ 304	1.5%	\$ 2,936	\$ 2,468	\$ 468	18.9%	\$ 20,938	\$ 18,773	\$ 2,166	11.5%

Management Discussion:

Revenue

- \$2.57MM below reforecast (\$11.28MM ACT vs. 13.85MM RFCST), driven by performance both in the U.S. and internationally
 - Domestic: \$1.45MM below RFCST
 - SW \$0.368MM - due to backlog review process
 - SE \$0.316MM - Memphis Cook CC push out to October
 - MW \$0.254MM - Minnesota pulled \$0.173MM into July and the balance pushed to September
 - Texas \$0.245MM - Region One Svc Center move from August to September
 - International: \$1.12MM below RFCST
 - Primarily due to Australia-Victoria COVID lockdown in August expected to be in effect until mid-September coupled with project delays in the Asia region expected to continue through September

Gross Margin

- Unfavorable \$0.045MM vs RFCST, process improvements and cost savings measures continue to be effective

OPEX

- OPEX costs were slightly unfavorable vs RFCST (\$0.08MM), ACT \$2.94MM vs RFCST \$2.86MM

EBITDA

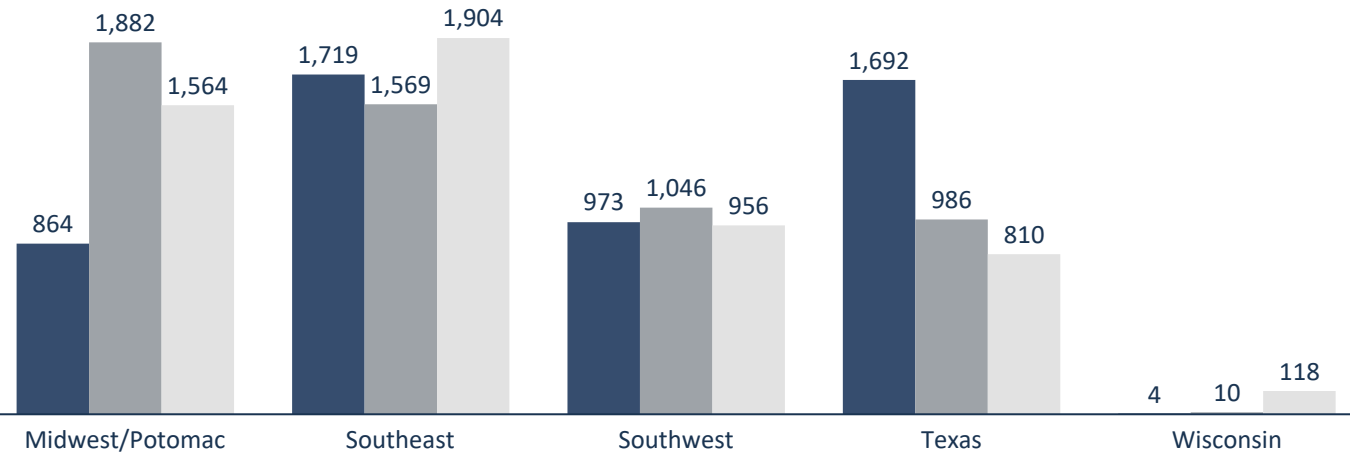
- \$0.552MM Reported EBITDA vs \$0.674MM RFCST
 - Domestic = \$0.472MM vs \$0.304MM RFCST
 - International = \$0.080MM vs \$0.370MM RFCST
 - Largely driven by Australia-Victoria COVID lockdown
- Bank EBITDA of \$0.960MM vs \$0.884 RFCST
 - Domestic = \$0.880MM vs \$0.514mm RFCST
 - International = \$0.080MM vs \$0.370mm RFCST

Total Net Revenue – Field Offices

By location, in \$ '000

■ Jun-20 ■ Jul-20 ■ Aug-20

August 2020 Actual = \$5.353MM Reforecast= \$6.297MM AOP = \$5.993MM



Total EBITDA

By location, in \$ '000

August 2020 Actual = \$0.285MM Reforecast= \$0.438MM AOP = \$0.369MM



Management Discussion-Domestic:

- August 2020 service center Revenue of \$5.353MM vs Reforecast of \$6.297MM, EBITDA of \$0.285MM vs budget of \$0.438MM.
- Revenue missed by \$0.944MM due to issues in the SW and project pushouts
 - SW \$0.368mm due to backlog review process, transition to new GM expected to improve process
 - SE \$0.316mm due to a large project pushing from August to October
 - MW \$0.254mm Minnesota pulled \$173k into July and the balance pushed to September
 - Texas \$0.172mm due to a \$0.254mm project move from August to September
- Reforecasted EBITDA was short by \$0.153MM due to Minnesota
 - The MW/PO missed by \$0.116mm
 - Minnesota missed by \$0.093mm due to revenue movement and job mix (service/new install)
 - Potomac missed by \$0.024mm due to 2 low margin projects material wise
 - ECB2 \$0.144mm material contract and \$0.123mm actual cost
 - Project Martian \$0.082mm contract value and \$0.050mm actual cost
 - Material was expected at 61% actual was 78%
 - SE missed by \$0.056mm due to revenue movement
 - Memphis Cook Aug to Oct due to pocket steel issues
 - SW missed by \$0.028mm due to revenue movement
 - Texas came in \$0.42mm better than expected due to cost controls with rentals and favorable commissions

1. Southwest Field Office
 - Resorts World (NV)- Contract \$3.0 mm. Panels shipping September - November
 - AZ has sales rep identified and working to on-board
 - CA transition has gone smooth other than morale
2. Midwest / Potomac Field Office
 - Indiana continues to have a solid year
 - Seeing the benefits of revenue pushout from Q2
 - MN seeing pickup in government, healthcare and school quotes
3. Southeast Field Office
 - Orlando hotels are starting to open back up
 - 20+ year sales rep is retiring at the end of the year
 - Day to day service very slow, but winning recover work
4. Texas Field Office
 - Pat May has taken over the SW region
 - \$3.8B federal grant approved for schools (funds yet to be released)
 - Furloughed 2 installers due to lower revenue

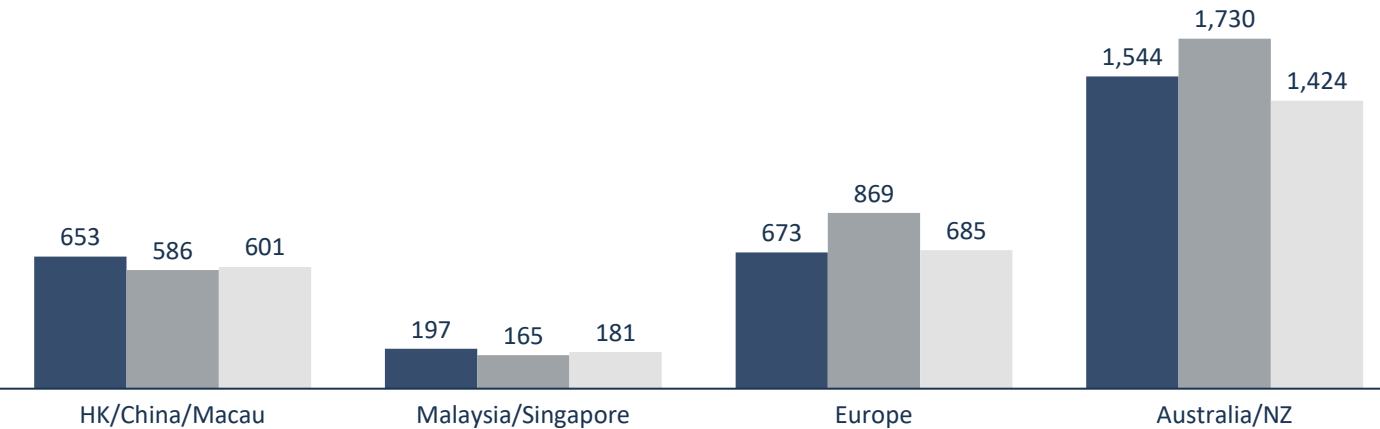
HUFCOR[™] Hufcor International Office Contribution Detail

Total Net Revenue

By location, in \$ '000

■ Jun-20 ■ Jul-20 ■ Aug-20

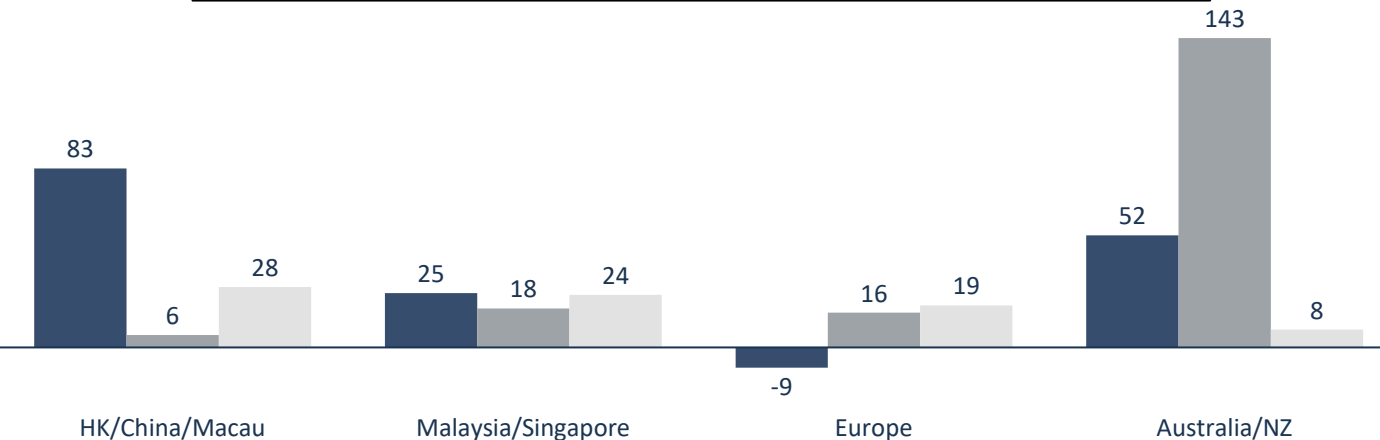
August 2020 Actual = \$2.891MM Reforecast= \$4.011MM AOP = \$4.179MM



Total EBITDA

By location, in \$ '000

August 2020 Actual = \$0.080MM Forecast= \$0.370MM AOP = \$0.206MM



Management Discussion-International:

- August Revenue was \$2.891MM on a RFCST of \$4.011MM
- August EBITDA was \$0.080MM, on a RFCST of \$0.370MM
- Both Revenue and EBITDA miss due to Australia COVID lockdown
- Europe had most team members off for 2 weeks during August
- HK/China sales came in below forecast, but gap narrowed slightly vs. prior month due to fewer project delays, a trend likely to hold in September. EBITDA came in above forecast due to lower SGA
- Malaysia sales continue to be significantly below forecast with project delays, with plant running at 20-35% capacity. However, EBITDA came in above forecast driven by lower material costs
- Australia came in below forecast; 500K pushed out in Victoria because of lockdown another 300K outside of Victoria pushed out as sites continue to run behind schedules.

1. China / Hong Kong Field Offices

- Covid restrictions still in place between HK and mainland but inter-province lockdowns are easing
- Product development: protective partitions, factory-applied vinyl finishes launched. Working on new products including DWall (target sell by Jan 2021)
- Commercial:
 - Search for BDM progressing. 2nd recruiter activated and currently has identified 2 second-round candidate. Targeting to hire by November
 - Engaged Randy Teo to search for potential distributors in China
 - Marketing coordinator hired and will start on Oct 12
 - Negotiating with a 3rd party brand agency familiar with local communication platforms

2. Malaysia Field Office

- Lockdown are easing, but projects being delayed due to hospitality/commercial/convention market hit leading to plant at running at 25-35% capacity
- Product development: protective partitions and melamine face 7000 launched. Working on 60-62 STC, automatic system, LED panels
- Commercial:
 - Regional sales lead offer made. Target start in Nov-Dec
 - Marketing coordinator hired and started
 - Google ads generating more quotes, tending towards smaller glass projects. More local control of web assets in progress

3. Germany Field Office

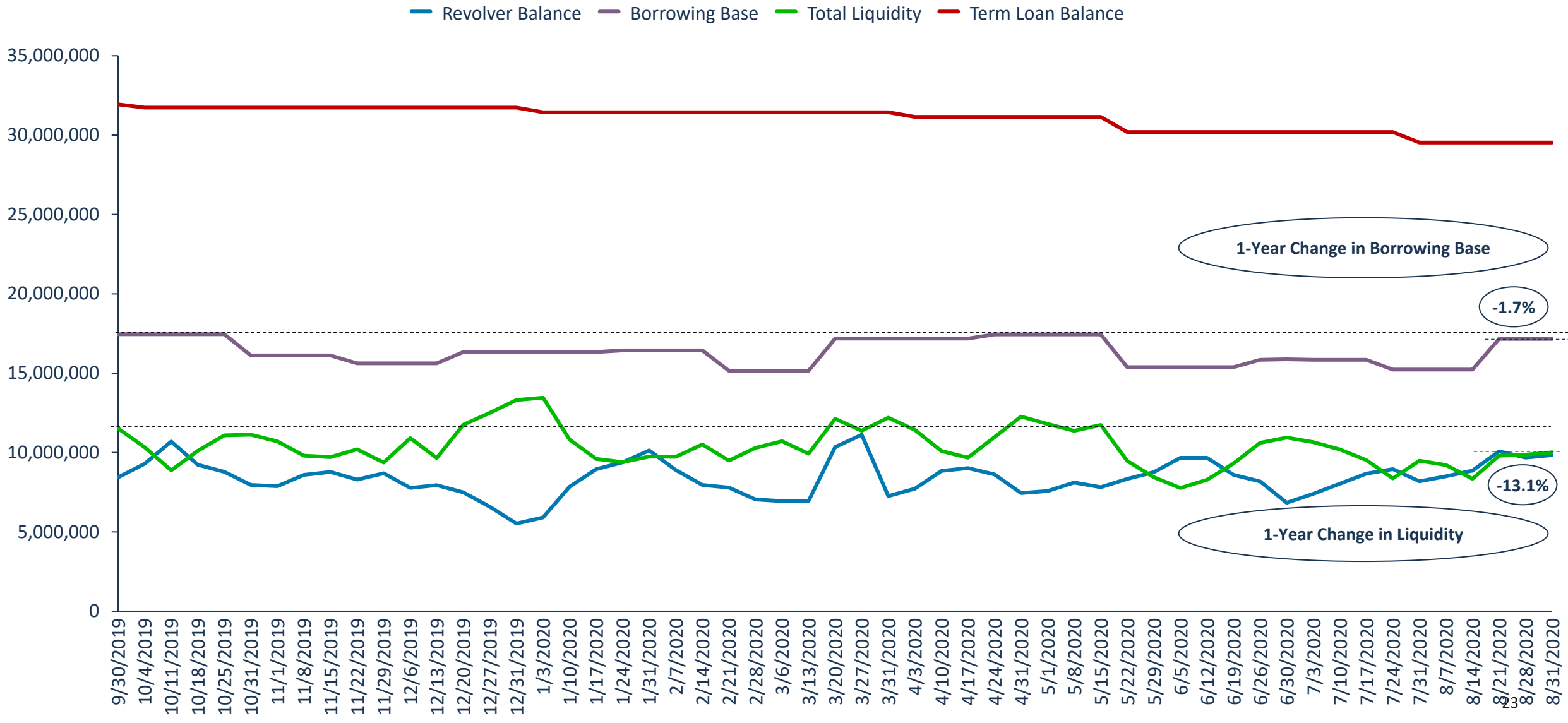
- Gf product installed in office with a positive reaction to performance and aesthetics
- Continuing to work on MRP module for Sage
- Still having COVID travel restrictions between some EU countries

4. Australia / New Zealand Field Office

- Melbourne stage 4 lockdown still in place
- Averaged 49 per day in August
- Sales have continued strong with Government investments
- Looking to add additional CNC for both board cutting and HX series profiles

HUFCOR Treasury & Liquidity

Total liquidity (availability + cash) remains in line with expectations given large output in July / August, along with the team's focus on cash management.





INCOME STATEMENT	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act
	1/31/2020	2/28/2020	3/31/2020	Quarter Ending 3/31/2020	4/30/2020	5/31/2020	6/30/2020	Quarter Ending 6/30/2020	7/31/2020	8/31/2020
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M
Units produced	-	-	-	-	-	-	-	-	-	-
Units shipped	-	-	-	-	-	-	-	-	-	-
Bookings (\$'000)	10,862	11,878	12,772	35,512	10,732	11,061	8,148	29,940	11,731	9,508
Backlog (\$'000)	78,087	79,369	81,553	81,553	83,470	83,481	81,365	81,365	80,400	78,595
Gross Revenue	\$ 11,432	\$ 10,641	\$ 10,644	\$ 32,717	\$ 8,869	\$ 11,100	\$ 10,283	\$ 30,252	\$ 12,769	\$ 11,279
Discounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Returns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 11,432	\$ 10,641	\$ 10,644	\$ 32,717	\$ 8,869	\$ 11,100	\$ 10,283	\$ 30,252	\$ 12,769	\$ 11,279
Material	\$ 3,751	\$ 3,216	\$ 4,249	\$ 11,216	\$ 3,064	\$ 3,725	\$ 3,127	\$ 9,916	\$ 3,711	\$ 3,317
Labor	\$ 3,597	\$ 3,388	\$ 3,246	\$ 10,231	\$ 3,031	\$ 3,126	\$ 3,475	\$ 9,632	\$ 3,475	\$ 3,378
Other COGS	\$ 1,117	\$ 1,167	\$ 1,111	\$ 3,395	\$ 796	\$ 933	\$ 999	\$ 2,729	\$ 986	\$ 1,096
Total COGS	\$ 8,466	\$ 7,771	\$ 8,606	\$ 24,843	\$ 6,891	\$ 7,783	\$ 7,602	\$ 22,277	\$ 8,576	\$ 7,792
Gross Margin	\$ 2,966	\$ 2,870	\$ 2,038	\$ 7,874	\$ 1,978	\$ 3,317	\$ 2,681	\$ 7,975	\$ 4,193	\$ 3,487
Gross Margin %	25.9%	27.0%	19.1%	24.1%	22.3%	29.9%	26.1%	26.4%	32.8%	30.9%
R&D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales & marketing	\$ 1,209	\$ 1,144	\$ 1,131	\$ 3,484	\$ 1,030	\$ 931	\$ 992	\$ 2,953	\$ 1,208	\$ 1,072
Administrative	\$ 1,785	\$ 1,838	\$ 938	\$ 4,561	\$ 1,551	\$ 1,696	\$ 1,049	\$ 4,296	\$ 1,818	\$ 1,853
Other Opex	\$ (19)	\$ (22)	\$ (6)	\$ (47)	\$ (98)	\$ 7	\$ (84)	\$ (175)	\$ (95)	\$ 11
Total OPEX (excl D&A)	\$ 2,975	\$ 2,959	\$ 2,063	\$ 7,997	\$ 2,483	\$ 2,634	\$ 1,957	\$ 7,074	\$ 2,931	\$ 2,936
Opex Overview										
Payroll	\$ 1,127	\$ 1,094	\$ 1,100	\$ 3,320	\$ 1,191	\$ 966	\$ 1,126	\$ 3,284	\$ 1,174	\$ 1,125
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ 326	\$ 295	\$ 27	\$ 648	\$ 247	\$ 224	\$ 35	\$ 506	\$ 263	\$ 264
Bonus	\$ 163	\$ 143	\$ (323)	\$ (16)	\$ 11	\$ 135	\$ (194)	\$ (48)	\$ 266	\$ 260
Severance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ 11	\$ 29	\$ 21	\$ 62	\$ 22	\$ 18	\$ 23	\$ 63	\$ 25	\$ 18
Commissions	\$ 224	\$ 162	\$ 163	\$ 549	\$ 179	\$ 175	\$ 147	\$ 502	\$ 215	\$ 159
Travel and Entertainment	\$ 144	\$ 113	\$ 153	\$ 410	\$ 40	\$ 34	\$ 44	\$ 117	\$ 49	\$ 57
Rent and Facilities	\$ 68	\$ 77	\$ 67	\$ 213	\$ 74	\$ 70	\$ 71	\$ 215	\$ 70	\$ 72
Insurance	\$ 71	\$ 71	\$ 71	\$ 213	\$ 51	\$ 251	\$ 94	\$ 396	\$ 42	\$ 41
Professional Fees	\$ 52	\$ 165	\$ 138	\$ 355	\$ 124	\$ 162	\$ 293	\$ 580	\$ 120	\$ 85
Utl., Repair, Maint., & Sec.	\$ 30	\$ 32	\$ 38	\$ 100	\$ 30	\$ 29	\$ 34	\$ 93	\$ 39	\$ 44
Office Expenses	\$ 6	\$ 3	\$ 9	\$ 19	\$ 4	\$ 6	\$ 5	\$ 15	\$ 4	\$ 4
Safety and Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT	\$ 79	\$ 34	\$ 87	\$ 200	\$ 75	\$ 55	\$ 58	\$ 188	\$ 74	\$ 75
Bad Debt	\$ 26	\$ 48	\$ (67)	\$ 8	\$ (26)	\$ 163	\$ (75)	\$ 62	\$ 102	\$ 57
Supplies	\$ 16	\$ 17	\$ 15	\$ 49	\$ 10	\$ 15	\$ 12	\$ 37	\$ 17	\$ 18
FX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
JV Loss (Income)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ 630	\$ 676	\$ 562	\$ 1,869	\$ 450	\$ 330	\$ 283	\$ 1,063	\$ 471	\$ 656
Total OPEX (excl D&A)	\$ 2,975	\$ 2,959	\$ 2,063	\$ 7,997	\$ 2,483	\$ 2,634	\$ 1,957	\$ 7,074	\$ 2,931	\$ 2,936
EBITDA	\$ (9)	\$ (89)	\$ (25)	\$ (123)	\$ (505)	\$ 683	\$ 724	\$ 901	\$ 1,261	\$ 552
EBITDA Margin %	-0.1%	-0.8%	-0.2%	-0.4%	-5.7%	6.2%	7.0%	3.0%	9.9%	4.9%
Depreciation	\$ 174	\$ 196	\$ 178	\$ 548	\$ 189	\$ 176	\$ 198	\$ 562	\$ 185	\$ 187
Amortization	\$ 83	\$ 83	\$ 83	\$ 249	\$ 83	\$ 83	\$ 83	\$ 249	\$ 83	\$ 83
Less: D&A	\$ 257	\$ 279	\$ 261	\$ 797	\$ 272	\$ 259	\$ 281	\$ 812	\$ 268	\$ 270
EBIT, reported	\$ (265)	\$ (368)	\$ (286)	\$ (920)	\$ (777)	\$ 424	\$ 443	\$ 89	\$ 993	\$ 282
Interest and financial amortization	\$ 327	\$ 326	\$ 288	\$ 940	\$ 271	\$ 285	\$ 281	\$ 837	\$ 266	\$ 266
Other financial income/expense (e.g. fx)	\$ 16	\$ (12)	\$ (9)	\$ (5)	\$ 19	\$ (13)	\$ (23)	\$ (16)	\$ (128)	\$ (24)
Non-financial income/expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monitoring fees	\$ 250	\$ -	\$ -	\$ 250	\$ 83	\$ 83	\$ 83	\$ 250	\$ 83	\$ 83
Restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-recurring items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBT, reported	\$ (858)	\$ (682)	\$ (565)	\$ (2,105)	\$ (1,152)	\$ 68	\$ 102	\$ (982)	\$ 772	\$ (44)
Taxes	\$ (14)	\$ 23	\$ (13)	\$ (4)	\$ 18	\$ 8	\$ 74	\$ 101	\$ 44	\$ 3
Net Income (Loss)	\$ (845)	\$ (705)	\$ (552)	\$ (2,101)	\$ (1,170)	\$ 60	\$ 28	\$ (1,082)	\$ 728	\$ (47)
Net Income (Loss) %	-7.4%	-6.6%	-5.2%	-6.4%	-13.2%	0.5%	0.3%	-3.6%	5.7%	-0.4%
Bank allowable EBITDA add-backs	\$ 408	\$ 528	\$ 361	\$ 1,297	\$ 359	\$ 176	\$ 155	\$ 690	\$ 273	\$ 409
Bank EBITDA	\$ 400	\$ 439	\$ 336	\$ 1,174	\$ (147)	\$ 859	\$ 879	\$ 1,591	\$ 1,535	\$ 960
EBITDA addbacks	\$ 408	\$ 528	\$ 361	\$ 1,297	\$ 359	\$ 176	\$ 155	\$ 690	\$ 273	\$ 409
EBITDA, adjusted	400	439	336	1,174	(147)	859	879	1,591	1,535	960
Adjusted EBITDA % sales	3.5%	4.1%	3.2%	3.6%	-1.7%	7.7%	8.6%	5.3%	12.0%	8.5%

CASHFLOW STATEMENT	1/31/2020	2/28/2020	3/31/2020	Quarter Ending 3/31/2020	4/30/2020	5/31/2020	6/30/2020	Quarter Ending 6/30/2020	7/31/2020	8/31/2020
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M
Cash flow from operations										
Net Income (Loss)	\$ (845)	\$ (705)	\$ (552)	\$ (2,101)	\$ (1,170)	\$ 60	\$ 28	\$ (1,082)	\$ 728	\$ (47)
Depreciation, amortization and other	\$ 257	\$ 279	\$ 261	\$ 797	\$ 272	\$ 259	\$ 281	\$ 812	\$ 268	\$ 270
Capitalized fees & expenses	\$ 55	\$ 55	\$ 55	\$ 164	\$ 23	\$ 47	\$ 47	\$ 116	\$ 47	\$ 47
Gain (loss) on sale of fixed assets	\$ -	\$ -	\$ 4	\$ 4	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ -
Non-cash interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-cash dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred income tax	\$ (0)	\$ (1)	\$ (1)	\$ (2)	\$ 0	\$ (9)	\$ 0	\$ (9)	\$ 0	\$ 0
<i>Change in operating assets and liabilities:</i>										
Accounts receivable	\$ 2,310	\$ 567	\$ (203)	\$ 2,675	\$ 2,081	\$ (1,079)	\$ 1,050	\$ 2,052	\$ (2,152)	\$ (1,520)
Inventory	\$ (6)	\$ 153	\$ 705	\$ 852	\$ (472)	\$ 149	\$ (989)	\$ (1,312)	\$ (185)	\$ 6
Prepaid expenses and other current assets	\$ (144)	\$ 105	\$ 23	\$ (16)	\$ (260)	\$ 98	\$ 377	\$ 215	\$ (145)	\$ 160
Accounts payable	\$ (1,778)	\$ 1,295	\$ 1,334	\$ 851	\$ (2,161)	\$ (1,265)	\$ 2,080	\$ (1,345)	\$ (587)	\$ (1,275)
Accrued expenses	\$ (2,412)	\$ (138)	\$ (287)	\$ (2,837)	\$ 588	\$ 2,425	\$ (922)	\$ 2,092	\$ 111	\$ 1,292
Accrued income taxes	\$ (460)	\$ (15)	\$ (18)	\$ (494)	\$ 457	\$ (80)	\$ 20	\$ 397	\$ 3	\$ 1
Other changes in operating assets and liat	\$ (532)	\$ 91	\$ (256)	\$ (697)	\$ 627	\$ (1,909)	\$ 1,259	\$ (23)	\$ -	\$ -
Other cash flow from operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Flow from Operations	\$ (3,555)	\$ 1,686	\$ 1,066	\$ (804)	\$ (15)	\$ (1,275)	\$ 3,231	\$ 1,941	\$ (1,913)	\$ (1,067)
Cash flow from investing										
Additions to property, plant and equipment	\$ (1,471)	\$ 174	\$ 163	\$ (1,135)	\$ (183)	\$ 1,609	\$ 112	\$ 1,539	\$ 87	\$ 80
Acquisitions of companies, net of cash acqu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in intangibles	\$ 94	\$ 90	\$ 95	\$ 278	\$ 71	\$ 78	\$ 76	\$ 225	\$ -	\$ -
Earnout payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other cash flow from investing (goodwill)	\$ 383	\$ (196)	\$ 27	\$ 214	\$ (666)	\$ (309)	\$ (310)	\$ (1,285)	\$ (220)	\$ (104)
Total Cash Flow from Investing	\$ (995)	\$ 67	\$ 284	\$ (643)	\$ (778)	\$ 1,378	\$ (122)	\$ 479	\$ (133)	\$ (24)
Cash flow from financing										
Proceeds from the issuance (repayment) of s	\$ 4,470	\$ (2,795)	\$ 14	\$ 1,689	\$ 872	\$ 941	\$ (2,244)	\$ (430)	\$ 2,373	\$ 1,063
Proceeds from the issuance of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of debt	\$ 753	\$ (45)	\$ 246	\$ 953	\$ (249)	\$ (2,245)	\$ (0)	\$ (2,494)	\$ (662)	\$ 0
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock issued (repurchased)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock cash dividends paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred stock issued (repurchased)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other cash flow from financing costs	\$ (203)	\$ (404)	\$ (140)	\$ (747)	\$ 478	\$ (0)	\$ 2	\$ 479	\$ (0)	\$ 1
Total Cash Flow from Financing	\$ 5,019	\$ (3,245)	\$ 121	\$ 1,895	\$ 1,101	\$ (1,304)	\$ (2,242)	\$ (2,446)	\$ 1,711	\$ 1,065
Effect of FX rates on cash and cash equivalents	\$ (252)	\$ (58)	\$ (242)	\$ (553)	\$ (290)	\$ (18)	\$ 191	\$ (117)	\$ 261	\$ 201
Net change in cash	\$ 217	\$ (1,550)	\$ 1,228	\$ (104)	\$ 18	\$ (1,219)	\$ 1,058	\$ (143)	\$ (74)	\$ 175
Beginning cash	\$ 3,118	\$ 3,335	\$ 1,785	\$ 3,118	\$ 3,013	\$ 3,031	\$ 1,812	\$ 3,013	\$ 2,870	\$ 2,796
Change in cash	\$ 217	\$ (1,550)	\$ 1,228	\$ (104)	\$ 18	\$ (1,219)	\$ 1,058	\$ (143)	\$ (74)	\$ 175
Ending cash	\$ 3,335	\$ 1,785	\$ 3,013	\$ 3,013	\$ 3,031	\$ 1,812	\$ 2,870	\$ 2,870	\$ 2,796	\$ 2,971



BALANCE SHEET									
	12/31/2019	1/31/2020	2/28/2020	3/31/2020	4/30/2020	5/31/2020	6/30/2020	7/31/2020	8/31/2020
	1M	1M	1M	1M	1M	1M	1M	1M	1M
Current Assets									
Cash and cash equivalents	\$ 3,118	\$ 3,335	\$ 1,785	\$ 3,013	\$ 3,031	\$ 1,812	\$ 2,870	\$ 2,796	\$ 2,971
Short term investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, gross	\$ 37,033	\$ 34,742	\$ 34,232	\$ 34,152	\$ 32,117	\$ 33,356	\$ 32,219	\$ 34,381	\$ 36,119
Accounts receivable, reserves	\$ (3,290)	\$ (3,309)	\$ (3,366)	\$ (3,083)	\$ (3,128)	\$ (3,289)	\$ (3,202)	\$ (3,301)	\$ (3,369)
Accounts receivable, net	\$ 33,744	\$ 31,433	\$ 30,866	\$ 31,069	\$ 28,988	\$ 30,067	\$ 29,017	\$ 31,080	\$ 32,750
Inventory, gross	\$ 16,922	\$ 16,989	\$ 17,149	\$ 16,440	\$ 16,862	\$ 16,620	\$ 17,614	\$ 18,281	\$ 18,432
Inventory, reserves	\$ (314)	\$ (376)	\$ (689)	\$ (685)	\$ (635)	\$ (541)	\$ (546)	\$ (1,028)	\$ (1,184)
Inventory, net	\$ 16,607	\$ 16,613	\$ 16,460	\$ 15,756	\$ 16,227	\$ 16,079	\$ 17,068	\$ 17,253	\$ 17,247
Prepaid expenses and other current assets	\$ 1,448	\$ 1,593	\$ 1,488	\$ 1,465	\$ 1,725	\$ 1,627	\$ 1,250	\$ 1,291	\$ 1,142
Current portion of deferred taxes	\$ 4,149	\$ 3,763	\$ 3,738	\$ 3,688	\$ 4,081	\$ 4,101	\$ 4,131	\$ 4,166	\$ 4,198
Revenue in excess of billings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other current assets	\$ 546	\$ 577	\$ 464	\$ 359	\$ 358	\$ 2,551	\$ 1,574	\$ 1,663	\$ 1,513
Total Current Assets	\$ 59,612	\$ 57,313	\$ 54,801	\$ 55,348	\$ 54,411	\$ 56,237	\$ 55,909	\$ 58,249	\$ 59,820
Non-Current Assets									
Property, plant & equipment, gross	\$ 40,450	\$ 42,446	\$ 42,390	\$ 42,189	\$ 42,681	\$ 40,789	\$ 40,981	\$ 41,459	\$ 41,644
Accumulated depreciation	\$ (24,382)	\$ (24,907)	\$ (25,025)	\$ (24,986)	\$ (25,295)	\$ (25,012)	\$ (25,317)	\$ (25,699)	\$ (26,013)
Property, plant & equipment, net	\$ 16,068	\$ 17,539	\$ 17,365	\$ 17,203	\$ 17,385	\$ 15,776	\$ 15,664	\$ 15,760	\$ 15,631
Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Identifiable intangible assets, gross	\$ 15,230	\$ 15,216	\$ 15,207	\$ 15,191	\$ 15,208	\$ 15,215	\$ 15,225	\$ 15,236	\$ 15,247
Accumulated amortization	\$ (8,623)	\$ (8,702)	\$ (8,783)	\$ (8,862)	\$ (8,949)	\$ (9,034)	\$ (9,120)	\$ (9,206)	\$ (9,292)
Identifiable intangible assets, net	\$ 6,607	\$ 6,514	\$ 6,424	\$ 6,330	\$ 6,259	\$ 6,181	\$ 6,104	\$ 6,030	\$ 5,954
Deferred financing cost	\$ 1,492	\$ 1,437	\$ 1,382	\$ 1,328	\$ 1,305	\$ 1,258	\$ 1,212	\$ 1,165	\$ 1,119
Deferred tax asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-current assets	\$ 847	\$ 828	\$ 801	\$ 794	\$ 662	\$ 636	\$ 626	\$ 615	\$ 607
Total Non-Current Assets	\$ 25,013	\$ 26,318	\$ 25,973	\$ 25,654	\$ 25,612	\$ 23,851	\$ 23,607	\$ 23,571	\$ 23,311
Total Assets	\$ 84,626	\$ 83,631	\$ 80,774	\$ 81,002	\$ 80,023	\$ 80,088	\$ 79,516	\$ 81,820	\$ 83,131
Current Liabilities									
Current portion of long-term debt	\$ 1,174	\$ 1,199	\$ 1,198	\$ 1,499	\$ 1,499	\$ 1,321	\$ 1,447	\$ 1,447	\$ 1,448
Line of Credit	\$ 5,658	\$ 10,128	\$ 7,333	\$ 7,347	\$ 8,220	\$ 9,161	\$ 6,917	\$ 9,290	\$ 10,353
Accounts payable	\$ 12,101	\$ 10,323	\$ 11,618	\$ 12,952	\$ 10,791	\$ 9,527	\$ 11,607	\$ 10,962	\$ 9,863
Accrued liabilities	\$ 12,221	\$ 10,485	\$ 10,324	\$ 9,991	\$ 10,349	\$ 12,631	\$ 11,282	\$ 11,960	\$ 13,086
Accrued compensation	\$ 2,255	\$ 1,578	\$ 1,601	\$ 1,648	\$ 1,878	\$ 2,021	\$ 2,449	\$ 2,014	\$ 2,139
Income taxes payable	\$ 196	\$ (264)	\$ (279)	\$ (297)	\$ 159	\$ 79	\$ 99	\$ 102	\$ 103
Short-term unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other current liabilities	\$ 3,204	\$ 2,686	\$ 2,639	\$ 2,412	\$ 2,766	\$ 3,022	\$ 3,293	\$ 3,293	\$ 3,230
Total Current Liabilities	\$ 36,809	\$ 36,136	\$ 34,435	\$ 35,552	\$ 35,662	\$ 37,762	\$ 37,093	\$ 39,069	\$ 40,222
Long-term Liabilities									
Long-term debt less current maturities	\$ 30,585	\$ 31,313	\$ 31,268	\$ 31,213	\$ 30,964	\$ 28,897	\$ 28,771	\$ 28,109	\$ 28,109
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt owing to OpenGate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred income taxes	\$ 31	\$ 31	\$ 30	\$ 29	\$ 29	\$ 20	\$ 20	\$ 20	\$ 21
Long-term unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-current liabilities	\$ 46	\$ 44	\$ 43	\$ (99)	\$ 43	\$ 44	\$ 45	\$ 47	\$ 49
Total Long-Term Liabilities	\$ 30,662	\$ 31,388	\$ 31,341	\$ 31,144	\$ 31,036	\$ 28,960	\$ 28,837	\$ 28,176	\$ 28,178
Total Liabilities	\$ 67,471	\$ 67,524	\$ 65,775	\$ 66,695	\$ 66,699	\$ 66,723	\$ 65,930	\$ 67,245	\$ 68,400
Commitments and contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shareholders' Equity									
Common stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital in excess of stated value	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350
Retained earnings	\$ (19,114)	\$ (19,958)	\$ (20,663)	\$ (21,215)	\$ (22,384)	\$ (22,325)	\$ (22,297)	\$ (21,569)	\$ (21,616)
Accumulated other comprehensive income	\$ 47	\$ 41	\$ 46	\$ 48	\$ 53	\$ 523	\$ 525	\$ 525	\$ 527
Other equity transactions	\$ (129)	\$ (326)	\$ (735)	\$ (877)	\$ (1,164)	\$ (1,183)	\$ (993)	\$ (731)	\$ (530)
Total Shareholders' Equity	\$ 17,155	\$ 16,107	\$ 14,998	\$ 14,307	\$ 13,324	\$ 13,366	\$ 13,586	\$ 14,575	\$ 14,730
Total Liabilities and Shareholders' Equity	\$ 84,626	\$ 83,631	\$ 80,774	\$ 81,002	\$ 80,023	\$ 80,088	\$ 79,516	\$ 81,820	\$ 83,131

AR Aging							
Days	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	%
0-30	\$ 19,532	\$ 15,726	\$ 16,628	\$ 16,033	\$ 18,651	\$ 20,016	55.5%
31-60	2,317	4,085	3,450	2,998	2,446	2,473	6.9%
61-90	2,099	1,394	2,390	1,870	1,812	1,751	4.9%
>90	10,462	10,906	10,853	11,269	11,437	11,838	32.8%
Total Gross AR	\$ 34,411	\$ 32,111	\$ 33,321	\$ 32,171	\$ 34,346	\$ 36,078	100.0%
Reserves	(3,083)	(3,128)	(3,289)	(3,202)	(3,301)	(3,369)	
Total Net AR	\$ 31,328	\$ 28,983	\$ 30,033	\$ 28,969	\$ 31,045	\$ 32,709	
Change in AR Reserve	283	(45)	(160)	87	(99)	(68)	
Actual Bad Debt P&L Charge	(67)	(26)	163	(75)	102	57	
LTM Bad Debt P&L Charge	\$ 1,798	\$ 1,694	\$ 1,775	\$ 1,912	\$ 1,989	\$ 2,018	

AP Aging							
Days	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	%
0-30	\$ 10,692	\$ 9,067	\$ 8,418	\$ 10,408	\$ 9,849	\$ 8,693	82.6%
31-60	941	1,003	585	1,039	935	929	8.8%
61-90	102	156	159	52	172	94	0.9%
>90	2,770	2,685	888	828	780	809	7.7%
Total	\$ 14,505	\$ 12,911	\$ 10,049	\$ 12,327	\$ 11,736	\$ 10,526	100.0%

Management Discussion:

Accounts Receivable

- Increase in AR driven by sales in July & August
- Retainage listed at \$5.8mm
 - \$3.9mm of Domestic Retainage
 - \$1.9mm of International Retainage

Accounts Payable

- Decreased as a result of catching up on vendor payments
- A/P > 90 consists of OpenGate management fees prior to May; remaining >90 driven by cash management in international locations using “pay when paid” model and legal fees.

Cash Flow Statement

Currency

USD

Month

Latest Month

Aug 2020

Month

QTD

YTD

TTM

Plan Scenario

Reforecast



Cash Flow Statement

	Current Year	Prior Year	Plan			
				Δ Prior Year (%)		Δ Plan (%)
Net Income (Loss)	(47K)	680K	89K	(107)		(153)
D&A	270K	510K	281K	(47)		(4)
Capitalized fees and expenses	47K	(85K)	(500K)		+155	+109
Gain (loss) on sale of fixed assets	0K	10K	0K	(100)		
Deferred income tax	0K	(2K)	0K		+119	
Changes in accounts receivable	(1,520K)	326K	(1,347K)	(567)		(13)
Changes in inventory	6K	95K	179K	(94)		(97)
Changes in Prepaid expenses and other current ass...	160K	(296K)	0K		+154	
Changes in Accounts payable	(1,275K)	(7,688K)	1,128K		+83	(213)
Changes in Accrued expenses	1,292K	4,036K	182K	(68)		+608
Changes in accrued income taxes	1K	0K	0K			
Other changes in operating assets and liabilities	0K	479K	0K	(100)		
Other cash flow from operations	0K	226K	0K	(100)		
= Total Cash Flow from Operations	(1,067K)	(1,709K)	12K		+38	(8,755)
Additions to PP&E	80K	(432K)	(25K)		+119	+420
Other cash flow from investing	(104K)	0K	0K			
= Total Cash Flow from Investing	(24K)	(432K)	(25K)		+94	+4
Proceeds from the issuance (repayment) of short-te...	1,063K	(1,571K)	0K		+168	
Repayment of debt	0K	0K	0K			
Other cash flow from financing	1K	9K	0K	(86)		
= Total Cash Flow from Financing	1,065K	(1,561K)	0K		+168	
= Effect of FX rates on cash and cash equivalents	201K	(218K)	(200K)		+192	+201
Beginning Cash Balance	2,796K	5,174K	2,486K	(46)		+12
Net change in cash	175K	(3,921K)	(213K)		+104	+182
= Ending Cash Balance	2,971K	1,253K	2,273K		+137	+31

Balance Sheet

Currency

Month

Plan Scenario

USD

Latest Month

Aug 2020

Reforecast

Balance Sheet

	Current Year	Prior Year	Plan		Δ Prior Year (%)		Δ Plan (%)
Cash and cash equivalents	2,971K	1,253K	2,273K				
Accounts receivable, gross	36,119K	40,275K	35,435K	(10)	+137	(8)	+2
Accounts receivable, reserves	(3,369K)	(2,250K)	(3,128K)	(50)		(1)	+1
= Accounts receivable, net	32,750K	38,025K	33,238K	(14)			
Inventory, gross	18,432K	16,262K	18,240K		+13		+1
Inventory, reserves	(1,184K)	(309K)	(635K)	(283)	(86)		+0
= Inventory, net	17,247K	15,953K	17,220K		+8		+2
Prepaid expenses and other current assets	1,142K	1,335K	1,333K	(14)		(14)	+0
Current portion of deferred taxes	4,198K	5,227K	4,131K	(20)			+2
Other current assets	1,513K	374K	1,574K		+304	(4)	+0
= Total Current Assets	59,820K	62,167K	59,769K	(4)			+1
Property, plant & equipment, gross	41,644K	38,643K	41,031K		+8		+2
Accumulated depreciation	(26,013K)	(23,934K)	(25,713K)	(9)		(1)	+0
= Property, plant & equipment, net	15,631K	14,708K	15,319K		+6		+0
Identifiable intangible assets, gross	15,247K	15,216K	15,225K		+0		+0
Accumulated amortization	(9,292K)	(8,287K)	(9,286K)	(12)		(0)	+0
= Identifiable intangible assets, net	5,954K	6,929K	5,938K	(14)			+1
Deferred financing cost	1,119K	1,935K	1,212K	(42)		(8)	+0
Other non-current assets	607K	2,409K	626K	(75)		(3)	+0
= Total Non-Current Assets	23,311K	25,981K	23,095K	(10)			+0
= Total Assets	83,131K	88,148K	82,864K	(6)			+0
- Current portion of long-term debt	1,448K	1,002K	1,572K		+44	(8)	+4
- Notes payable	10,353K	9,235K	11,000K		+12	(6)	+2
- Accounts payable	9,863K	11,269K	11,070K	(12)		(11)	+4
- Accrued liabilities	13,086K	9,465K	12,594K		+38		+2
- Accrued compensation	2,139K	1,598K	2,099K		+34		+4
- Income taxes payable	103K	375K	99K	(73)			+16
- Short-term unearned revenue	0K	66K	0K	(100)			+12
- Other current liabilities	3,230K	2,796K	2,793K		+16		+3
= Total Current Liabilities	40,222K	35,807K	41,227K	(9)		(2)	+7
- Long-term debt less current maturities	28,109K	30,937K	28,115K		+10	(0)	
- Deferred income taxes	21K	93K	20K	(78)			
- Other non-current liabilities	49K	44K	45K				
= Total Long-term liabilities	28,178K	31,074K	28,181K	(9)		(0)	

Liquidity

Currency

USD

Year

Current Ye...

2020

Monthly Liquidity

● Ending Cash Balance ● Excess ABL Availability ● Currency Selector Actual

