Hufcor, Inc. Quarterly Operating Review

Quarter Ended December 31, 2019

January 27, 2020

HUFCOR

Executive Summary

1. Overall focus remains on executing the operational turnaround of Hufcor, with a focus on building the team, improving production capacity/efficiency of the Janesville facility and preparing for increased commercial opportunities in 2H 2020.
2. Major additions to the team completed in the past 3 months, including the hiring of Domestic VP of Operations, Corporate Controller and VP of HR.
3. While backlog still lower than prior months, it remains in line with current capacity and does not account for expectations for increased commercial opportunities once lead times are reduced (goal of Q2 2020).
4. Financial performance exceeded expectations in Q4 and for the full year 2019.
   - Reported EBITDA $2.3mm on $36.7mm of revenue.
   - Bank EBITDA of >$11 mm for the FYE 2019 and covenant compliance (with likelihood to revise upward following audit adjustments).
   - **Pro Forma Adjusted EBITDA for FYE 2019 of $8.5 million, which accounts for required 2020 hires, is baseline to measure against 2020 AOP**
5. International operations received increased focus in the quarter, with executive visits in conjunction with the hire of Clint Morgan. Plans in place to install the team & focus the operations to capitalize on the significant opportunity via a global manufacturing strategy, and commercial expansion.

December 2019 Results

Year end results exceeded expectations.

- Delivered on production goals despite down-time for Physical Inventory.
- Positive results better than expected with Physical Inventory, self-insured health plan & the identification of proper reserve levels as part of financial restatement.
- Physical Inventory, resulted in only $372k net adjustment after write-off & purge.

Strategy Roadmap

Execute on 4 Key Pillars to drive Hufcor EBITDA improvement

- Team Success
- Domestic Operations
- International Operations
- Commercial Growth

2020 AOP Presentation

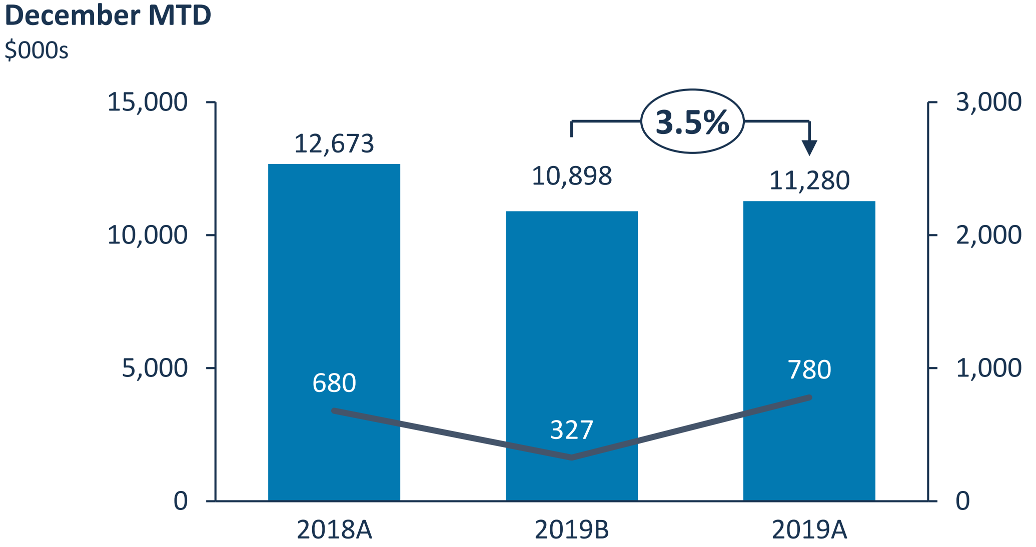
Significant growth forecast for coming year

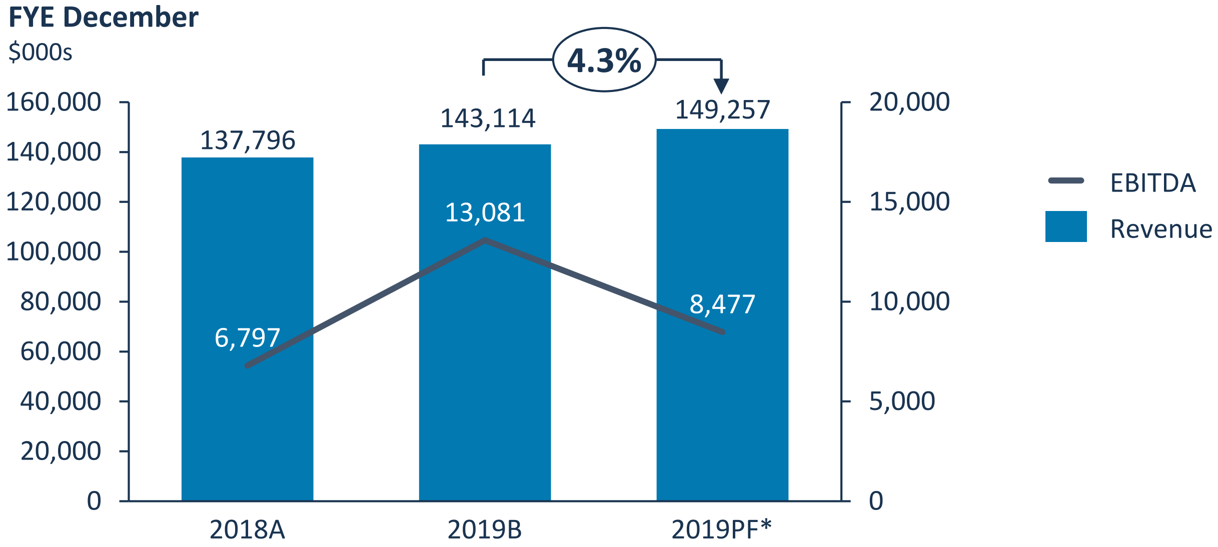
- Forecast 8.1% revenue growth above record levels for the company
- Gross Margin expansion driven through labor efficiency and capacity leveling
- Growth in excess of OpEx additions required to properly staff the business & recover from prior management decisions

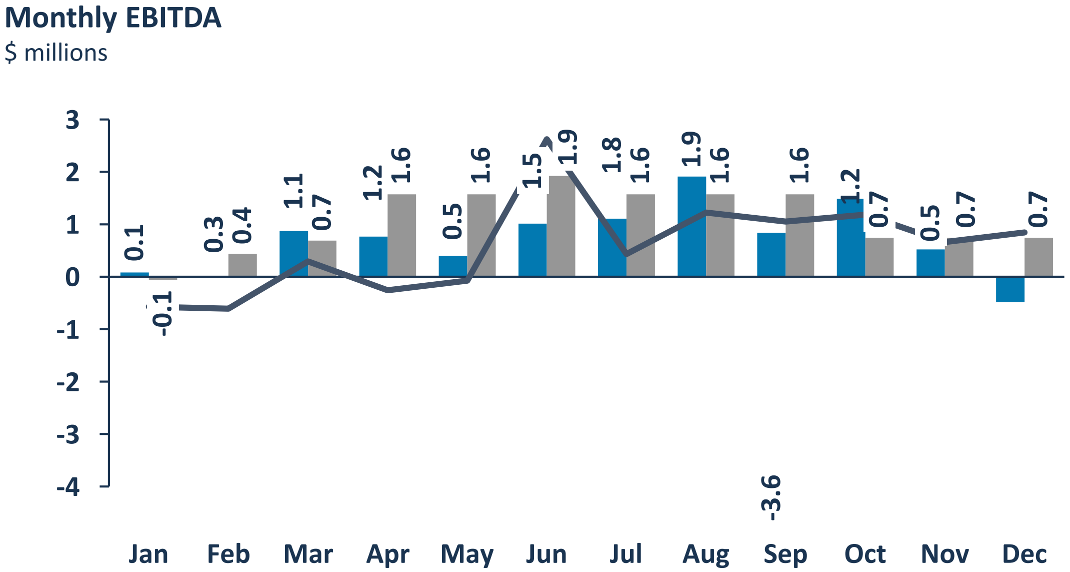
Section 1

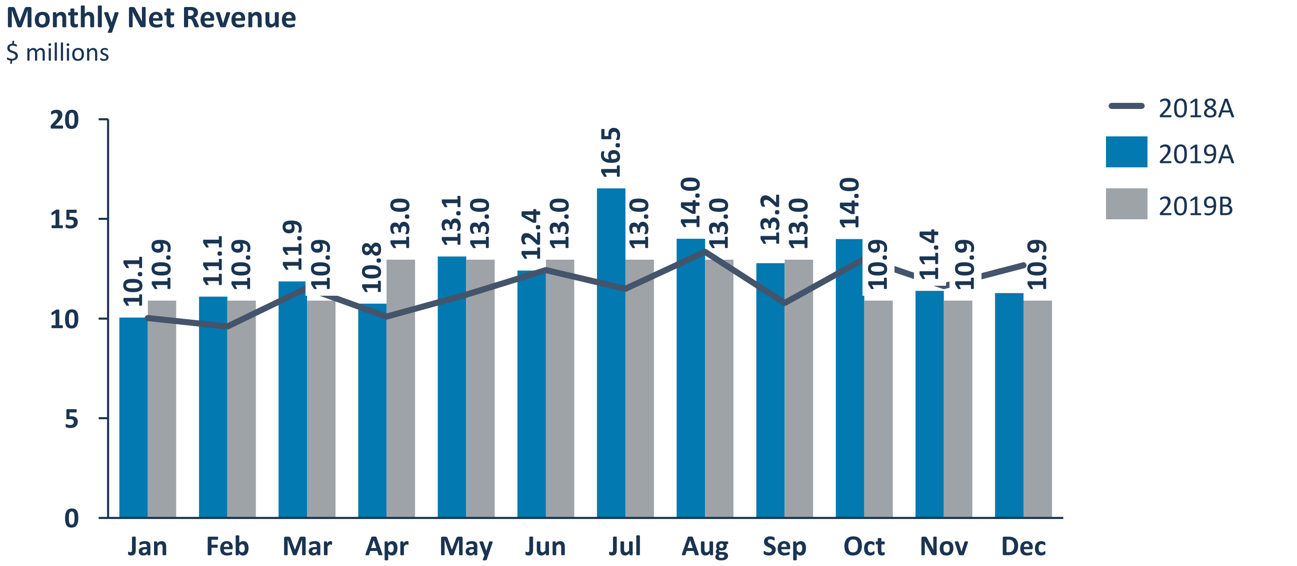
Financials – December 2019

Monthly financial metrics



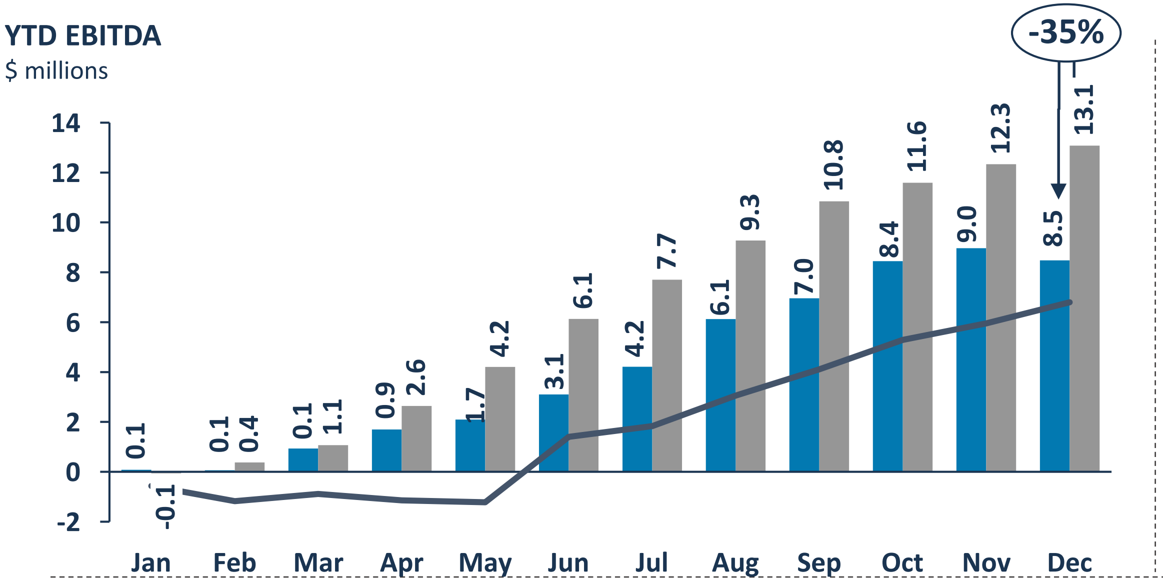


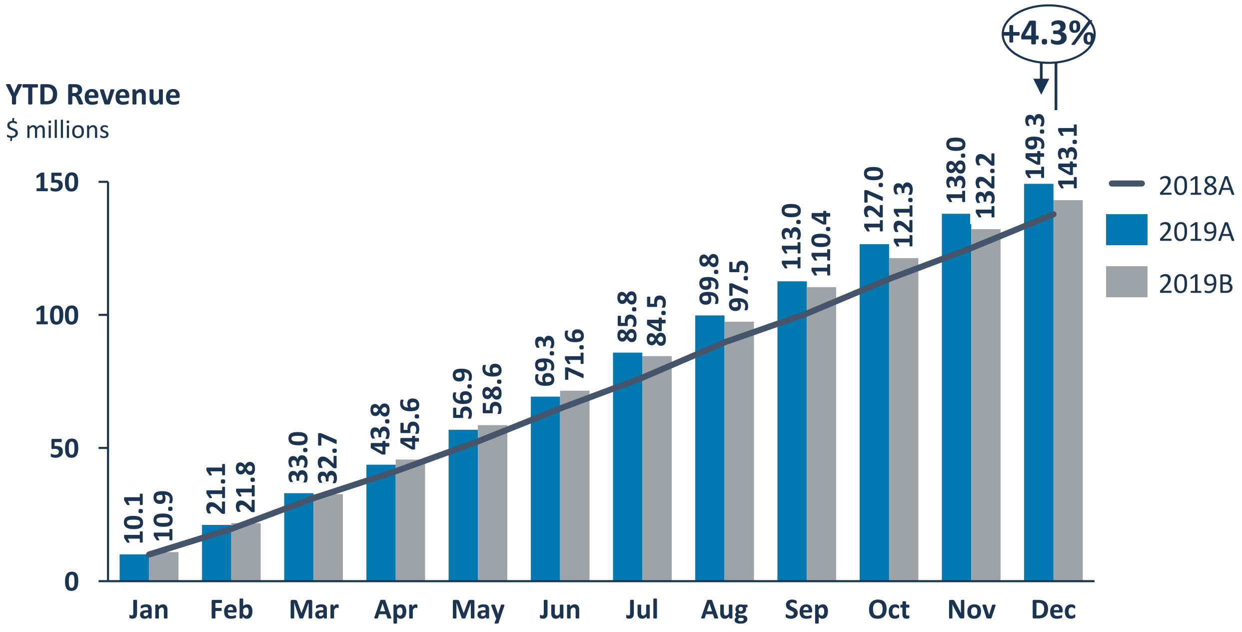




1)Pro Forma Adj. EBITDA normalizes 2019 for all consultant expenses & 1-time write-offs & layers in $3.4 mm of OpEx required to properly staff the business (i.e. same headcount assumptions as 2020 AOP).

HUFCOR Monthly financial metrics





	2018			2019		
	Domestic	International	Total	Domestic	International	Total
Net Revenue	90.0	47.8	137.8	97.8	51.5	149.3
Material	30.2	17.9	48.1	30.3	20.9	51.3
Labor	28.8	13.8	42.6	30.6	14.4	45.0
Other COGS	8.9	4.2	13.1	10.3	4.0	14.3
Total COGS	68.0	35.8	103.8	71.2	39.3	110.5
Gross Margin	22.0	12.0	34.0	26.6	12.1	38.7
Gross Margin %	24.4%	25.2%	24.7%	27.2%	23.6%	25.9%
R&D	-	-	-	-	-	-
Sales & marketing	9.6	5.0	14.6	9.5	4.6	14.1
Administrative	8.5	4.5	12.9	12.2	4.7	16.9
Other Opex	(0.1)	(0.2)	(0.3)	(0.3)	(0.2)	(0.4)
Total OPEX (excl D&A)	18.0	9.3	27.2	21.5	9.1	30.6
Reported EBITDA	4.0	2.8	6.8	5.1	3.0	8.1
EBITDA %	4.5%	5.8%	4.9%	5.2%	5.9%	5.5%
Net Adjustments	0.0	0.0	0.0	0.3	0.0	0.3
Pro Foma Adjusted EBITDA	4.0	2.8	6.8	5.4	3.0	8.5
EBITDA %	4.5%	5.8%	4.9%	5.6%	5.9%	5.7%

Management Discussion:

- Strong revenue growth in both domestic and international divisions, driven by large projects
  - Domestic Revenue increased 8.7% vs 2018
  - International Revenue increased 7.6% vs 2018
- Gross profit margins improved, primarily through Domestic material % declines, net of increases in labor and International material increases, as well as warranty cost increases in Domestic operations due to quality issues
- Administrative expenses increased with elevated Bad Debt and Consultant expenses given operational turnaround, as well as addition of full-time team
- 2019 Pro Forma Adjusted EBITDA represents Hufcor performance, inclusive of all 1-time add-backs (regardless of limits imposed for bank covenant calculations) as adjusted for headcount additions that will be made in 2020 to properly staff the business and position Hufcor for future growth.

HUFCOR

December P&L Detail: Reported

$'000	MTD		Variance		PY MTD	Variance		YTD			PY YTD	
	Act	Bud	$	%	Act	$	%	Act	Bud	%	Act	%
Gross Revenue	$ 11,280	$ 10,898	$ 382	3.5%	$ 12,673	$ (1,393)	(11.0%)	$ 149,257	$ 143,114	4.3%	$ 137,796	8.3%
Net Revenue	11,280	10,898	382	3.5%	12,673	(1,393)	(11.0%)	149,257	143,114	4.3%	137,796	8.3%
Material	3,314	3,617	(303)	(8.4%)	4,692	(1,378)	(29.4%)	51,259	49,734	3.1%	48,075	6.6%
Labor	3,838	3,322	516	15.5%	3,632	206	5.7%	44,995	41,449	8.6%	42,598	5.6%
Other COGS	1,110	955	155	16.2%	1,486	(377)	(25.3%)	14,282	11,752	21.5%	13,102	9.0%
Total COGS	8,262	7,895	367	4.7%	9,810	(1,548)	(15.8%)	110,537	102,934	7.4%	103,776	6.5%
Gross Margin	3,018	3,003	15	0.5%	2,862	156	5.4%	38,720	40,180	(3.6%)	34,020	13.8%
Gross Margin %	*26.8%*	*27.6%*			*22.6%*			*25.9%*	*28.1%*		*24.7%*	
R&D	–	–	–	N/A	–	–	N/A	–	–	N/A	–	N/A
Sales & Marketing	1,129	1,267	(138)	(10.9%)	1,030	99	9.6%	14,101	15,201	(7.2%)	14,603	(3.4%)
Administrative	1,226	995	231	23.2%	1,215	11	0.9%	16,900	11,939	41.6%	12,941	30.6%
Other Opex	(116)	(3)	(112)	3265.5%	(62)	(54)	86.0%	(425)	(41)	927.7%	(322)	32.1%
Total Opex	2,239	2,258	(20)	(0.9%)	2,182	57	2.6%	30,577	27,099	12.8%	27,223	12.3%
EBITDA	780	745	35	(4.6%)	680	99	14.6%	8,143	13,081	(37.7%)	6,797	19.8%
EBITDA %	*6.9%*	*6.8%*			*5.4%*			*5.5%*	*9.1%*		*4.9%*	
Pro Forma Adjusted EBITDA	(488)	327	(815)	N/A	680	(1,168)	N/A	8,477	13,081	(35.2%)	6,797	24.7%
Adj. EBITDA %	*(4.3%)*	*3.0%*			*5.4%*			*5.7%*	*9.1%*		*4.9%*	
Net Income (Loss)	$ (33)	$ (140)	$ 106	76.1%	$ (873)	$ 840	96.2%	$ (4,324)	$ 1,339	423.0%	$ (6,384)	32.3%
Capex	$ 642	$ –	$ 642		$ 905	$ (263)		$ 5,372	$ –		$ 2,279	135.8%

$'000	MTD		Variance		PY MTD	Variance		YTD			PY YTD	
	Act	Bud	$	%	Act	$	%	Act	Bud	%	Act	%
Opex Overview:												
Payroll	$ 1,050	$ 1,194	$ (144)	(12.1%)	$ 995	$ 55	5.5%	$ 12,659	$ 14,329	(11.7%)	$ 13,807	(8.3%)
Benefits	(406)	250	(657)	(262.3%)	(55)	(352)	642.0%	1,201	3,004	(60.0%)	2,571	(53.3%)
Bonus	374	112	262	234.3%	137	237	172.3%	1,384	1,342	3.1%	272	408.7%
Marketing	56	28	28	99.7%	83	(27)	(32.8%)	423	334	26.6%	681	(37.8%)
Commissions	181	191	(10)	(5.1%)	167	14	8.4%	2,163	2,293	(5.6%)	1,935	11.8%
Travel and Entertainment	90	87	4	4.4%	86	4	5.0%	1,303	1,039	25.4%	1,247	4.5%
Rent and Facilities	59	65	(6)	(8.6%)	66	(6)	(9.6%)	836	779	7.3%	789	5.9%
Insurance	76	32	45	140.6%	52	24	47.3%	557	380	46.5%	262	112.8%
Professional Fees	25	69	(44)	(64.2%)	(11)	35	(331.2%)	946	830	14.0%	1,101	(14.1%)
Utl., Repair, Maint., & Sec.	11	34	(24)	(68.3%)	25	(14)	(57.0%)	400	413	(3.0%)	408	(1.8%)
Office Expenses	6	6	(0)	(1.6%)	8	(2)	(22.9%)	79	71	12.5%	74	7.0%
IT	69	48	22	45.3%	114	(45)	(39.3%)	782	570	37.2%	680	15.0%
Bad Debts	(211)	12	(223)	(1866.7%)	295	(506)	(171.4%)	2,738	143	1813.4%	340	704.6%
Supplies	18	18	1	3.5%	16	2	10.9%	215	210	2.5%	251	(14.2%)
FX	–	–	–	N/A	–	–	N/A	–	–	N/A	–	N/A
Other Expenses	840	114	727	639.9%	203	637	313.1%	4,890	1,363	258.8%	2,805	74.3%
Total Opex	$ 2,239	$ 2,258	$ (20)	(0.9%)	$ 2,182	$ 57	2.6%	$ 30,577	$ 27,099	12.8%	$ 27,223	12.3%

Management Discussion:

Revenue

- Approximately $500k ahead of forecast, but but merely a timing issue, as November was lower than anticipated, thus no change to Nov/Dec combined forecast of $22.8 mm.

Gross Margin

- MTD Gross Margin impacted by inventory / cycle count corrections from Physical Inventory in December.

OPEX

- Opex benefitted from positive adjustments related to Bad Debt & self-funded health plan, net of allowable add-backs (excess travel, consultants & costs associated with the wind-down of the Athens, GA facility).

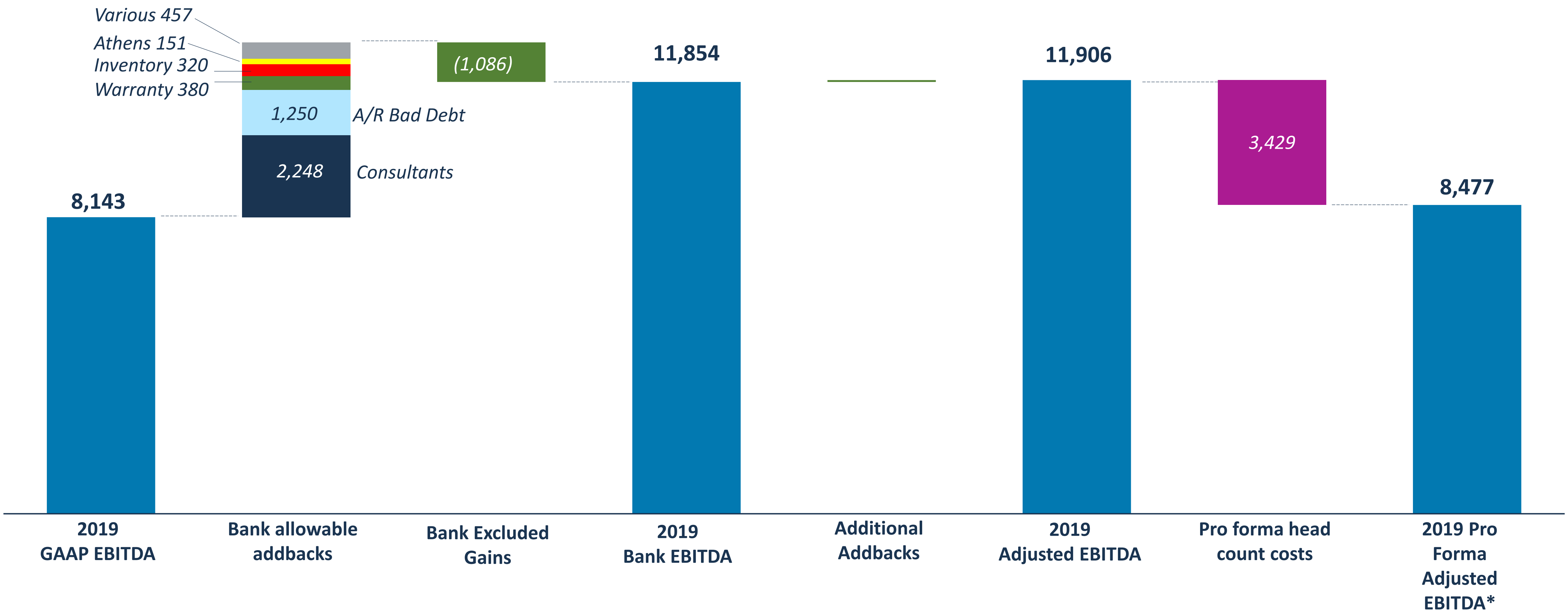
EBITDA

- $780k Reported EBITDA MTD December
  - International = $398k
  - Domestic = $381k
- $8.5 mm Pro Forma Adjusted EBITDA for FYE 2019
  - International = $3.0 mm
  - Domestic = $5.4 mm

Capex

- FYE $5.4 mm includes projects completed utilizing seller escrow
- Hufcor Standalone Capex ≈$2.0 mm.

EBITDA Bridge: 2019 GAAP to 2019 Pro Forma Adjusted EBITDA*



**2019 Pro Forma Adjusted EBITDA represents Hufcor performance, inclusive of all 1-time add-backs (regardless of limits imposed for bank covenant calculations) as adjusted for headcount additions that will be made in 2020 to properly staff the business and position Hufcor for future growth.*

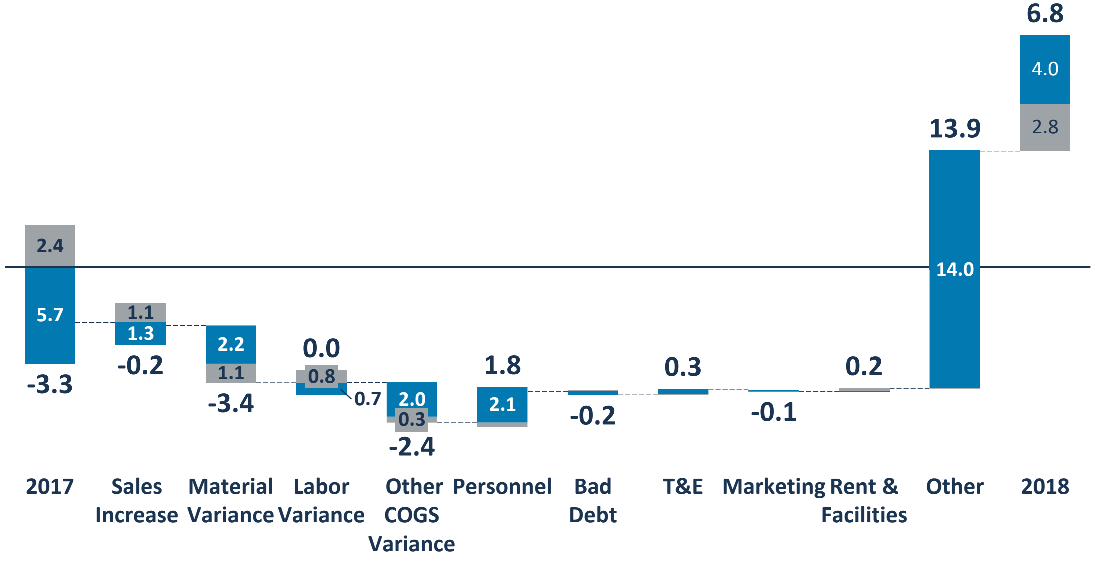
2017 – 2019 EBITDA Bridge (Int’l vs. Domestic)

Over the last two years International has had significant material variance, analysis is underway to diagnose key issues

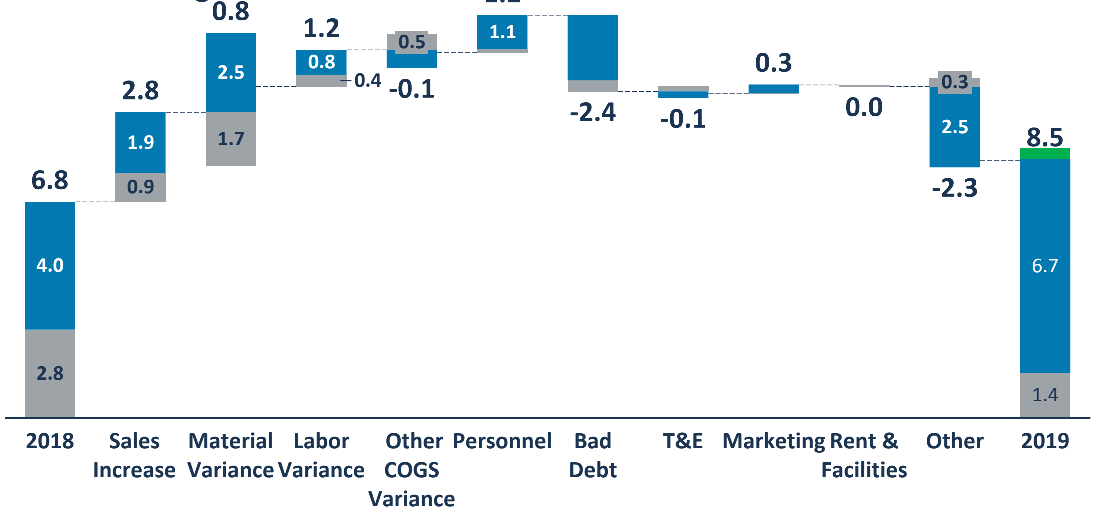
	FYE December					
	Domestic		International		Consolidated	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
2017	$ 94,323	$ (5,691)	$ 43,583	$ 2,426	$ 137,907	$ (3,264)
Increased Sales	(4,351)	(1,304)	4,240	1,130	(111)	(174)
Manufacturing Variance						0
Material Variance		(2,245)		(1,125)		(3,370)
Labor Variance		(725)		758		33
Other COGS Variance		(2,019)		(346)		(2,366)
OpEx Variance						0
Personnel		2,080		(241)		1,839
Bad Debt		(223)		62		(161)
T&E		310		(58)		252
IT Costs		(136)		0		(136)
Professional Fees		118		(41)		76
Marketing		(105)		(1)		(107)
Rent & Facilities		(14)		199		186
All Other*		13,970		20		13,990
2018	**$ 89,972**	**$ 4,016**	**$ 47,824**	**$ 2,782**	**$ 137,796**	**$ 6,797**
Increased Sales	7,811	1,908	3,650	919	11,461	2,827
Manufacturing Variance						0
Material Variance		2,499		(1,697)		802
Labor Variance		779		378		1,157
Other COGS Variance		(575)		488		(86)
OpEx Variance						0
Personnel		1,061		117		1,178
Bad Debt		(2,049)		(349)		(2,398)
T&E		(215)		159		(56)
IT Costs		(39)		(63)		(102)
Professional Fees		118		37		155
Marketing		272		(15)		257
Rent & Facilities		(49)		3		(47)
All Other*		(2,624)		282		(2,342)
2019 Reported	**$ 97,783**	**$ 5,102**	**$ 51,474**	**$ 3,041**	**$ 149,257**	**$ 8,143**
Net Adjustments		333		0		333
2019	**$ 97,783**	**$ 5,436**	**$ 51,474**	**$ 3,041**	**$ 149,257**	**$ 8,477**

2017 to 2018 bridge

Domestic Intl



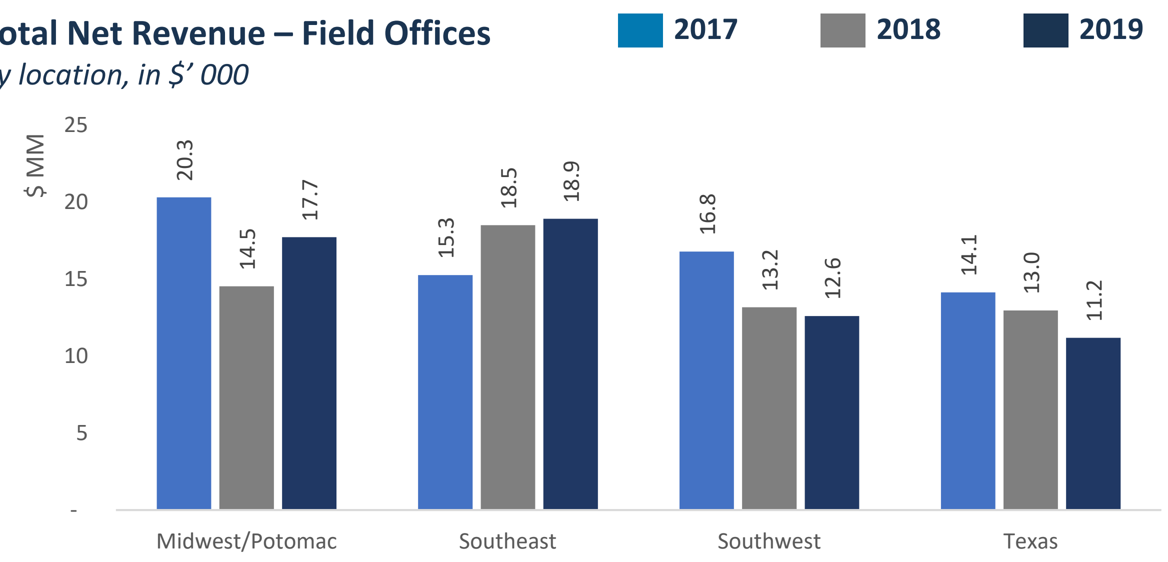
2018 to 2019 bridge



Hufcor Domestic Office Contribution Detail

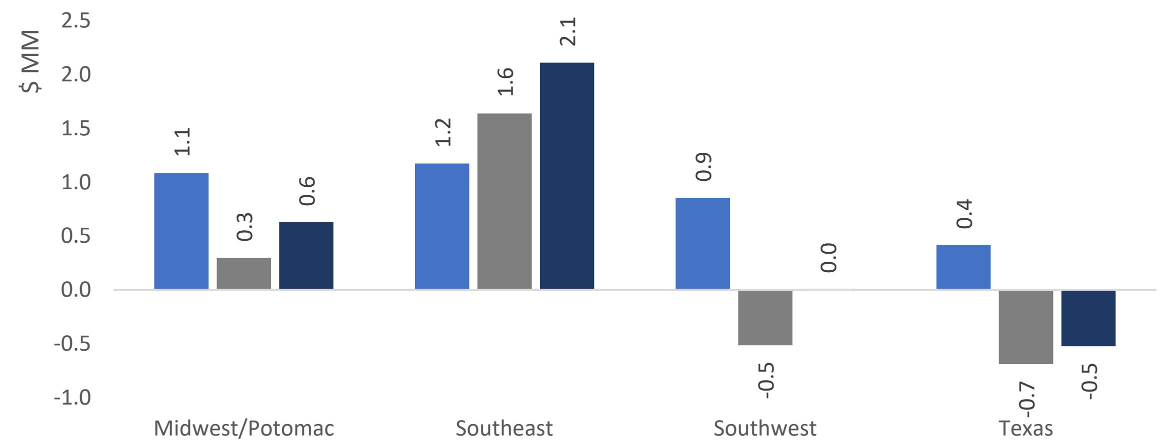
Total Net Revenue – Field Offices

By location, in $' 000



Total EBITDA – Field Offices

By location, in $'s 000



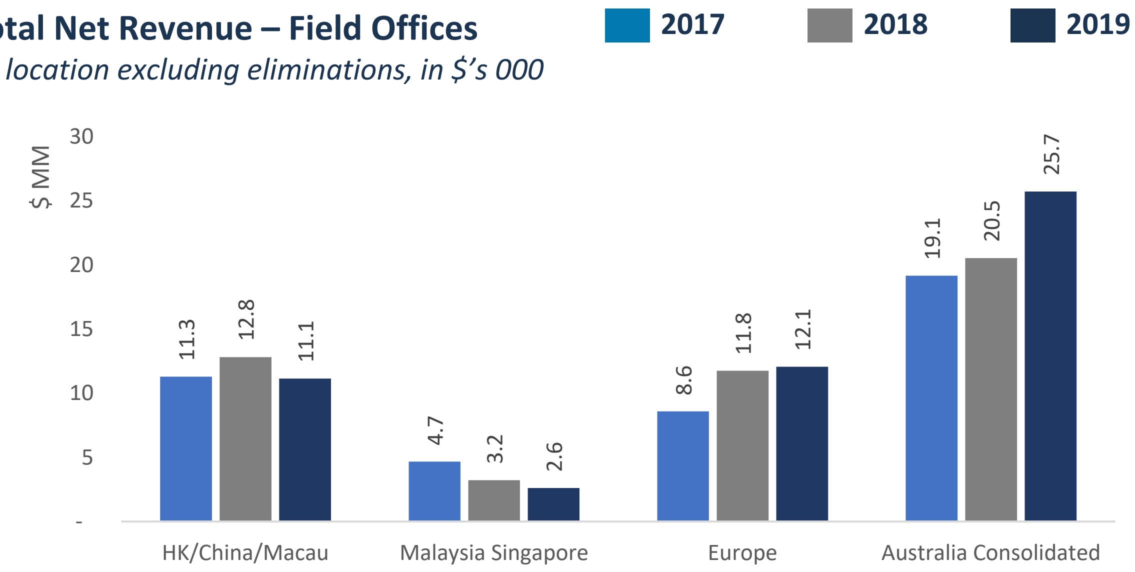
Management Discussion:

- December 2019 service center revenue of $5.3mm, up 8% from $4.9mm in November and down 23% from $6.5mm in October.
- $0.2mm of EBITDA in December, with no change vs $0.2mm in November.
- Chicago pulled in large service project ($242k revenue) which drove majority of $66k EBITDA.
- Southeast had a very strong December with $262k EBITDA making it an all time high for the region.
- Texas posted a lower than expected month at <$125k> EBITDA driven by sub $1mm revenue.
- St. Louis location now converted to Independent Distribution, expected sales goal for 2020 $800K
- Still in search for sales replacement in Chicago region to increase sales revenue. Started new search using Beckway Group Recruiting.
- A&D Sales are beginning to show impact where they have been in place for last 12 months resulting in an increase of Hufcor specifications.

Hufcor International Office Contribution Detail

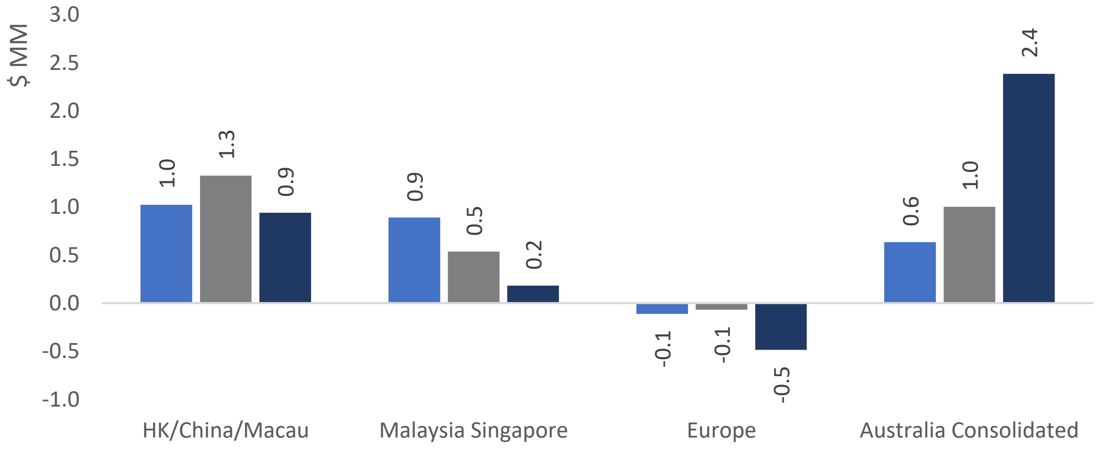
Total Net Revenue – Field Offices

By location excluding eliminations, in $'s 000



Total EBITDA – Field Offices

By location excluding eliminations, in $'s 000



Management Discussion:

- December 2019 international revenue increased 1.2% from November – from $3.7mm to $3.8 mm.
- EBITDA increased from $0.2mm in November to $0.3 mm in December, with largest favorable variance coming from Australia.
- HK-China revenue fav $209K, EBITDA $108K fav due to reversal of Bonus Accrual of $111K,
- Malaysia/Singapore: December shipments flat vs November unfavorable EBITDA, $10K due to higher material costs.
- Europe: Unfavorable revenue due to several projects pushed into February; EBITDA is $41K unfavorable due to bad debt reserves of $100K offset by $50K in FX gains.
- Continued strong performance in Australia / NZ as revenue is up $23K. Decline in EBITDA vs November of 433K is due to bonus accrual of $154K.

HUFCOR Covenant Levels 4Q 2019 in Compliance

Covenant Analysis- JPMC and LBC Credit Partners													
$'000	Jan-19 Actual	Feb-19 Actual	Mar-19 Actual	Apr-19 Actual	May-19 Actual	Jun-19 Actual	Jul-19 Actual	Aug-19 Actual	Sep-19 Actual	Oct-19 Actual	Nov-19 Actual	Dec-19 Actual	2019
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)													
Net Income (Loss)	**$ (360)**	**$ (647)**	**$ (749)**	**$ 37**	**$ (381)**	**$ 215**	**$ 634**	**$ 680**	**$ (3,773)**	**$ 351**	**$ (297)**	**$ (33)**	**$ (4,324)**
Bank EBITDA Calculation:													
Interest Expense	344	347	358	349	371	365	373	355	396	342	310	342	4,253
Income and Franchise Tax Expense	(7)	43	19	36	88	36	146	85	99	94	75	87	802
Depreciation and Amortization Expense	494	495	495	569	507	507	510	510	240	239	240	332	5,138
Losses (Gains) from Dispositions	-	-	-	-	-	-	-	10	1	-	64	10	85
Management Agreement fees and expenses	250	18	-	250	-	-	-	250	-	250	-	-	1,018
Losses (Gains) from Discontinued Operations	-	-	-	-	-	-	-	-	-	17	17	117	151
Non-cash FX, transaction, translation losses (gains)	(6)	16	48	2	58	(44)	61	6	60	(65)	91	52	279
Severance costs, subject to ABL	-	-	-	-	-	423	-	-	732	-	(139)	-	1,016
Other non-cash charges or non-cash gains	-	-	-	-	-	-	-	-	-	-	-	120	120
Other non-recurring fees and expenses - Consultants	-	-	2	21	45	65	19	289	418	424	526	438	2,248
Other non-recurring fees and expenses - All Other	-	-	-	-	-	-	-	-	7	47	-	189	242
Non-recurring inventory write-offs < $320k in total	-	-	-	-	-	-	-	-	498	-	-	(178)	320
Non-recurring A/R write-offs < $1.3mm in total	-	-	753	-	-	(233)	-	-	1,737	(31)	(98)	(879)	1,250
Non-recurring warranty claim payments: Mystic Lake < 4(	-	-	-	-	-	-	-	-	75	-	-	-	75
Non-recurring warranty claim payments: Non- Mystic Lal	-	-	268	-	108	(92)	(421)	(37)	686	(2)	(59)	(147)	305
Less Extraordinary gains and non-cash income	(496)	-	-	-	-	-	-	-	-	-	-	(628)	(1,124)
Bank EBITDA	**$ 219**	**$ 272**	**$ 1,194**	**$ 1,264**	**$ 797**	**$ 1,242**	**$ 1,322**	**$ 2,150**	**$ 1,177**	**$ 1,667**	**$ 730**	**$ (178)**	**$ 11,854**
Less:													
Unfinanced CAPEX	238	256	175	250	117	125	289	91	134	132	46	80	1,933
Cash income and franchise taxes	(7)	43	19	36	88	36	146	85	99	94	75	87	802
Cash Monitoring fees (including expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Numerator	**$ (12)**	**$ (28)**	**$ 999**	**$ 978**	**$ 591**	**$ 1,081**	**$ 887**	**$ 1,974**	**$ 943**	**$ 1,441**	**$ 609**	**$ (345)**	**$ 9,118**
Fixed Charges:													
Cash Interest	300	301	311	349	371	365	373	301	343	289	256	288	3,846
Regularly scheduled principal payments	209	-	-	209	-	-	209	-	-	209	-	84	919
Capital Lease payments	3	3	3	-	-	-	-	-	-	-	-	-	9
Total Fixed Charges	**$ 512**	**$ 304**	**$ 314**	**$ 558**	**$ 371**	**$ 365**	**$ 582**	**$ 301**	**$ 343**	**$ 497**	**$ 256**	**$ 371**	**$ 4,775**
TTM Numerator	4,438	5,110	5,873	7,333	8,320	6,707	7,508	8,386	8,295	9,154	9,450	9,118	9,118
TTM Fixed Charges	4,410	4,464	4,480	4,565	4,660	4,762	4,859	4,870	4,940	4,788	4,733	4,775	4,775
Fixed Charge Covenant Ratio	**1.01**	**1.14**	**1.31**	**1.61**	**1.79**	**1.41**	**1.55**	**1.72**	**1.68**	**1.91**	**2.00**	**1.91**	**1.91**
Required			**1.00 x**			**1.00 x**			**1.00 x**			**1.15 x**	
Leverage Ratio (LBC Credit Partners- Quarterly)													
Total Debt for Leverage Calculation	**$ 42,975**	**$ 43,739**	**$ 41,814**	**$ 41,771**	**$ 41,456**	**$ 42,744**	**$ 42,745**	**$ 41,174**	**$ 40,689**	**$ 40,241**	**$ 40,794**	**$ 37,361**	**$ 37,361**
TTM Bank EBITDA	**$ 7,050**	**$ 7,899**	**$ 8,789**	**$ 10,278**	**$ 11,245**	**$ 9,674**	**$ 10,561**	**$ 11,483**	**$ 11,612**	**$ 12,061**	**$ 12,129**	**$ 11,854**	**$ 11,854**
Leverage Ratio	**6.10**	**5.54**	**4.76**	**4.06**	**3.69**	**4.42**	**4.05**	**3.59**	**3.50**	**3.34**	**3.36**	**3.15**	**3.15**
Required			*NR			*NR			*NR			**4.75 x**	

Management Discussion:

Covenant Compliance FYE 2019

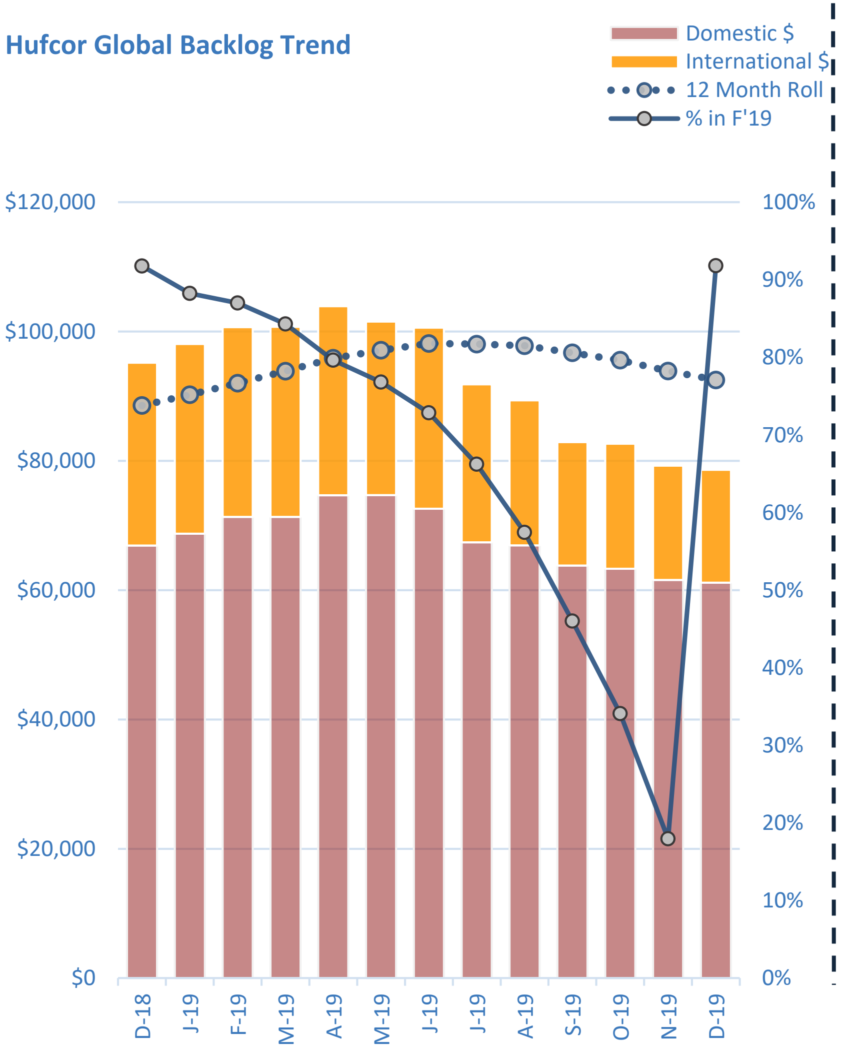
- Along with meeting production goals, other areas yielded better results than expected.
  - Successfully managed AP at year end to maximize cash on hand & pay down revolver.
  - Inventory write offs in particular came in less than originally anticipated.
  - Other addbacks in historical periods were identified and entered.
- Will submit compliance certificates at month end with notation that numbers may improve once 2019 audit adjustments are completed.

HUFCOR Backlog

Overall, the 12/31/19 backlog decreased by $1.5M from December 15, 2019 ($585K Domestic, $1.0M International).

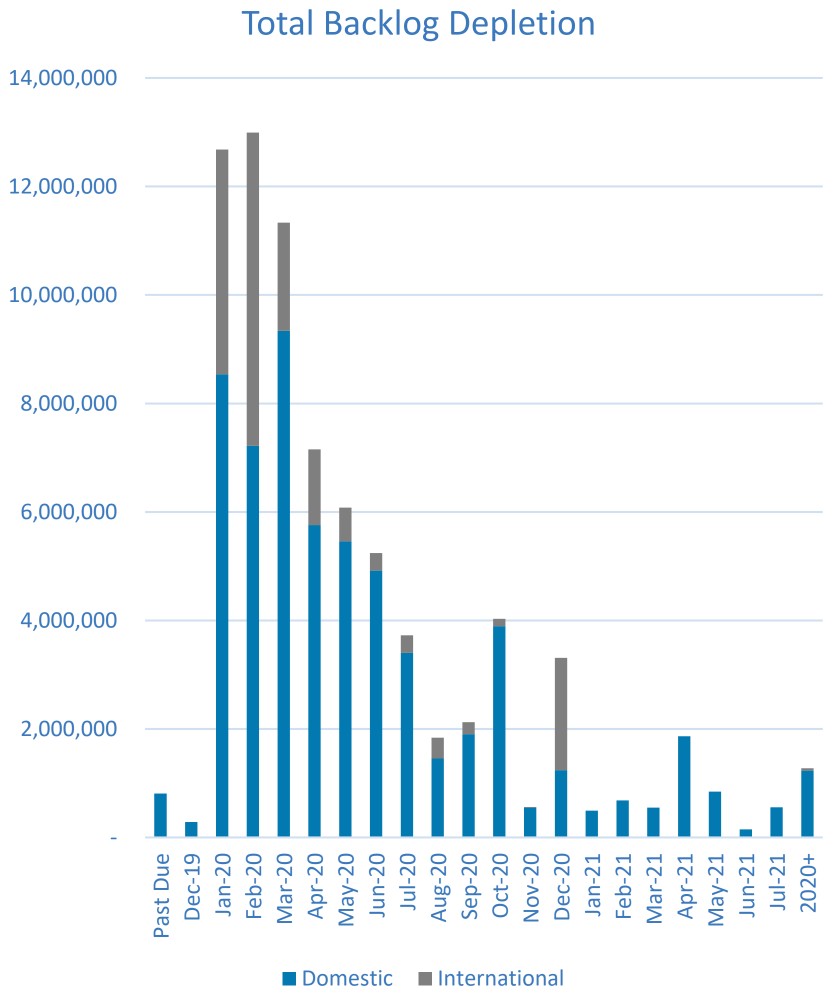
Historical backlog

Thousands USD; 12/31



Backlog roll-off

Millions USD; 12/31



Management Discussion:

- There were four projects that drove this decrease:
  - W.T. Sampson School, Southeast - $523K
  - Deloitte Melbourne Office Fitout-Level 30, 31 & 32-477 Collins St, Australia - $273K
  - Brookfield Conference, Janesville - $263K
  - Hyatt Regency Stonebriar, Texas - $258K
- Lead time improvements continue to improve, however, previous months of extended lead times has resulted in a decline of new securements.
- Large major project opportunities have decreased

HUFCOR

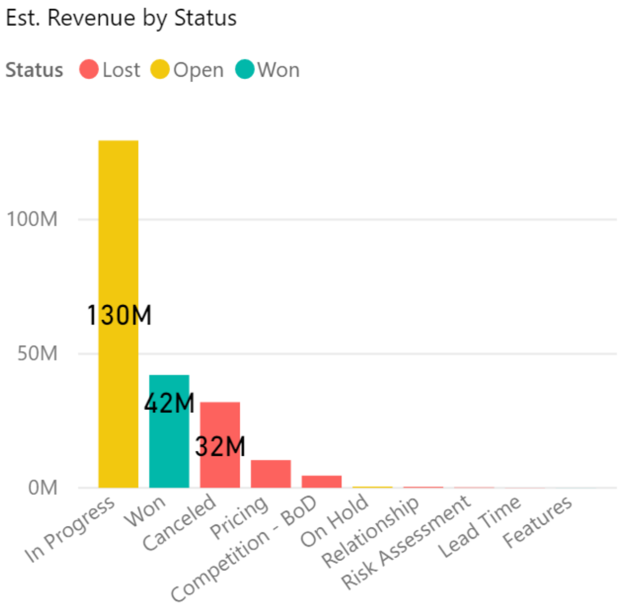
- (Blank)
- Corporate
- Distributors - Domestic
- Distributors - International
- Midwest
- Potomac
- Southeast
- Southwest
- Texas

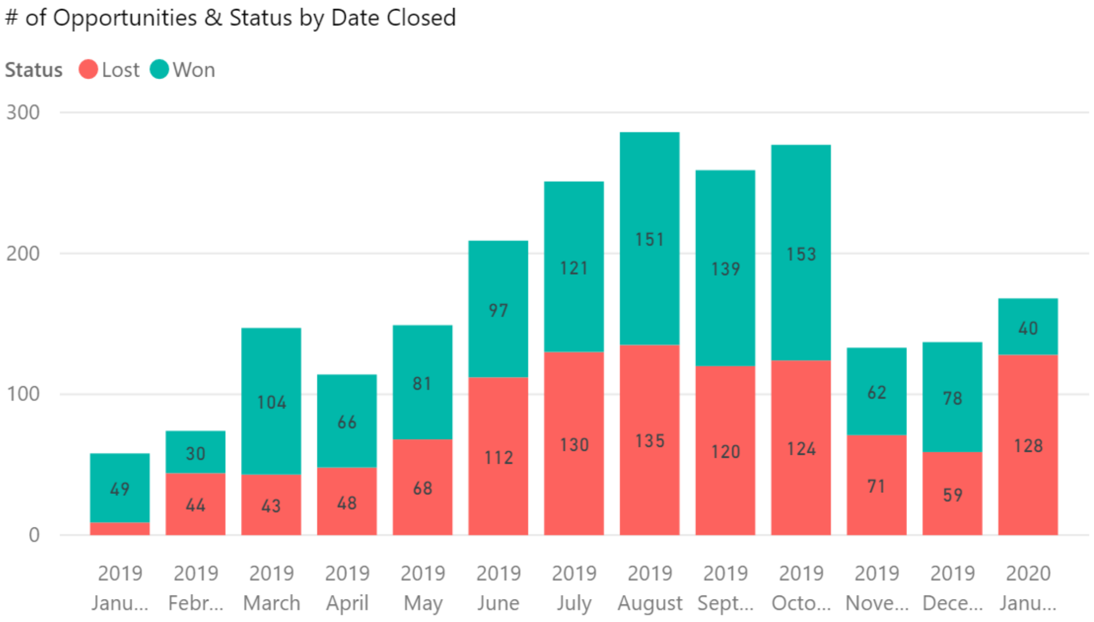
Pipeline
- (Blank)
- Sales
- Service

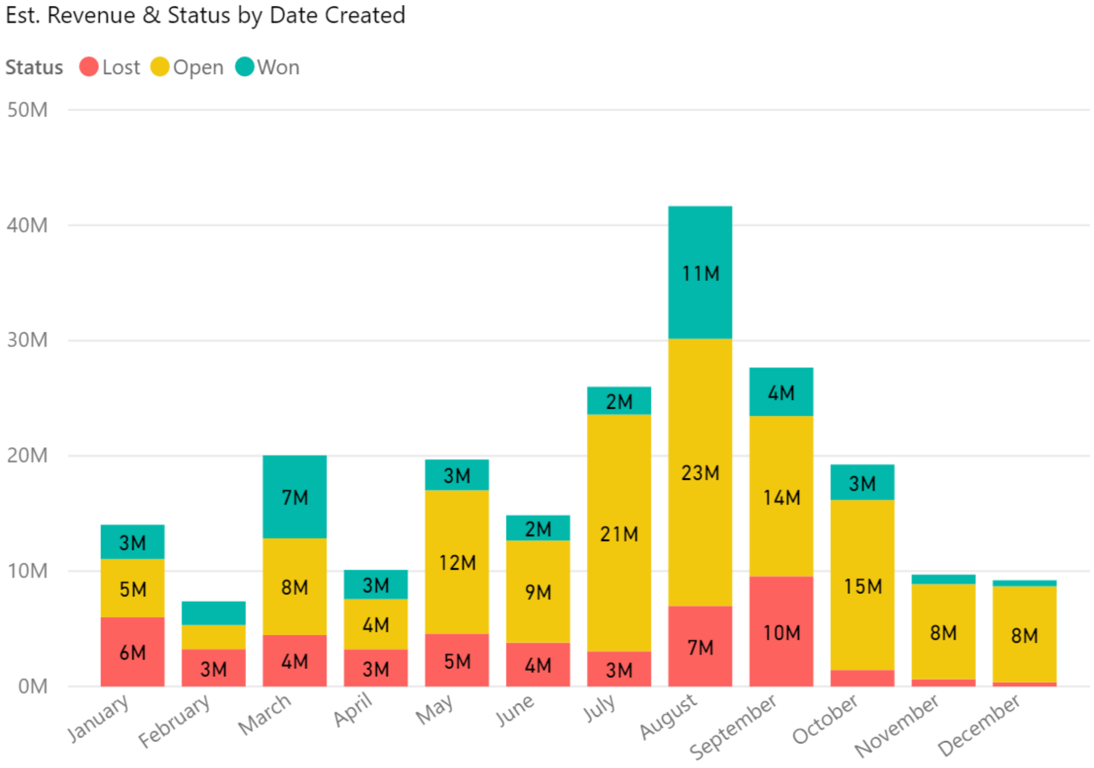
Status
- Lost
- Open
- Won

Created On

1/1/2019 12/31/2019







Hufcor Sub Office Pipeline as of 12/31/19:

- $130M Open (Qualified leads in Developing, Negotiating, or Proposal stage)
- $42M in Securements Won
- $47M Lost due to cancellation of project, pricing, competition, etc.

Note: this only represents Domestic Hufcor Sub-offices, not included are Domestic Independent Distributor pipeline. Distributor pipeline will start populating once Partition Studio 5 is launched.

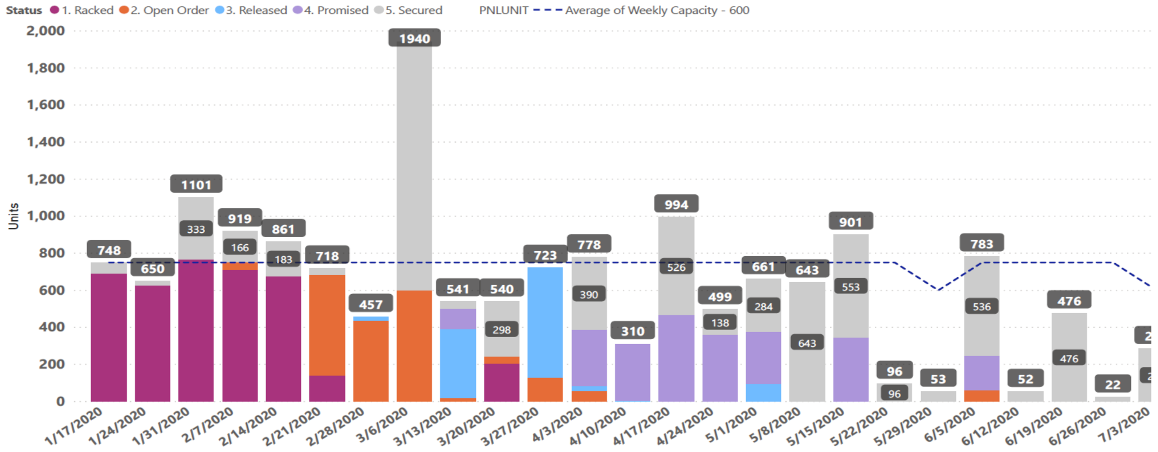
HUFCOR Securements

Extended backlog and booked capacity heading into 2020

Line 600 Capacity and Schedule

Based on Final Assembly dates for racked jobs, and target ship week for all other jobs. Includes any jobs specifically assigned to line 600, plus all other skinned jobs not assigned a specific line

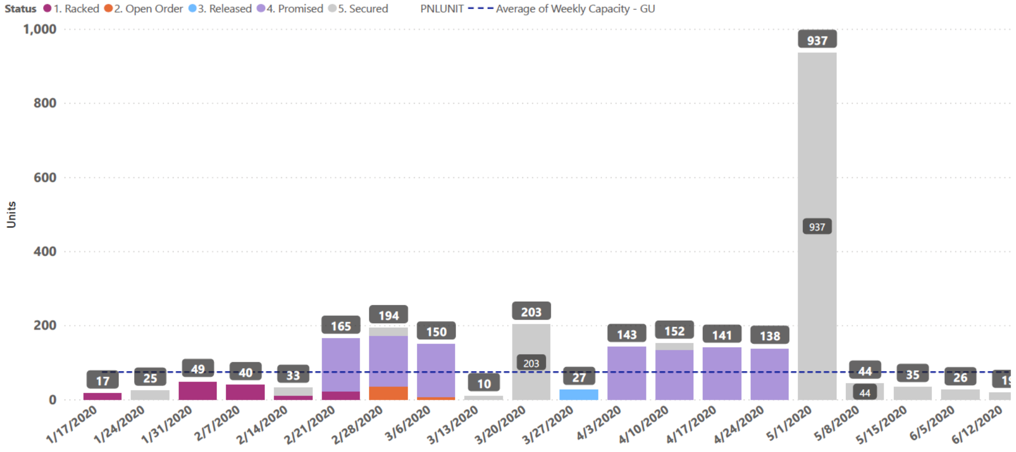
Status: Multiple selections | Weeks: Next 25 Weeks | 1/17/2020 - 7/9/2020



GU Capacity and Schedule

Based on Final Assembly dates for racked jobs, and target ship week for all other jobs. Includes all jobs for GU products

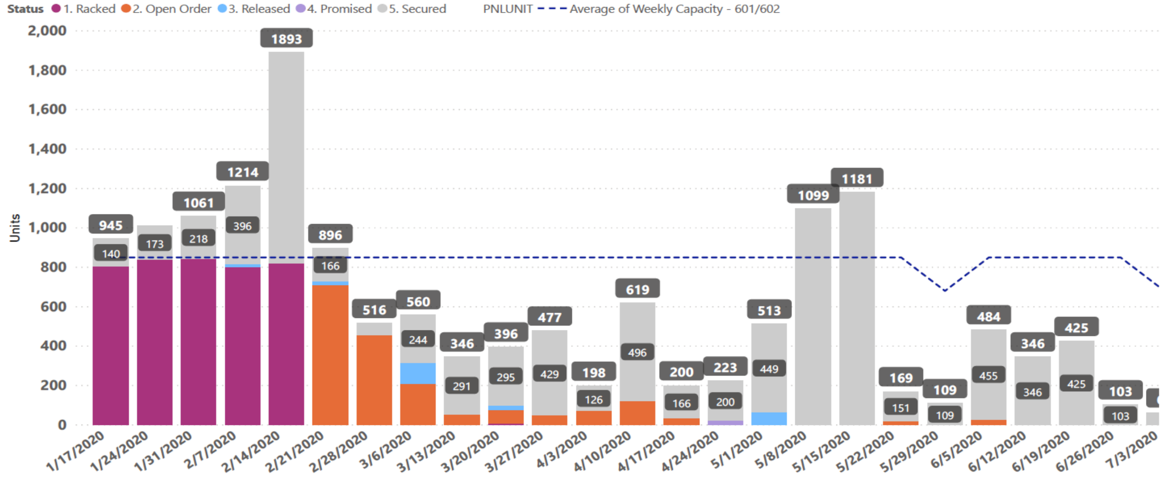
Status: Multiple selections | Weeks: Next 25 Weeks | 1/17/2020 - 7/9/2020



Line 601+602 Capacity and Schedule

Based on Final Assembly dates for racked jobs, and target ship week for all other jobs. Includes any jobs specifically assigned to line 601 and 602, plus all other loose jobs not assigned a specific line

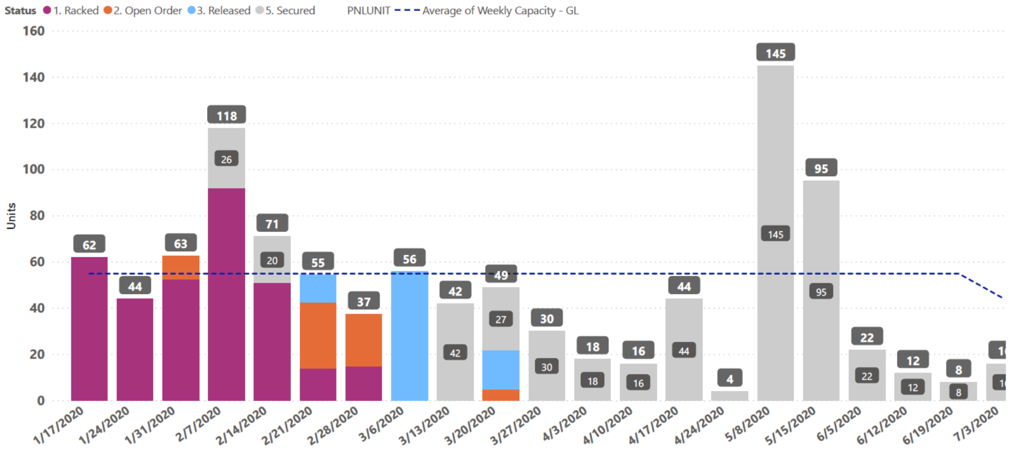
Status: Multiple selections | Weeks: Next 25 Weeks | 1/17/2020 - 7/9/2020



GL Capacity and Schedule

Based on Final Assembly dates for racked jobs, and target ship week for all other jobs. Includes all jobs for GW products

Status: Multiple selections | Weeks: Next 25 Weeks | 1/17/2020 - 7/9/2020



Forecasted 13-Week Cashflow

Focus on cashflow prior to year end – will revisit Jan/Feb cashflow as part of the AOP process.

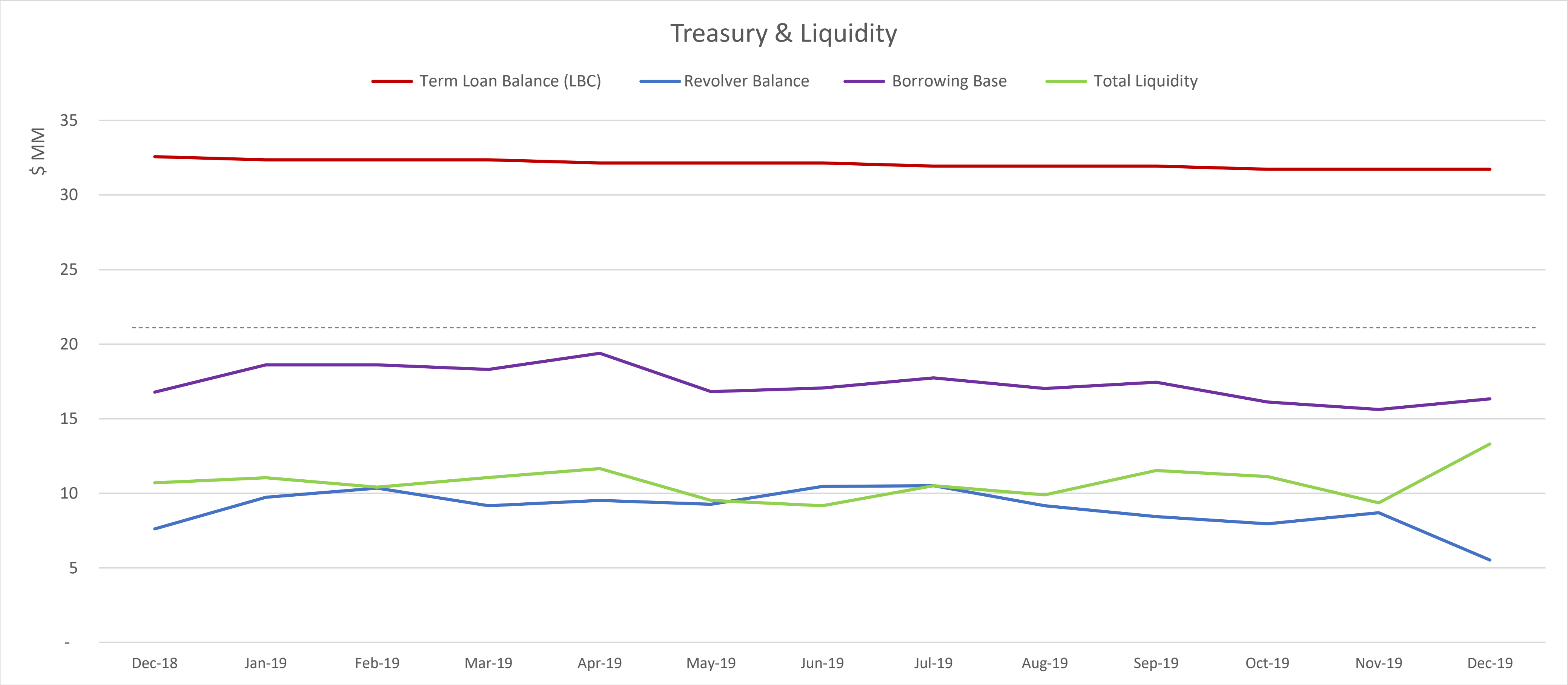
Hufcor Inc. Global Consolidated 13 Week Cash Flow Forecast

$ 000's

Week Ending:	**24-Jan**	**31-Jan**	**7-Feb**	**14-Feb**	**21-Feb**	**28-Feb**	**6-Mar**	**13-Mar**	**20-Mar**	**27-Mar**	**3-Apr**	**10-Apr**	**17-Apr**	**Total**
Total Inflows	**2,229**	**2,374**	**3,395**	**2,609**	**2,541**	**2,905**	**2,652**	**2,423**	**2,551**	**3,049**	**2,781**	**2,539**	**2,639**	**34,688**
Total Operating Disbursements	**(2,075)**	**(3,018)**	**(2,412)**	**(2,757)**	**(2,042)**	**(3,217)**	**(2,519)**	**(2,804)**	**(2,326)**	**(3,021)**	**(2,626)**	**(2,810)**	**(2,404)**	**(34,032)**
Net Operating Cash Flow	**154**	**(643)**	**983**	**(148)**	**499**	**(312)**	**133**	**(381)**	**225**	**28**	**155**	**(272)**	**234**	**655**
Interest Expense/Principal	-	-	38	-	-	-	38	-	-	-	1,105	-	-	1,180
Taxes	128	-	20	32	98	80	20	98	142	-	18	86	82	804
CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Op	6	6	8	6	6	3	6	6	3	3	6	6	6	68
Total Non-Operating Disbursements	**133**	**6**	**66**	**37**	**104**	**83**	**63**	**103**	**145**	**3**	**1,129**	**92**	**88**	**2,052**
Total Net Cash Flow	**20**	**(649)**	**918**	**(185)**	**395**	**(395)**	**70**	**(485)**	**80**	**25**	**(973)**	**(364)**	**147**	**(1,397)**
Beginning Bank Cash	1,987	1,825	1,690	1,671	1,554	1,678	1,791	1,652	1,570	1,419	1,604	1,473	1,371	1,987
Net Global Cash Flow	20	(649)	918	(185)	395	(395)	70	(485)	80	25	(973)	(364)	147	(1,397)
Transfers In / (Out)	-	-	-	-	-	-	-	-	-	(100)	-	-	-	(100)
Draw / Sweep	(183)	514	(937)	68	(271)	508	(209)	403	(232)	260	842	262	(222)	806
Ending Bank Cash	**1,825**	**1,690**	**1,671**	**1,554**	**1,678**	**1,791**	**1,652**	**1,570**	**1,419**	**1,604**	**1,473**	**1,371**	**1,297**	**1,297**
Term Loan Balance	**31,438**	**31,438**	**31,438**	**31,438**	**31,438**	**31,438**	**31,438**	**31,438**	**31,438**	**31,438**	**31,146**	**31,146**	**31,146**	**31,146**
Beginning Revolver Balance	8,949	8,771	9,286	8,361	8,429	8,158	8,666	8,481	8,884	8,652	8,912	9,778	10,041	8,949
Domestic PIK Interest	5	-	12	-	-	-	23	-	-	-	24	-	-	64
Draw / Sweep	(183)	514	(937)	68	(271)	508	(209)	403	(232)	260	842	262	(222)	806
Ending Revolver Balance	**8,771**	**9,286**	**8,361**	**8,429**	**8,158**	**8,666**	**8,481**	**8,884**	**8,652**	**8,912**	**9,778**	**10,041**	**9,819**	**9,819**
Borrowing Base	**20,086**	**20,458**	**19,707**	**19,504**	**19,804**	**20,598**	**20,540**	**20,913**	**21,433**	**21,476**	**21,933**	**21,887**	**22,108**	**22,108**
Total Debt	**40,209**	**40,724**	**39,799**	**39,867**	**39,596**	**40,104**	**39,918**	**40,322**	**40,090**	**40,350**	**40,924**	**41,186**	**40,964**	**40,964**

Treasury & Liquidity

Total liquidity (availability + cash) recovered in December with more aggressive AP management at year end. Still planning to discuss borrowing base calculations with JPM to determine if additional availability may be identified.

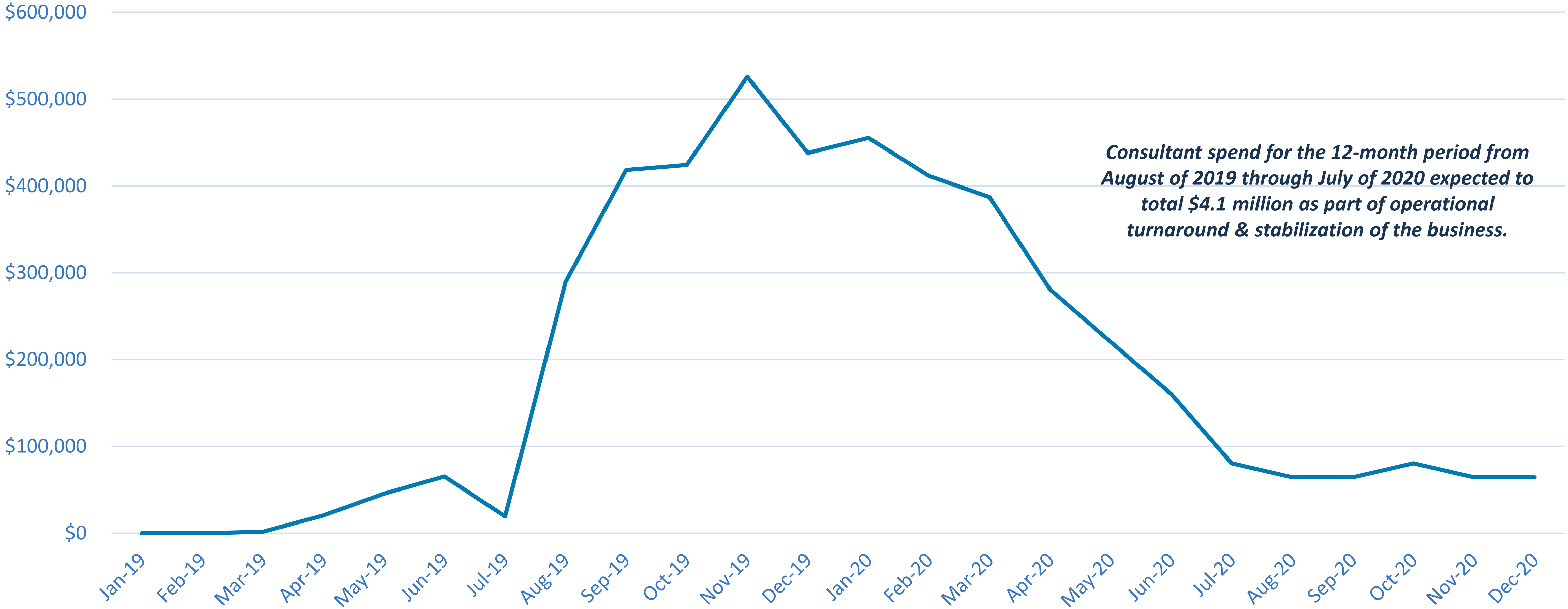


Consultant Spend

Total consulting spend peaked in Q4 of 2019, and while the spend was originally expected to ramp down quickly at the close of 2020, the current forecast now assumes consultant spending remains elevated until the end of Q1 2020 before ramping down after the completion of critical ME projects in Janesville.

Monthly Spend on Consultants

All Consultants Utilized for Transformation



While cost is significant, Hufcor would not have been able to continue to operate at legacy staffing levels due to quality, safety, production efficiency, financial visibility etc.

Key Staffing and Labor Matters

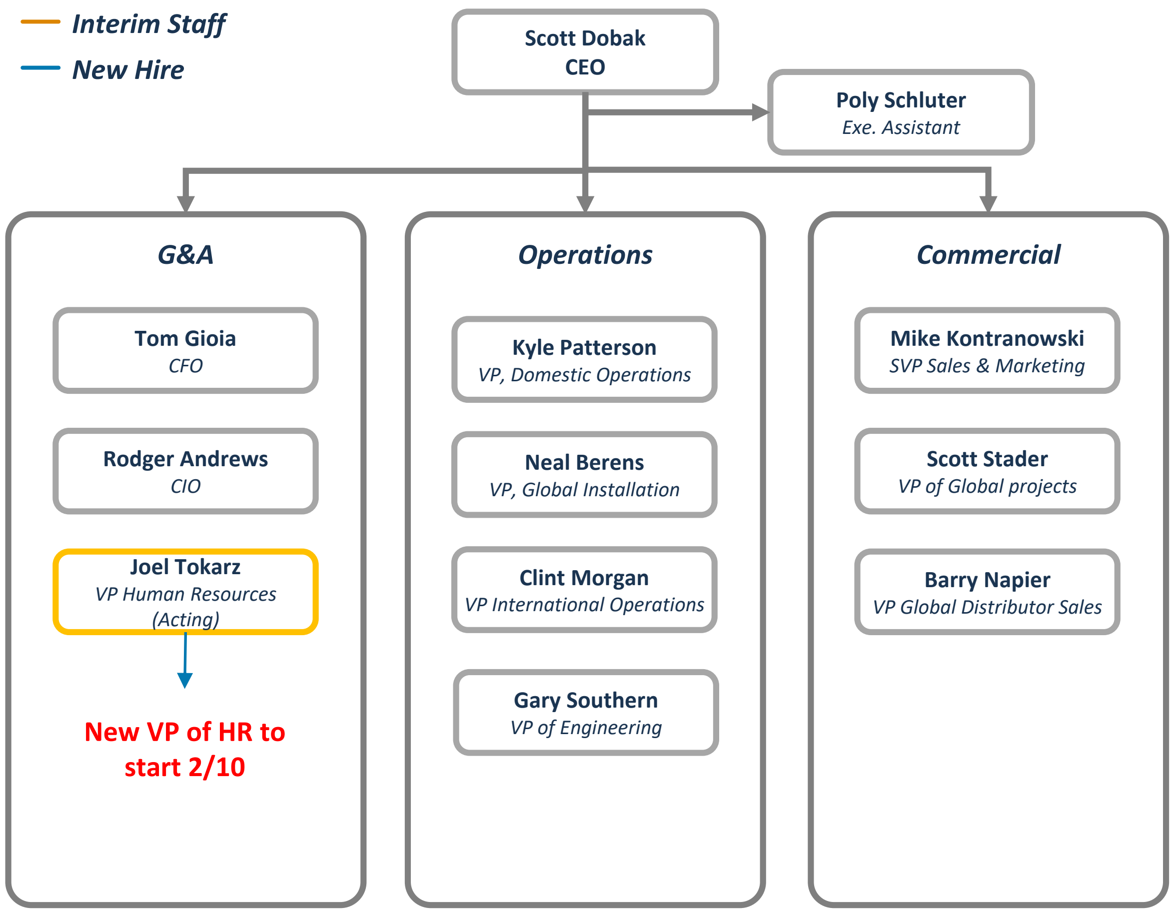
Hiring

- **10 Critical Positions Filled**: GM Hufcor GmbH, VP Operations, Quality Director, HSE Director, Corp. Controller, Production Supervisors (3) Technical Support, Innovation Engineer, Arch. Appl. Design Engineer
- **6 Critical Positions Open**: VP HR, Dir. Supply Chain, Director FP&A, Product Design Engineer, Manufacturing Manager, Quality Engineer, Sales Representative
- Operations (Production Staff): Job Fair Resulted in 145 Applicants enabling 11 Hires to Fill a New Production Line and an Expanded 2nd Shift
- C. Nichols (Consultant) Moved from Safety to Interim Manufacturing Manager

Legal & Labor

- Two (2) Wrongful Termination Claims:
  - Case #1: FMLA dismissed, Age / Discrimination open pending decision from WI Equal Rights Division
  - Case #2: FMLA outcoming pending decision by WE Equal Rights Division, Disability dismissed, Arbitration seeking settlement prior to arbitration
- One (1) NLRB Unfair Labor Practice Claim: Unilateral Benefit Changes. Pending Required Arbitration
- One (1) Labor Matter: Outsourced Parts. Pending Arbitration

Hufcor Executive team and CEO direct reports



Hufcor Team Hiring

Overall Summary	
Status	**#**
Total Positions	26
Filled	11
Open	9
Hold	6

High Priority Staff Requirements	
Status	**Positions**
Filled	Corp Controller, VP Ops, Quality Dir., HSE&F Dir., Production Sups (3), Tech. Support, Innovation Eng., Arch. Appl. Design Eng.
Offer Extended	VP HR (Formal Acceptance Pending Co. Screens)
Open	Dir FP&A,Dir Supply Chain, Mfg. Mgr., Product Design Eng., Sales Rep.

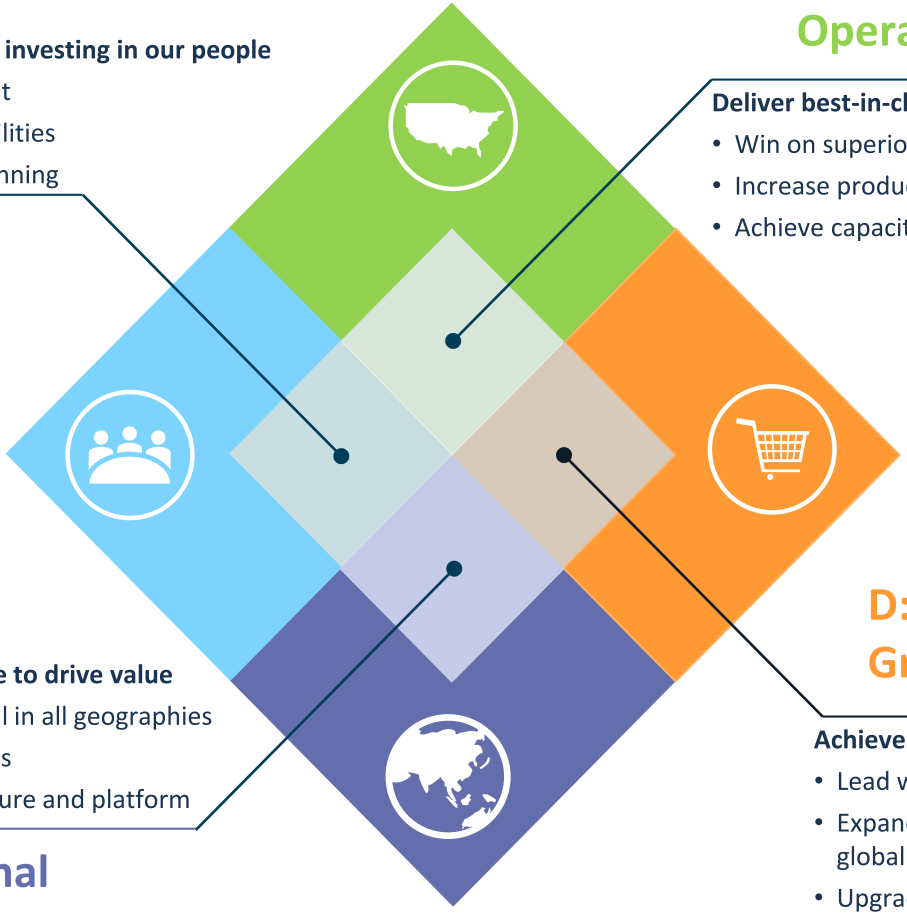
#	POSITION	DATE OPENED	DAYS OPEN	SOURCE	STATUS	NOTES
1	Corporate Controller	9/23/2019	112	Beckway	Filled	J. Franz 1/13/2021
2	VP Operations	10/9/2019	84	Internal	Filled	K. Patterson 1/1/2020
3	Quality Director	9/25/2019	77	Beckway	Filled	N. Ackley 12/11/2019
4	HSE&F Director	9/25/2019	54	Beckway	Filled	J. Bahr 11/18/2019
5	VP Human Resources	10/15/2019	99	Beckway	Open	Offer extended
6	Cost Accountant	9/26/2019	5	Not Appl.	Hold	
7	Production Supervisor (1)	9/24/2019	21	Job Posting	Filled	T. Trumpy 10/1/2019
8	Production Supervisor (1)	9/24/2019	52	Job Posting	Filled	J. Lange 11/15/2019
9	Production Supervisor (1)	11/10/2019	78	QPS	Filled	J. Wulff 1/27/2020
10	Production Supervisor (1)	11/11/2019	72	Job Posting, QPS	Open	Sourcing candidates
11	Executive Assistant	9/23/2019	22	Internal	Filled	P. Schluter 10/15/2019
12	Product Design Engineer	10/2/2019	112	Job Posting	Open	Sourcing candidates
13	System Administrator	11/18/2019	1	Not Appl.	Hold	
14	Technical Support Specialist	11/18/2019	77	Job Posting	Filled	A. Aramoon 2/3/2020
15	Innovation Engineer	10/2/2019	63	Job Posting	Filled	K.Kroczynski 12/4/2019
16	Shipping Manager	12/3/2019	38	Not Appl.	Hold	
17	Manufacturing Manager	1/22/2020	0	Job Posting	Open	Sourcing candidates
18	Manufacturing Engineer	1/22/2020	0	Not Appl.	Hold	
19	Director Supply Chain	1/8/2020	14	Beckway	Open	Sourcing candidates
20	Director FP&A	1/15/2020	7	Beckway	Open	Sourcing candidates
21	Purchasing Manager	1/15/2020	7	Not Appl.	Hold	
22	Quality Engineer	1/22/2020	0	Job Posting	Open	Sourcing candidates
23	Inventory Specialist	1/22/2020	0	Job Posting	Open	Sourcing candidates
24	Sales Representative (Chicago)	1/14/2020	8	Beckway	Open	Sourcing candidates
25	Architectural Application Design Engineer	1/2/2020	25	Referral	Filled	C. Grace 1/27/2020
26	Service and Warranty Manager	1/2/2020	20	Not Appl.	Hold	

Section 2

Strategy Roadmap

3-Year Strategic Vision

Four strategic pillars will shape Hufcor's success in the next 3 years



A: Team Success

Upgrade the organization by investing in our people

- Attract and retain top talent
- Enhance HR support capabilities
- Systematize succession planning

B: Domestic Operations

Deliver best-in-class product and service

- Win on superior quality
- Increase production efficiency
- Achieve capacity flexibility

C: International Operations

Leverage our global presence to drive value

- Unlock full market potential in all geographies
- Utilize China to reduce costs
- Create common infrastructure and platform

D: Commercial Growth

Achieve profitable revenue growth

- Lead with product innovation
- Expand in existing and new markets globally
- Upgrade tools to manage profitability

By 2023, we aim to…

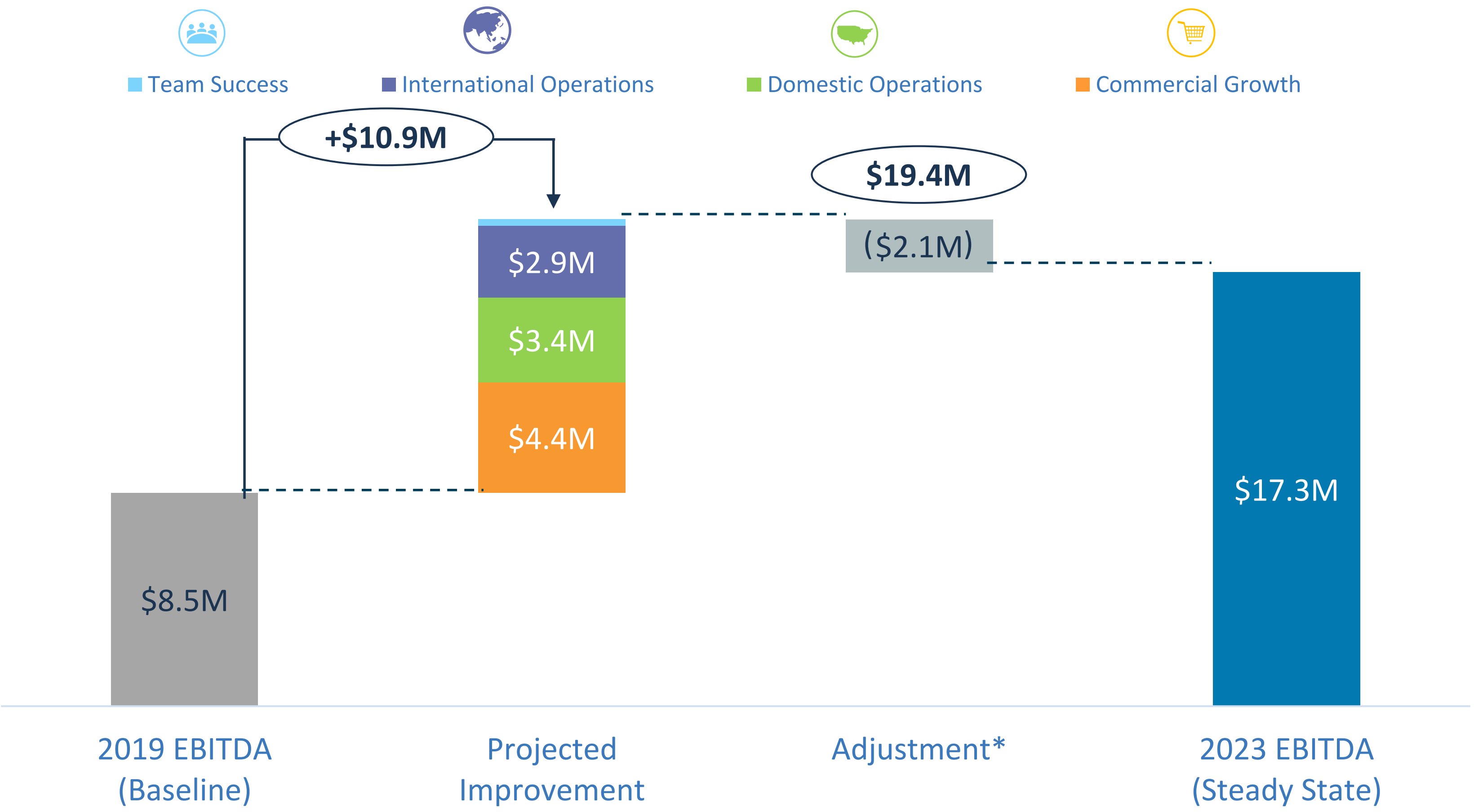
1. Be the market leader by sales in the US and most of our international markets*
2. Achieve annual revenue of $250+ mm and EBITDA of $20+ mm through organic & acquisition initiatives
3. Boast a tenured, high-performing leadership team across all functions and geographies
4. Attain high levels of customer satisfaction and net promoter score

*Management estimates the current worldwide market is [$x – y] mm.

EBITDA Impact of Strategy

Total annual EBITDA improvement is expected to be $10.9M, with commercial growth, domestic and international operations making up the bulk of the value

Projected Organic EBITDA Improvement



- All four strategic pillars are necessary to deliver the targeted EBITDA improvement
- Commercial growth is essential to deliver value to all Hufcor stakeholders
- Domestic and international operations buttress the growth that Hufcor needs
- Team success is the foundation that enables everything

*Adjustment reflects the discount allocated to initiatives which cannibalize / replace existing business – as well as a measure of conservatism.

HUFCOR

Major Initiatives: Team Success

Pillar	Initiative	Owner	Timing	EBITDA Impact[1]
Team Success	Standard Operating Procedures in Accounting & Finance Group	Tom Gioia / Jared Franz	Q1 2020	Enabler
	Build Virtual Shared Service Center for Accounting & Finance	Tom Gioia / Jared Franz	Q1 2020	$150k
	Reinvestment in Malaysia	Clint Morgan	Q1 2020	Enabler
	Re-establish Project Design Team and Innovation team returning members to their respective teams	Gary Southern	Q1 2020	Enabler
	Upgrade Human Resources Staff	Scott Dobak	Q1 2020	$25k
	Organization Development	VP of HR	Q1 2020	$25k
	Human Capital Total Pay	VP of HR	Q1 2020	$25k
	Human Capital Life Cycle Policies	VP of HR	Q1 2020	$25k

1. Steady state, annualized

HUFCOR

Major Initiatives: Domestic Operations

Pillar	Initiative	Owner	Timing	EBITDA Impact[1]
Domestic Operations	Improve Quality in Domestic Operations	Kyle Patterson	Q4 2019	$900-950k
	Domestic Operations Flexible Capacity	Kyle Patterson	Q4 2019	Enabler
	Data Warehouse & Reporting	Roger Andrews	Q4 2019	Enabler
	JVL Server Infrastructure	Roger Andrews	Q4 2019	Enabler
	Domestic Net Working Capital & Cash Conversion	Tom Gioia / Jared Franz	Q1 2020	$0
	Domestic Operations Production Efficiency Gains	Kyle Patterson	Q1 2020	$1.6-1.7MM
	Implement Cost Accounting Solution in Janesville	Tom Gioia / Jared Franz	Q1 2020	$700-800k

1. Steady state, annualized

Major Initiatives: International Operations

Pillar	Initiative	Owner	Timing	EBITDA Impact[1]
International Operations	AUS/NZ Increase Operable Wall production Output	Clint Morgan	Q1 2020	$500-600k
	Europe Product Strategy – Cost reduction	Clint Morgan	Q1 2020	$210-270k
	Europe team rebuild	Clint Morgan	Q1 2020	Enabler
	China/HK/Macau Common Parts Sourcing	Clint Morgan	Q1 2020	$300-750k
	AUS/NZ Increase Kyissa Production	Clint Morgan	Q2 2020	$100-150k
	China/HK/Macau Channel Strategy	Clint Morgan	Q1 2020	$500-$710k
	China/HK/Macau 600 series USA and China the same	Clint Morgan	Q1 2020	$150-300k
	Malaysia Product Strategy	Clint Morgan	Q1 2020	$250-300k
	Malaysia Channel Strategy	Clint Morgan	TBD	$250- 350k

1. Steady state, annualized

Major Initiatives: Commercial Growth 1/2

Pillar	Initiative	Owner	Timing	EBITDA Impact[1]
Commercial Growth	Launch Partition Studio 5	Roger Andrews	2020	Enabler
	US Domestic PSA	Roger Andrews	Q1 2019	Enabler
	Major Project Backlog Growth - 2020	Scott Staedter	Q1 2020	$250k
	Increase Sales to Licensees	Scott Staedter	Q1 2020	$400k
	Accordion Program	Mike Kontranowski	Q1 2020	TBD
	Exit 630 Series Product and migrate all to 640 Series	Mike Kontranowski	Q1 2020	TBD
	Marketing Initiatives	Mike Kontranowski	Q1 2020	TBD
	Sales Improvements in Low Profit Regions	Mike Kontranowski	Q1 2020	$1.9MM
	Update Core 600 Product	Gary Southern	Q1 2020	TBD

1. Steady state, annualized

Major Initiatives: Commercial Growth 2/2

Pillar	Initiative	Owner	Timing	EBITDA Impact[1]
Commercial Growth	Restructure German Sales & Pricing Model	Scott Staedter	Q2 2020	$325k
	Restructure Field Sales Incentive & Commission Plans / Processes	Mike Kontranowski	Q3 2020	$290k
	Global ERP	Roger Andrews	Q3 2020	Enabler
	Reinstate Vertical Folding Wall Product Development	Scott Staedter	Q3 2020	$1.25MM
	Identify and test Rivet-less Construction for 600 Series	Gary Southern	Q3 2020	Enabler

1. Steady state, annualized

Focus for 2020-2021

2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021

Revamp product portfolio

- Update 600, and unify China/US 600, exit 630, accordion strategy
- Re-establish Project Design Team and Innovation Team
- Restart vertical folding wall product development

Stabilize international operations

- Rebuild European team and sales model
- Reinvest in Malaysia

Rectify domestic operations

- Build capacity to maintain <8 week lead time
- +25% increase in productivity via kaizen and 5S
- Reduce rework and warranty with quality improvement

Capture commercial growth

- Increase licensee sales globally
- Refocus on major projects
- Sales improvements in low profits regions
- Marketing initiatives
- China/HK, Malaysia channel strategies

Implementation starts in Q1 but impact will not be apparent until Q3 2020

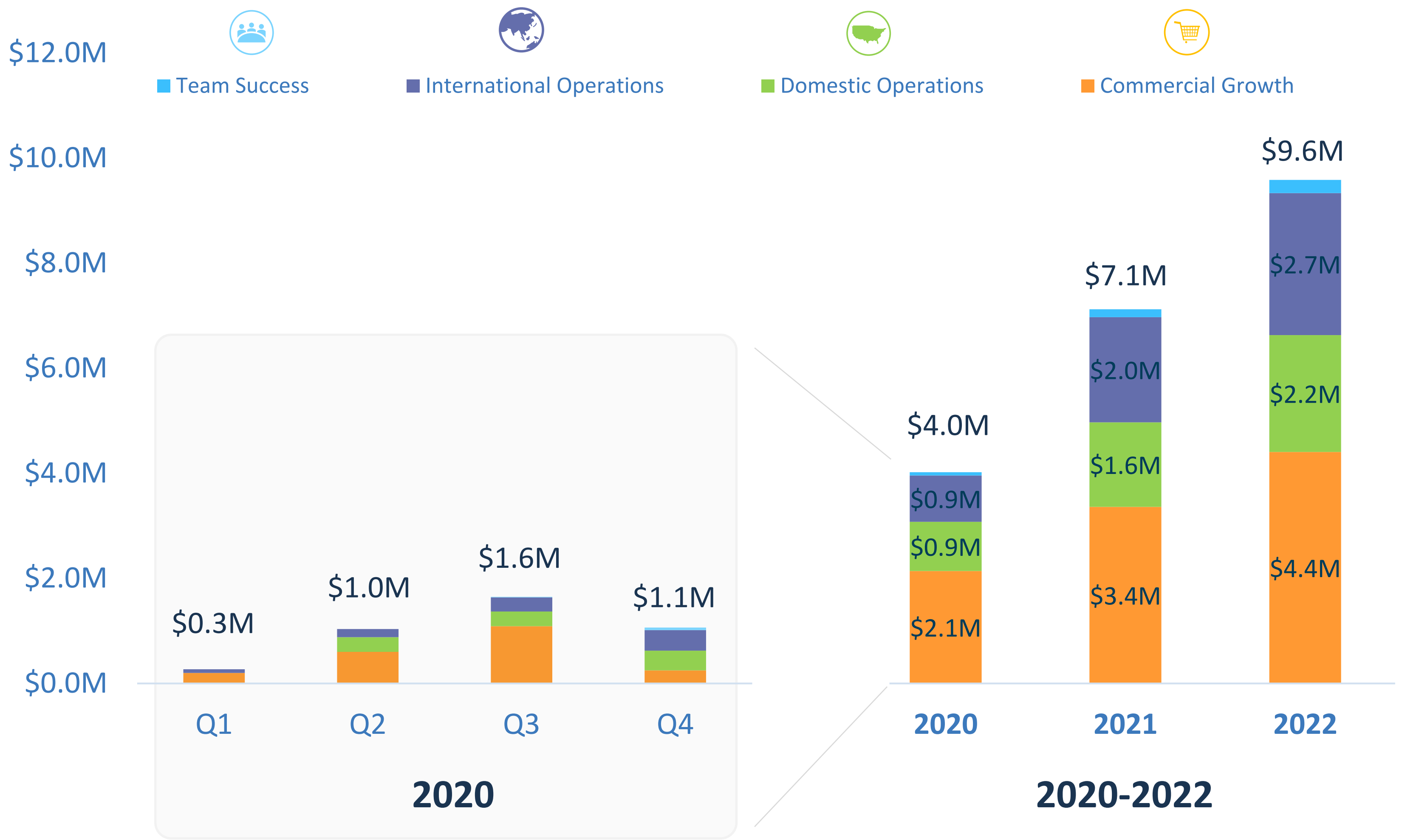
Build infrastructure for growth

- Build the servers and reporting tools to streamline access to business insights
- Roll out PS5 and global ERP
- Develop shared accounting & finance services, implement cost accounting
- Revamp HR organization, install total pay program, update HC life cycle policies

Timing of EBITDA Impact

EBITDA improvement is expected to mostly ramp up by 2022 and fully ramp up by 2023

Projected Phasing of EBITDA Improvement



- 2020 improvements comes primarily from:
  1. Domestic sales focus on Greater Chicago, SW, and Texas: $1.9M
  2. Increased output in Australia: $0.6M
  3. Reduce Janesville warranty and rework: $0.4M
  4. Improved efficiency in Janesville: $0.4M

- A number of unquantified initiatives are expected to drive additional EBITDA (e.g. accordion program, marketing initiatives, updating core 600 product, etc.)

Initiative: Improve Quality in Domestic Operations

Business Case / Opportunity Statement

Business case:
For the past two years, Hufcor has routinely delivered sub-standard quality to its customers. Unfortunately, a myriad of reasons are to blame for why defective product was shipped ranging from supplier-provided raw material to the installation process at the customer job site. This poor record of quality performance has significantly damaged long-standing customer relationships and has prohibited Hufcor from meeting its potential in the marketplace.

Goal statement:
Repair Hufcor's reputation by doing everything necessary to prevent defective product from leaving the Janesville facility and improving traceability, enforcing and adhering to product quality standards, and logging pertinent data as it moves through the value chain.

Goal: Reduce rework & warranty costs in 2020 by 26%, or roughly $436K from 2019.

Opportunity:
Rebuilding the quality team in Janesville and organizing its efforts through digitization and refreshed quality controls and procedures will allow Hufcor to attack and resolve its most problematic root causes of poor quality.

Projected Annual EBITDA Impact (Steady State): ~$436K (2020); $929k over time

Risks/Considerations:
- Team bandwidth to cover creation of new quality program, assurance, engineering, and analysis
- Warranty liability for jobs shipped prior to quality refresh

KPI's:
- Annual TCAR $
- DpK (defects per thousand units)
- TCAR count

Implementation Working Team

Name	Role
Kyle Patterson	Executive lead
Nick Ackley	Quality lead
Rick Melito	Quality support*
Quality Engineer to-be-hired	Quality support

Implementation Scope & Resources Required

Start: November 2019
Estimated length: Ongoing
FTE: 2.25
- 2 – Full-time Quality Team
- 0.25 – IT support

CAPEX: $220K (2020)

Major Projects, Timing & Impact

Projects	Start / Finish	EBITDA
Quality Database & Other Enablers	Dec 19 / Feb 20	$225K
Cut & Punch PLC Upgrade	Mar 20 / Jun 20	$300K
Mutilation Protection (Protective Pkg)	Jan 20 / May 20	$120K
Adhesive substitute for Glue	Feb 20 / Jan 21	$150K

Initiative: Domestic Operations Production Efficiency Gains

Business Case / Opportunity Statement

Business case:
The Janesville facility is in dire need of improving its overall production efficiency so that it can return to a 5-day, 8-hour work week (eliminate recurring overtime), and discontinue running production at or above Janesville's capacity threshold.

Goal statement:
Standardize floor operations via scheduled kaizen events and 5S rollouts in an effort to eliminate recurring overtime, improve daily output volume, and minimize output variation. New ME team will support these initiatives and drive sustainable improvement.

Goal: 25% improvement to average labor productivity in the 4 weeks leading up to Feb 10th

Opportunity:
By improving production efficiency, the Hufcor operations team will now have optionality in regards to scaling production and/or manpower up or down when needed and prevent having to operate at capacity all year long – overtime can now be used as a strategic lever when needed. Additionally, with increased efficiency the business will realize more output/sales with the same level of labor/inputs or similar output/sales with less labor/inputs.

Projected Annual EBITDA Impact (Steady State): $412K (2020)

Risks/Considerations:
- Sustainment of new process breaks down due to elevated direct labor turnover

KPI's:
- Labor Productivity (units / direct labor hour)
- Overtime hours

Implementation Working Team

Name	Role
Kyle Patterson	**Executive lead**
Chris Nichols	**Mfg Eng lead**
ME (2) (Beckway)	**Mfg Eng support**

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 3 months / Ongoing
FTE: 4.25
- 0.25 – Executive oversight and negotiation
- 3 – Engineering leadership and support (part-time)
- 1 – Engineering support (full-time)

CAPEX: $200K (2020)

Major Projects, Timing & Impact

Projects	Start / Finish	EBITDA
"ME Blitz"	Feb 20 / May 20	$324K
Panel Racking (Post-Wrap)	Apr 20 / Nov 20	$225K
Metals components outsource	Jan 20 / Sep 20	$150K
600 Line Automation	Jan 21 / Dec 21	$300K

Initiative: Implement Cost Accounting Solution in Janesville

Business Case / Opportunity Statement

Business case:
Cost accounting is a function that collects all input costs associated with production and is used internally by management to analyze financial performance to make fully informed business decisions.

Goal statement:
Provide management with a solution that tracks project-specific costs as they move through the manufacturing & installation process. This solution will measure efficiency, help control & reduce costs, and definitively identify the profit of each project.

Opportunity:
Identify margins on job manufactured where the costs will be measured and documented to bring visibility on profit. Through this increased visibility, management will be able to reduce cost, better manage the throughput of the plant, and improve EBITDA. Also, once fully implemented, the sales team commission structure can be based upon total Hufcor margin (as opposed to only the field office profit margin), thus ensuring alignment of incentives between the commercial team and the overall corporation.

Projected Annual EBITDA Impact (Steady State): ~$750k

Risks/Considerations:
- Information is only as good as the inputs: required accurate data input by operations & and accurate BOM's from engineering.
- Time to implement: given the gap in data and competing priorities in all groups, full implementation will likely take longer than normal (expecting 6 months) with another 3-6 months after that required to glean valuable information.

KPI's:
- **Gross Profit Margin:** Expectation to drive profit margin improvement
- **Inventory Scrap / E&O:** Reduction in scrap rates and E&O on a consistent basis

Implementation Working Team

Name	Role
Tom Gioia / Jared Franz	**Exec / Lead**
Sherri Harris	**Cost Accountant**
General resources in Engineering, IT and Operations	

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 6 months
FTE: 2.75
- 0.25 – Executive oversight & hands-on involvement
- 0.5 – 50% of resource time in engineering
- 0.5 – 50% of resource time in IT
- 0.5 – 50% of resource time in operations
- 1 – dedicated resource in accounting

CAPEX: $0.0 mm

On-Going Resources Required

FTE: 1.0
- Plant Controller : 0.5 full-time equivalent
- Engineering Support: 0.25 full-time equivalent
- Operations Support: 0.25 full-time equivalent

Annual Vendor Cost: $0.0 mm

HUFCOR

Initiative: China/HK/Macau Common Parts Sourcing

Business Case / Opportunity Statement

Business case:
In order to realize greater cost savings globally, China will be working with local vendors in the Asia Pacific region to supply common parts internationally. Working with all locations to make needed changes to current product lineup will allow us to fully utilize the cost savings to all regions.

Goal statement:
Develop supplier base in China and region to supply low cost components to all locations. Expect a 10-20% price reduction on common parts per location. Need to maintain current pricing in order to see the cost savings improve the margin.

Opportunity:

Using suppliers located in China and the surrounding region will allow us to reduce costs in most of our product lineup. Having China manage the suppliers gives us the ability to keep Q.C. in check with our standards prior to shipping out.

Projected Annual EBITDA Impact (Steady State): USD$300K-750K (spread out between locations)

Risks/Considerations:
- Fully landed costs
- Quality concerns
- Chinese holidays/inventory management
- Long transit times

KPI's:
- **Gross Margin**

Implementation Working Team

Name	Role
• **Clint Morgan**	**Executive sponsor**
• **Shirley Wong**	**Initiative owner**
• **Engineer**	**Q.C. and Design**

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 6 months
FTE:
CAPEX: $0

On-Going Resources Required

Executive Oversight of Team

Initiative: China/HK/Macau Channel Strategy

Business Case / Opportunity Statement

Business case:
The main channel by which operable wall manufacturers in China get into the hotel segment is through contractors, since most developers (who hire contractors and can override an contractors' decisions) do not currently make decisions on operable walls. However, we are severely disadvantaged in this channel due to contractors' overwhelming preference for low cost, so historically we've relied on old customer introductions and ad hoc relationships with designers to push our product. This is very inefficient and limit our sales potential, and therefore we need be able to more systematically manage our channels in China

Goal statement:
Develop senior-level relationships (official or unofficial) with key channel partners in China, including hotel interior design firms, hotel management companies, major hotel developers, and acoustics advisory companies. Leverage these relationships to identify, connect, and educate project-level operable wall purchase decision influencers on an on-going basis

Opportunity:
By leveraging our senior-level relationships, we should be able to 1) increase the mindshare of our brand among mid- to lower-level staff who actually influence the operable wall purchase decisions, so that they think of and recommend our product more often; and 2) provide leads to our sales team to directly connect with the project-level purchase decision influencers. Both 1) and 2) should directly translate into more and higher quality leads for China

Projected Annual EBITDA Impact (Steady State): $500K-$710K No immediate impact. 2 years out

Risks/Considerations:
- Early feedback from recruiters suggest a level of difficulty in finding the right talent to develop and manage our channel partnership
- Developing and maintaining senior-level relationships in China may veer us into some gray areas that we need to carefully manage to ensure compliance with local and US laws

KPI's:
- **Number of leads generated:** this is the most direct metric to measure the success of this initiative

Implementation Working Team

Name	Role
Clint Morgan	Executive sponsor
Shirley Wong	Initiative owner

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 6 months
FTE: 0.75 – Executive oversight of the recruitment process
CAPEX: $0

On-Going Resources Required

FTE: 1.5
- Business Development Manager: 1FTE
- Marketing and sales support: 0.5 FTE

Initiative: Increase Sales to Licensees

Business Case / Opportunity Statement

Business case:
Licensees in Japan, Middle East, Canada and South Africa remain vital to Hufcor's growth. However, royalties have fallen during past two years. And, except for one large project, licensee exports have also fallen. Hufcor licensees have developed new technologies that could also be licensed and offered to global markets to enhance Hufcor Inc. sales – *fully automatic tracks, revolving doors, internal framed glass walls, demountable partitions*

Goal statement:
Improve both top line and margin on sales with existing licensees a minimum 10% in 2020.

Opportunity:
Hufcor can benefit from building tighter relationships and sharing our technology with existing licensees. Africa market opportunities with large projects and implementation of GF/HF and 5000G product show promise in Middle East and Africa.

Projected Annual EBITDA Impact (Steady State): ~$150K in 2020; $400k over time

Risks/Considerations:
- Strengthening licensees without obtaining long-term non-compete and IP agreements
- Conflict with North American and Asia goals

KPI's:
- **Royalty Growth – Bi-Yearly Reporting**
- **Export Sales Growth – Non-Op Wall Year over year**
- **New technologies implemented – minimum 2 in 2020**

Implementation Working Team

Name	Role
• Scott Staedter	Executive lead
• Gary Southern	Engineering
• Clint Morgan	Operations
• General IT	

Implementation Scope & Resources Required

Start: Jan 2020
Estimated length: 12 months
FTE: 0.50

CAPEX: TBD *(Note: Meetings held in January with Middle East included talks of developing a cloud-based portal for sharing. IT will be providing plans on this in February. Low dollar impact, less than $10K expected.)*

On-Going Resources Required

Travel Expenses: $10-15KUSD

HUFCOR

Initiative: Sales Improvements in Low Profit Regions

Business Case / Opportunity Statement

Business case:
Maintain leadership and growth domestically by improved sales revenue and margin capture in regions currently producing low EBITDA results.

Goal statement:
Achieve or exceed 2020 Sales Global AOP both topline revenue and margin expansion by focusing on improvements in greater Chicago, SW, and TX sales regions.

Opportunity:
Focus salesforce on strategic growth, increase win rates and ensure execution of direct sales are consistent with maintaining quoted margin goals. Determine best in class sales strategy for each region and customize to win. Consider lead time (Quick Ship programs), Pricing strategies for specific market segments, Utilize existing tools to follow the money for improved results, Improve/capture specific market segment relationships

Chicago: Revenue improvement Lower due to exit of St. Louis market, Margin Improvement 3.9%, EBITDA improvement 1.5%

SW: Revenue improvement +$4.5M, EBITDA Margin +4.6% vs 2019

TX: Revenue improvement +$6.3M, EBITDA Margin +8.1% vs 2019

Projected Annual EBITDA Impact (Steady State): $1.9MM

Risks/Considerations:
- Improve current relationships due to past product issues, lead times, and people
- Manufacturing improvements with respect to quality and lead times.
- Fully understand each individual market dynamics to act upon quickly with new strategies

KPI's:
- **Pipeline:** Weekly growth in won securements and qualified leads
- **Execution:** Meet monthly budget goals and execute projects with minimal to no margin erosion
- **Marketing:** Increase leads produced from website and advertising, and leverage A&D Team

Implementation Working Team

Name	Role
• **Mike Kontranowski**	**Executive lead**
• **GMs**	**Management lead**
• **Salesforce**	**Direct Sales**
• **Project Management(Neal Berens)**	**Executive lead**

Implementation Scope & Resources Required

Start: January 2020
Estimated length: 12 months
FTE: 12.25
- 0.25 – Salesforce – global
- 4 – GMs
- 1 – VP of Field Ops
- 4 – A&D sales team
- 3 - Marketing

CAPEX:

On-Going Resources Required

Executive Oversight of Team

Initiative: Restructure German Sales & Pricing Model

Business Case / Opportunity Statement

Business case:
Restructure to a "direct sales force" model in Germany to improve project margin and control sales process. Current state – 14 agents, paying commission of approximately $500K per year. None focus on Hufcor full time. Top agent in 2017/2018 ($800K average each year) no longer with Hufcor and performance of all agents in 2019 was down. Top five agents represented 80% of total German sales in each of past three years.

Goal statement:
Improve both top line and margin on sales in Germany through building direct sales network in Major metropolitan markets and provide experience operable wall leadership.

Opportunity:
Eliminate fixed commission rates and build specification rates of Hufcor Germany product that can command higher margin mix of products. Recruit four (4) sales people. Competitors in Germany successfully follow similar model with much higher market shares in France (Algaflex) and Germany (Dorma/Husing/Abopart).

Furthermore, market intelligence and review of M&A target financials indicates that Hufcor has opportunity to increase price again in 2020 with low risk of distributor attrition.

Projected Annual EBITDA Impact (Steady State): ~$100K in 2020; $325k over time

Risks/Considerations:
- Hufcor DE has not experienced the same line efficiency improvements as seen in Australia after installation of 2018 equipment. Without production line improvements to reduce lead times, top line sales increases would continue to be harmed.
- Short term reduction in bids due to reduction in total agents.

KPI's:
- **Securement Growth – Annual YTD**
- **Specification Growth –** Total number projects specified with Hufcor (no data exists today for spec rates in Germany. So we will start to set baselines in 2020

Implementation Working Team

Name	Role
Scott Staedter	**Executive lead**
New Hire	**Hufcor Europe Sales Manager**
General IT and HR resources	

Implementation Scope & Resources Required

Start: May 2020
Estimated length: 6 months
FTE: 4.0 New Hires (Full time outside sales)
Marketing/Recruitment Budget: $50,000
Germany Compensatory Claim: up to $200,000
articles 84 - 92c HGB (German Commercial Code) requires 3 months minimum commissions with potentially more based on customer type.
CAPEX: $0

On-Going Resources Required

FTE: 4.0 New Hires
Travel Expenses: $50K-$100KUSD

Initiative: Restructure Field Sales Incentive & Commission Plans / Processes

Business Case / Opportunity Statement

Business case:
Commission plans in field offices are not uniform in structure. Some are based on revenue, and some on profit. All are based on field office profitability, and not total corporate profit. Finally, field offices currently possess manage all details on the calculation of the salesman's profit on jobs, which raises concerns about internal controls and errors.

Goal statement:

Simplify, standardize and centralize the commission plans. Sales should be compensated on total Hufcor profit per job, calculated by the central shared service center.

Opportunity:
This plan would ensure all salesmen are compensated on total Hufcor margin (as opposed to only the field office profit margin), thus ensuring alignment of incentives between the commercial team and the overall corporation.

Projected Annual EBITDA Impact (Steady State): ~$290K (Additional EBITDA or Reduced Commission of 10% of 2020 AOP commission)

Risks/Considerations:
- Ability to execute this plan is contingent on the successful completion of the Cost Accounting and Shared Service initiatives, thus delaying the roll-out until FYE 2021 (announcement in July 2020).
- Changing long-standing commission plans could potentially upset legacy salesmen, who may not react kindly to a change, particularly if they believe the change will negatively impact their annual commissions.

KPI's:
- **Annual Commission vs Product Sales:** Improve the ratio of commission:profit.
- **Increased Glass/High-Value Sales:** Based upon the initiatives set by the commercial team, commission structures that drive desired sales should improve overall profitability.

Implementation Working Team

Name	Role
Mike Kontranowski	**Exec / Lead**
Jared Franz	**Finance**
General resources in Sales & all field locations	

Implementation Scope & Resources Required

Start: July 2020
Estimated length: 6 months
FTE: 0.50
- 0.25 – Executive oversight and hands-on involvement
- 0.25 – VP of HR
- TBD utilization of 3rd Party Consultants

CAPEX: $0.0 mm

On-Going Resources Required

Executive Oversight of Team

Initiative: Reinstate Vertical Folding Wall Product Development

Business Case / Opportunity Statement

Business case:

In 2017, Hufcor management presented the opportunity available for the vertical lift market based on Dorma/Skyfold competitor sales of $35MM in material and $70-$80MM in market value. The project scope was approved to proceed. Due to potential patent infringement and CEO direction pivot, the project was dropped. Still, the market remains ripe for additional global player and in 2020, the patent issues are no longer blocking development.

Goal statement:
Develop vertical folding operable partition to achieve 51-60 STC range.

Opportunity:
Vertical lift market remains strong. Hufcor projections for North America sales in 2021 were to exceed $5.5M at 45-55% margin if developed on schedule in 2018. Now in 2020, Gibca, Hufcor's Middle East licensee has projections of an additional $4+MM annually in material sales in 2021.Gibca was Skyfold's top 3 dealer for past ten years. By 2022, projected backlog could exceed additional $10MM-$15MM in revenue with global launch.

Projected Annual EBITDA Impact (Steady State): ~2020 $0; 2021 $0.6MM; 2022 $1.25MM

Risks/Considerations:
- Design development risks
- Manufacturing space risks
- Potential loss of long-time distributors without providing

KPI's:
- **Stage Gate Development Roadmap Achievement**
- **Initial Launch YTD sales**

Implementation Working Team

Name	Role
• Scott Staedter	Executive lead
• Gary Southern	Design
• Mike Kontranowski	NA Sales Ops
• Manufacturing Engineering/Ops Leaders	

Implementation Scope & Resources Required

Start: July 2020
Estimated length: 12 months
FTE: 3.5
- **Design Engineer**
- **Manufacturing engineer**
- **Tooling**
- **Product Manager (marketing)**

CAPEX: TBD ($1.2MM equipment potential)

On-Going Resources Required

Product Development Team: Product Manager

FTE: 5.0 (Potentially for Install Team)

Section 3

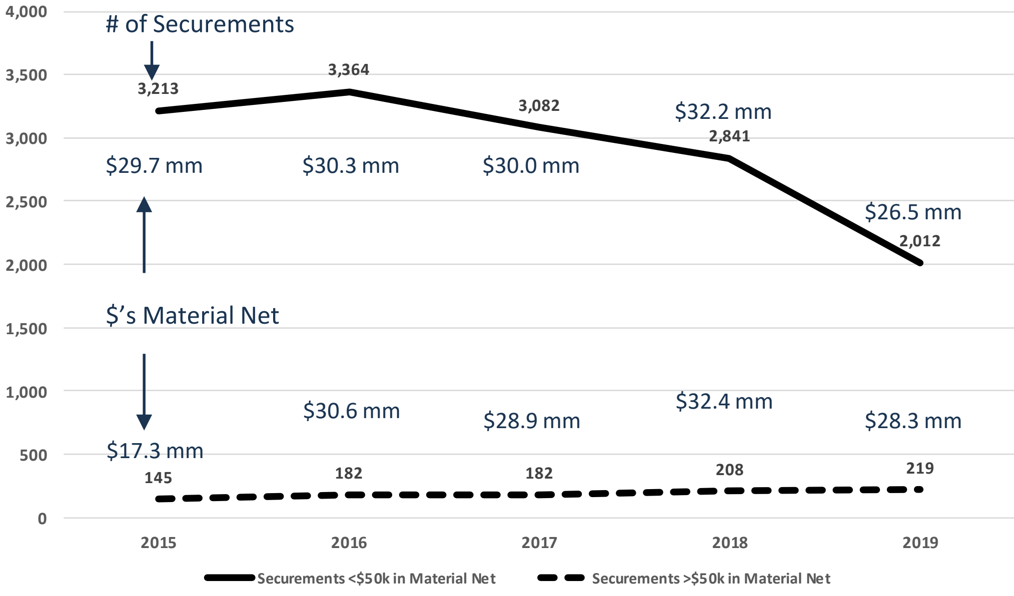
2020 Annual Operating Plan

HUFCOR

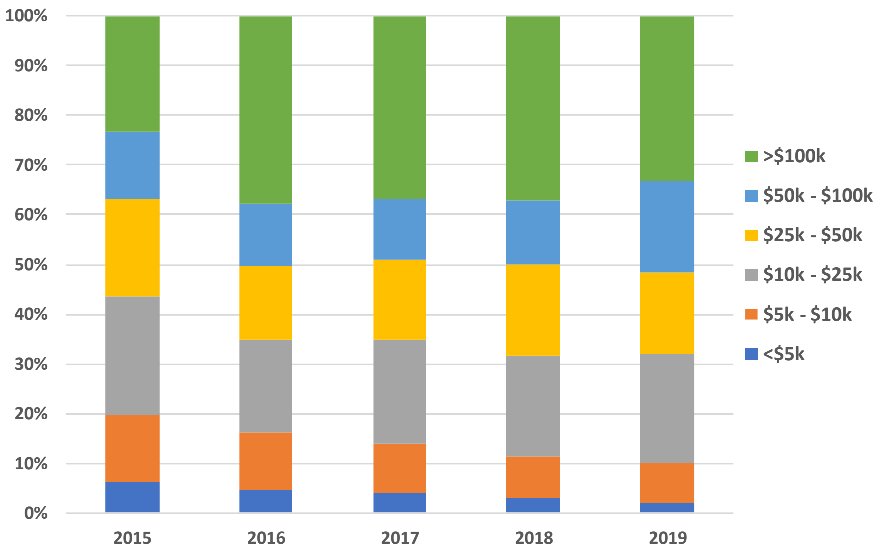
Where we stand today…

- In the past 5 years, Hufcor has trended toward seeking larger Jobs / Securements at the expense of smaller Jobs / Securements with shorter lead times (and generally higher profit)
  - In 2015, Jobs < $100k accounted for 77% of Securements & Jobs < $50k accounted for 63% of Securements
  - Since that time, Jobs < $100k ranged from 62-67% of Securements & Jobs < $50k accounted for 48-51% of Securements
- As Hufcor has come to rely on larger jobs to growth the domestic revenue base, the company has been forced to deal with the longer lead times, larger delays and more imbalanced production environment that comes along with these larger jobs – along with the lower margins typical in these larger jobs
- In an attempt to boost profitability & cashflow, previous management reduced headcount to unsustainably low levels (partly through a RIF & partly through voluntary departures following the RIF) & held off on required maintenance / capital improvements
- All of these factors led to issues with quality and even more extended lead times, which caused a general loss in customer confidence (particularly with our 3rd party distributors)
- The investments contemplated in the 2020 AOP (both in hard CapEx and human capital) is essential to addressing quality issues, reducing lead times to acceptable levels and restoring customer confidence in Hufcor for the long-term
- Plan assumes significant overhaul of international operations to occur over the course of 2020 with increased focus on commercial & operational improvement – particularly in Europe & Asia

Domestic Securements Above/Below $50k Material Net

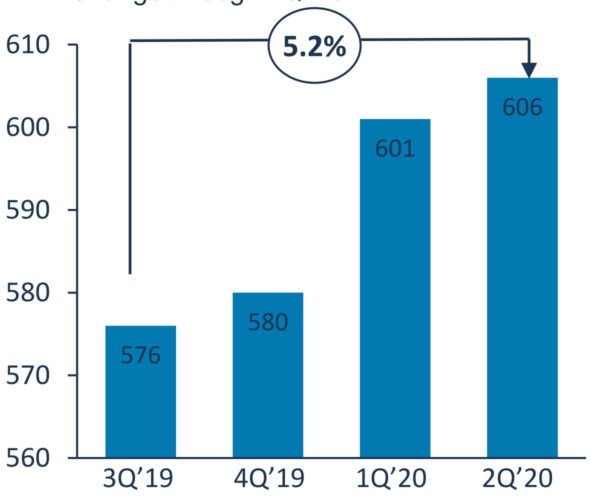


% of Domestic Securements by Size Range



Headcount

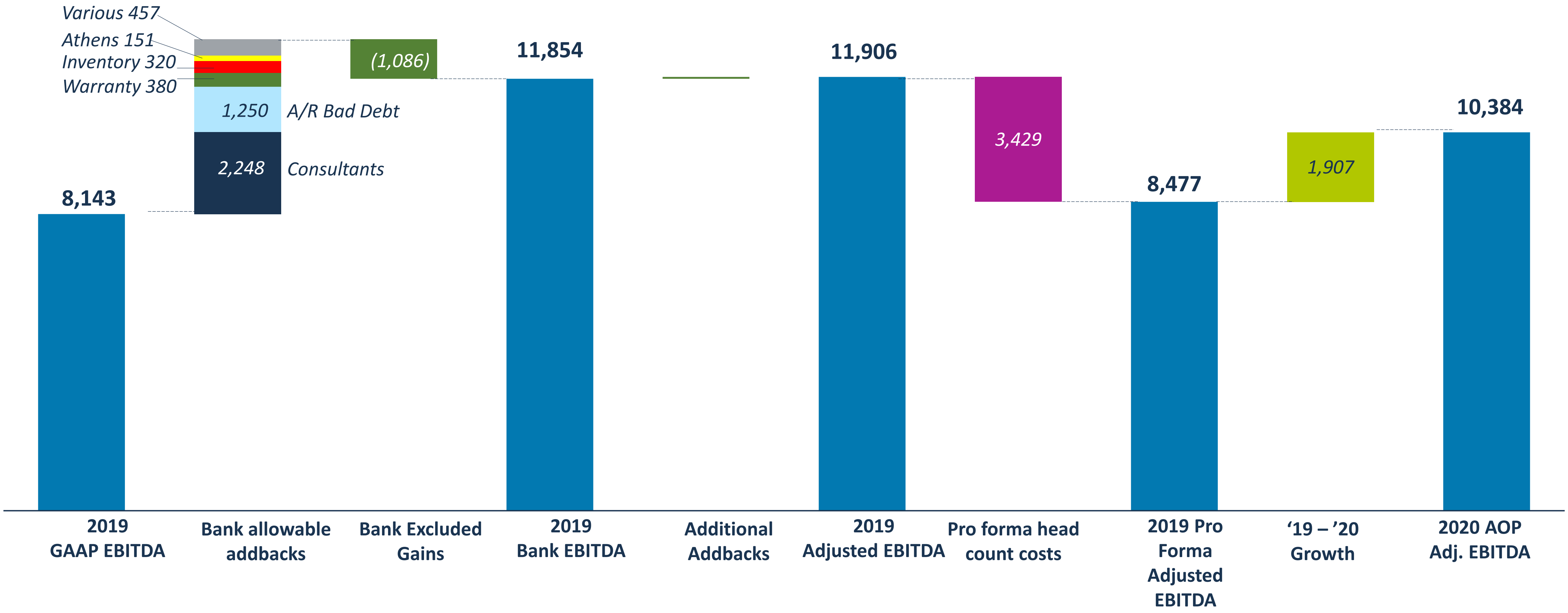
FTE Change through 2Q '20



2020 AOP KEY ASSUMPTIONS

2018 Actual	2019 Pro Forma Adjusted		2020 AOP
Net Revenue **$137.6M**	**Net Revenue** **$149.3M**	• 2020 Forecast built based on existing project backlog, supplemented with anticipated market share capture in each region • Price increases enacted in 2019 forecast to carry through 2020	**Net Revenue** **$161.3M**
Material Costs **$47.8M** **34.8%**	**Material Costs** **$51.3M** **34.3%**	• 2019 Included $1.3 million of 1-time write downs • 2020 forecast at 2019 run rates (excluding 1-time costs) and assumes vendor negotiations will focus on extending terms	**Material Costs** **$56.0M** **34.7%**
Labor Costs **$42.6M** **31.0%**	**Labor Costs** **$45.0M** **30.1%**	• Labor productivity driven in Janesville through 603 line productivity and Kaizen initiatives over the course of the year	**Labor Costs** **$46.9M** **29.1%**
Gross Profit **$34.0M** **24.7%**	**Gross Profit** **$38.7M** **25.9%**	• Increases assumed in engineering expense to support productivity initiatives in 2020 • Continuing review of logistics & other indirect COGS spend	**Gross Profit** **$43.9M** **27.2%**
OpEx **$27.0M**	**OpEx** **$30.2M**	• 2020 investment in headcount additions (Operations, Engineering, Service, Safety, Supply Chain, Finance, IT and other Admin) to rebuild business to sustainable levels + 3% salary increase effective Q2 2020	**OpEx** **$33.5M**
PF EBITDA **$7.0M** **5.1%**	**PF EBITDA** **$8.5M** **5.7%**	• Key Driver = reducing lead times & improving quality to capture smaller jobs Hufcor currently cannot bid on • 2019 figure pro forma for headcount additions (see slide 5)	**PF EBITDA** **$10.4M** **6.6%**
Capex **$2.3M**	**Capex** **$2.0M**	• $1.0 mm invested in Janesville manufacturing • $0.7 mm invested in Australia / NZ for launch of global ERP implementation • Remaining investments across IT, Engineering & other international locations	**Capex** **$2.1M**

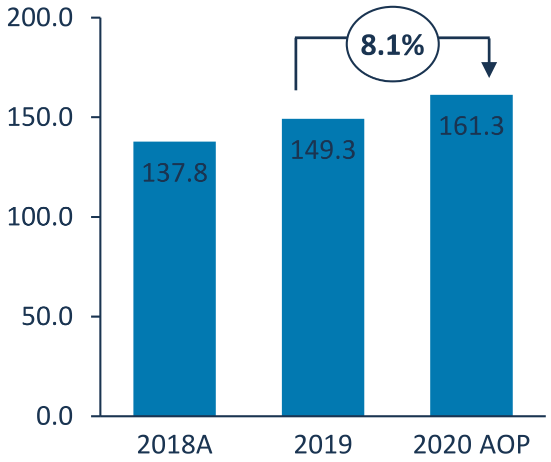
EBITDA Bridge: 2019 GAAP to 2020 Pro Forma Adjusted EBITDA



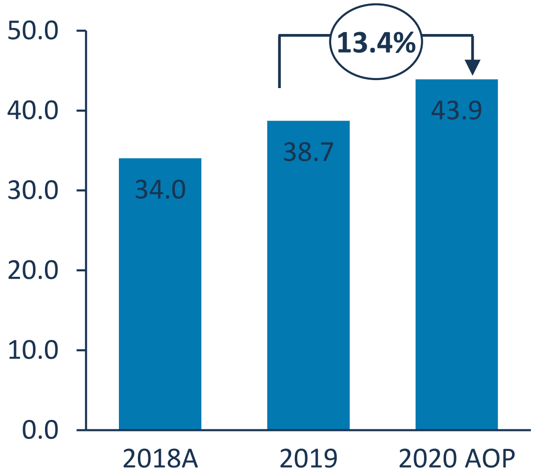
2020 AOP SUMMARY: CONSOLIDATED

2019F adjusted by the pro forma addition of FTE's assumed in 2020 AOP in Engineering, Operations, Safety, Finance, IT and other Admin areas that prior management RIF'd / staffed with 1099's, but which we believe are needed to adequately staff & position Hufcor for growth into 2021 & beyond.

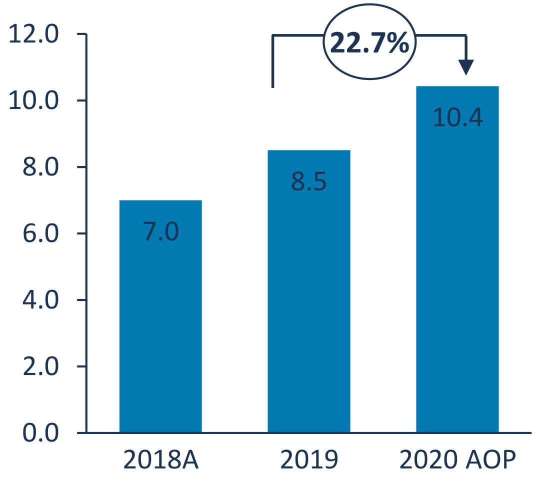
Revenue
$'s millions



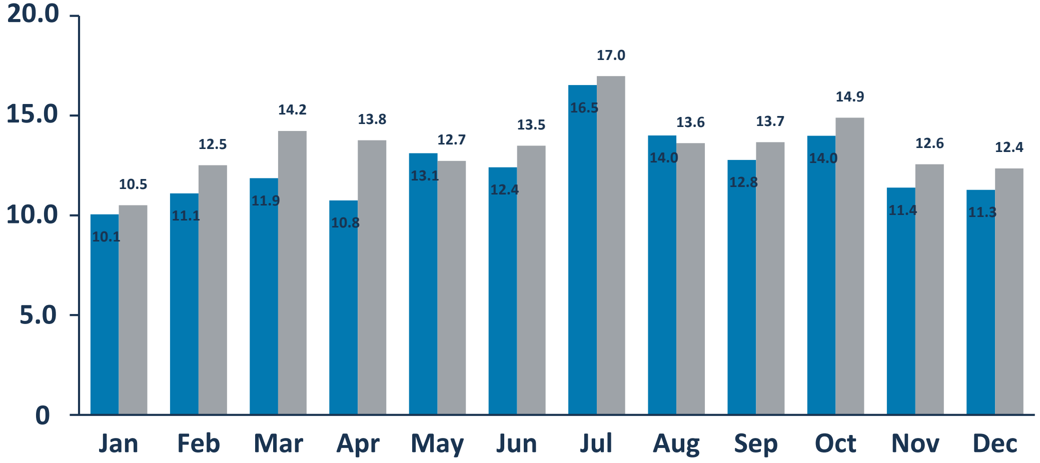
Gross Profit
$'s millions



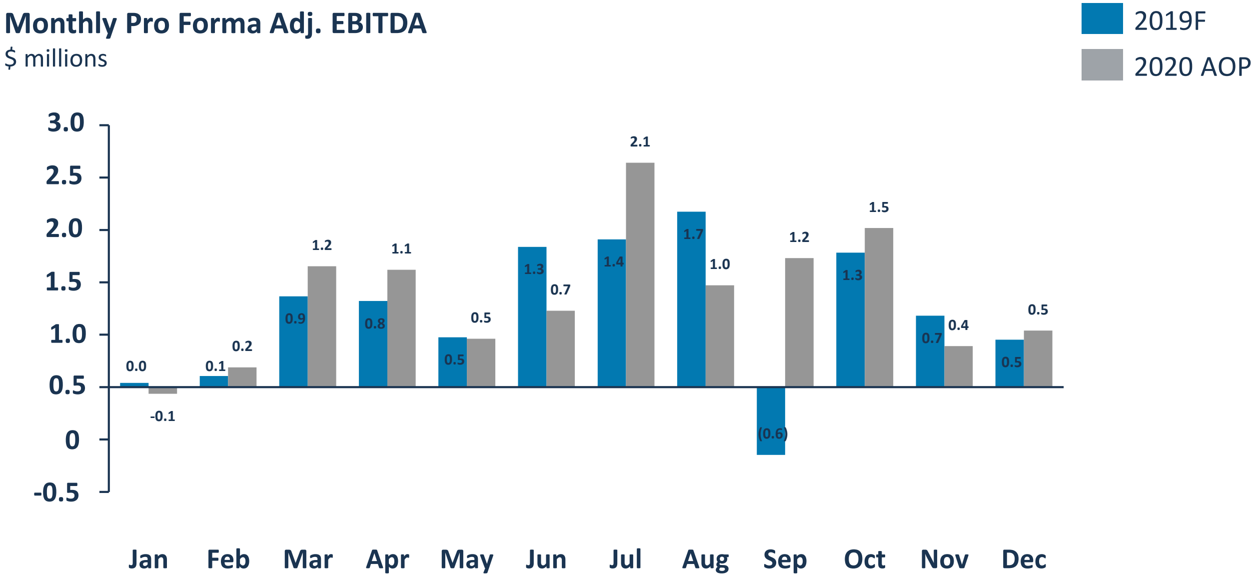
Pro Forma Adj. EBITDA[1]
$'s millions



Monthly Net Revenue
$ millions



Monthly Pro Forma Adj. EBITDA
$ millions



1)Pro Forma Adj. EBITDA normalizes 2019 & 2020 for all consultant expenses & 1-time write-offs. 2019F layers in $3.4 mm of OpEx required to properly staff the business (i.e. same headcount assumptions as 2020 AOP).

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PRELIMINARY 2020 COVENANT PROJECTION

Covenant Analysis- JPMC and LBC Credit Partners													
$'000	**Jan-20**	**Feb-20**	**Mar-20**	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Nov-20**	**Dec-20**	**2020**
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)													
Net Income (Loss)	**$ (1,433)**	**$ (1,142)**	**$ (24)**	**$ (26)**	**$ (468)**	**$ (145)**	**$ 1,213**	**$ 205**	**$ 441**	**$ 287**	**$ (476)**	**$ (416)**	**$ (1,984)**
Bank EBITDA Calculation:													
Interest and amortization	324	321	323	333	323	314	333	328	297	301	291	280	3,769
Taxes	5	26	32	62	38	49	88	22	76	73	35	84	591
Depreciation and amortization	323	327	328	332	335	336	339	339	339	339	339	339	4,012
Monitoring fees (including expenses)	250	-	-	250	-	-	250	-	-	250	-	-	1,000
FX gain/loss	8	8	8	8	8	8	8	8	8	8	8	8	95
Other non-recurring fees and expenses < $6.5mm in tota	460	542	527	422	225	165	85	70	69	85	69	70	2,792
Bank EBITDA	**$ (64)**	**$ 82**	**$ 1,194**	**$ 1,381**	**$ 461**	**$ 728**	**$ 2,316**	**$ 972**	**$ 1,231**	**$ 1,343**	**$ 265**	**$ 365**	**$ 10,275**
Less:													
Unfinanced CAPEX	460	172	132	532	203	196	314	16	51	31	11	28	2,147
Cash income and franchise taxes	5	26	32	62	38	49	88	22	76	73	35	84	591
Numerator	**$ (529)**	**$ (116)**	**$ 1,030**	**$ 787**	**$ 220**	**$ 482**	**$ 1,914**	**$ 934**	**$ 1,104**	**$ 1,240**	**$ 220**	**$ 252**	**$ 7,536**
Fixed Charges:													
Cash Interest	487	484	486	496	486	477	496	491	460	465	455	(1,457)	3,826
Regularly scheduled principal payments	293	-	125	293	-	125	293	-	125	293	-	125	1,670
Total Fixed Charges	**$ 779**	**$ 484**	**$ 611**	**$ 789**	**$ 486**	**$ 602**	**$ 789**	**$ 491**	**$ 585**	**$ 757**	**$ 455**	**$ (1,332)**	**$ 5,496**
TTM Numerator	7,882	7,772	7,807	7,559	7,111	6,185	6,909	6,104	8,862	8,943	8,392	7,642	7,642
TTM Fixed Charges	4,937	5,118	5,415	5,645	5,761	5,998	6,204	6,394	6,637	6,896	7,095	5,496	5,496
Fixed Charge Covenant Ratio	**1.60**	**1.52**	**1.44**	**1.34**	**1.23**	**1.03**	**1.11**	**0.95**	**1.34**	**1.30**	**1.18**	**1.39**	**1.39**
Required			**1.00**			**1.00**			**1.00**			**1.15**	
Leverage Ratio (LBC Credit Partners- Quarterly)													
Total Debt for Leverage Calculation	**$ 40,068**	**$ 41,271**	**$ 46,055**	**$ 45,952**	**$ 44,537**	**$ 43,985**	**$ 50,970**	**$ 43,032**	**$ 41,152**	**$ 40,602**	**$ 37,192**	**$ 35,852**	**$ 35,852**
TTM Bank EBITDA	**$ 10,865**	**$ 10,654**	**$ 10,659**	**$ 10,719**	**$ 10,307**	**$ 9,466**	**$ 10,157**	**$ 9,215**	**$ 11,866**	**$ 11,824**	**$ 11,198**	**$ 10,380**	**$ 10,380**
Leverage Ratio	**3.69**	**3.87**	**4.32**	**4.29**	**4.32**	**4.65**	**5.02**	**4.67**	**3.47**	**3.43**	**3.32**	**3.45**	**3.45**
Required	**-**	**-**	**4.25**	**-**	**-**	**3.75**	**-**	**-**	**3.75**	**-**	**-**	**3.50**	

Management Discussion:

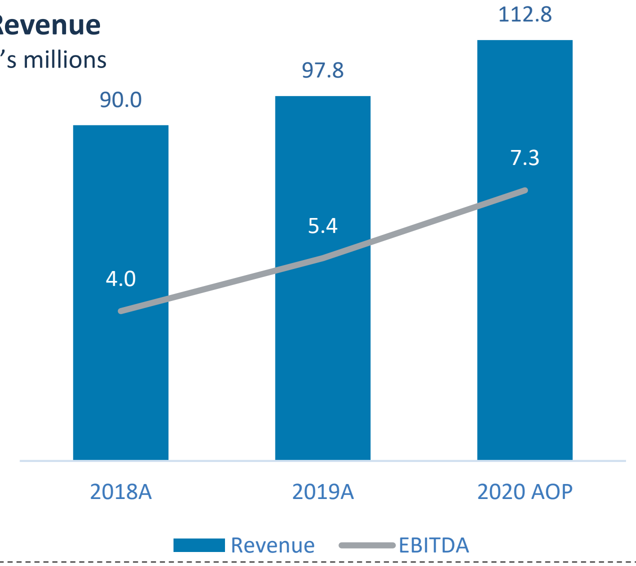
2020 Covenant Issues

- Assumes 100% of consultant costs added back as extraordinary expense for operational turnaround.
- NWC assumptions in 1st half of the year represent stretch goals for cash collections and AP management.
- Revolver borrowings will increase and forecast availability capped in Q2/Q3.
- Initiative for NWC / Vendor management presents opportunity to improve on liquidity situation.

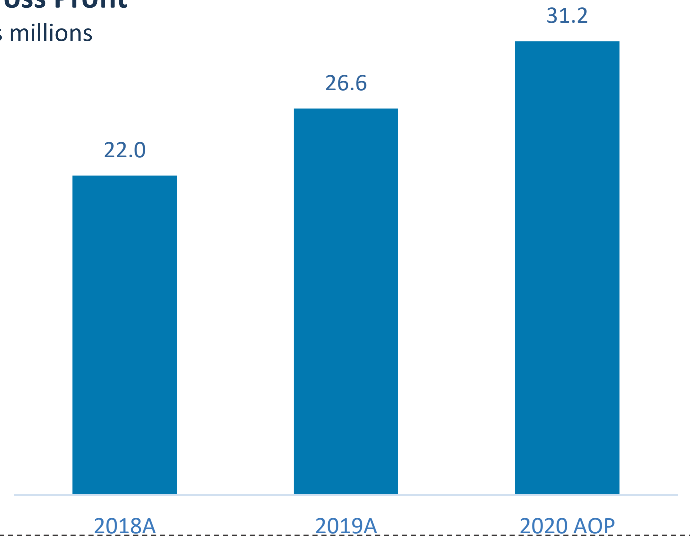
HUFCOR 2020 AOP SUMMARY: DOMESTIC VS INTERNATIONAL

DOMESTIC

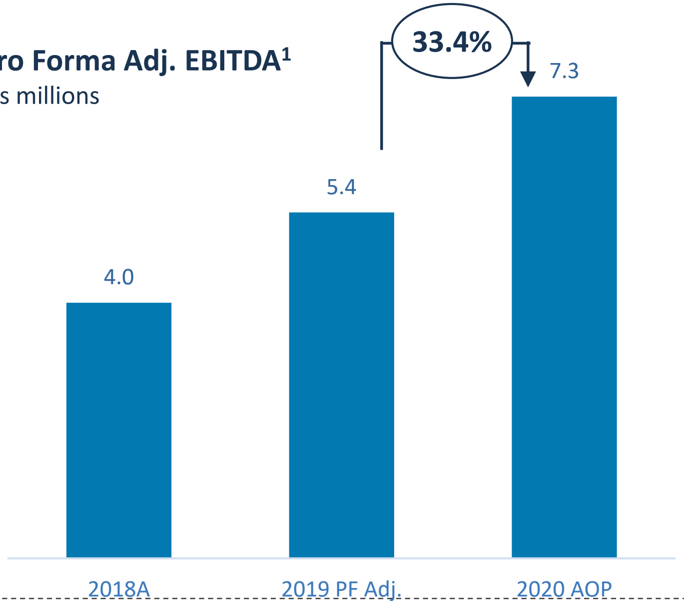
Revenue
$'s millions



Gross Profit
$'s millions

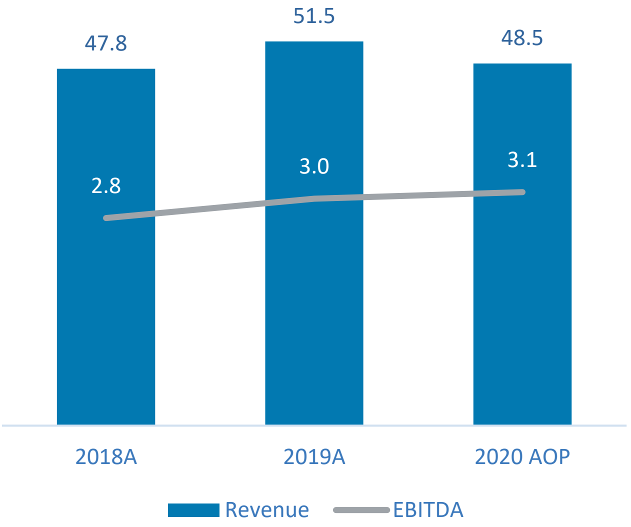


Pro Forma Adj. EBITDA[1]
$'s millions

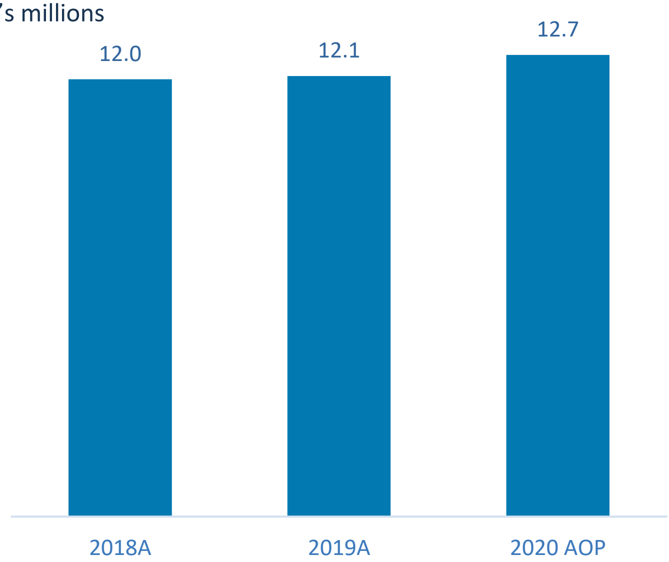


INTERNATIONAL

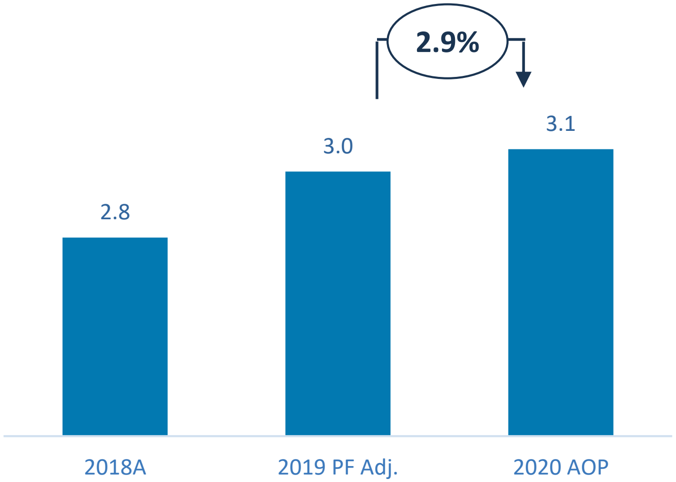
Revenue
$'s millions



Gross Profit
$'s millions



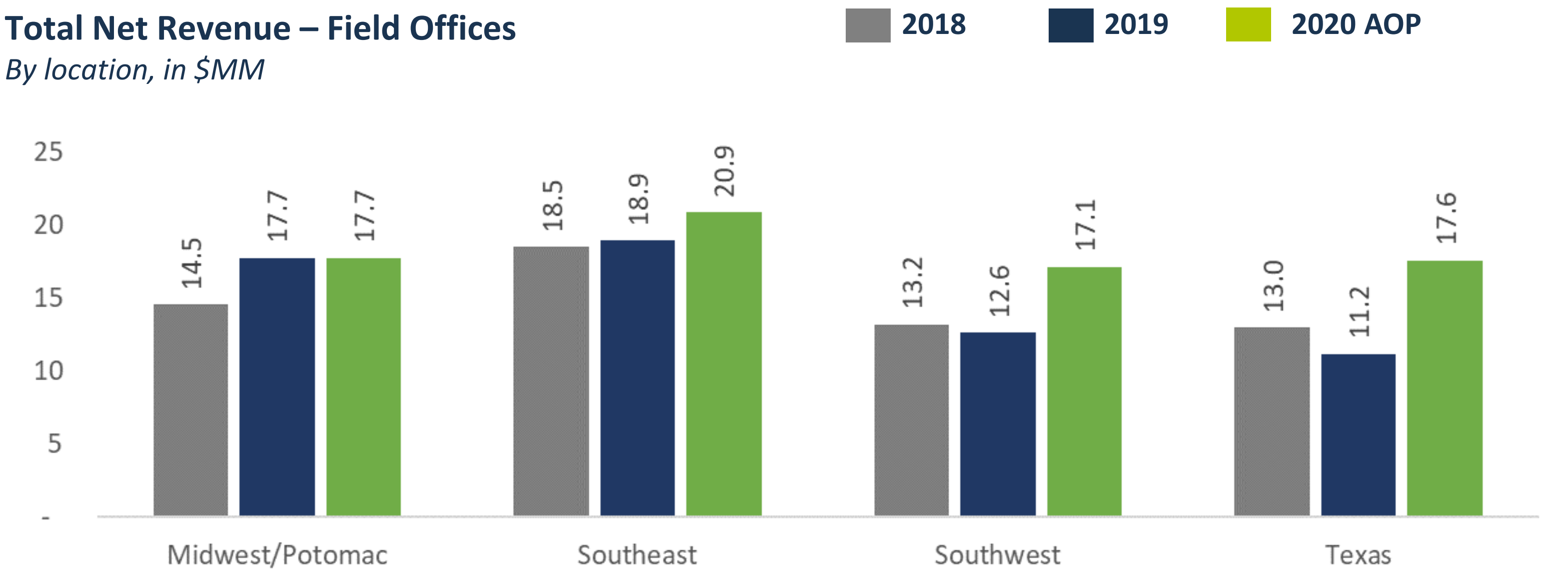
Pro Forma Adj. EBITDA[1]
$'s millions



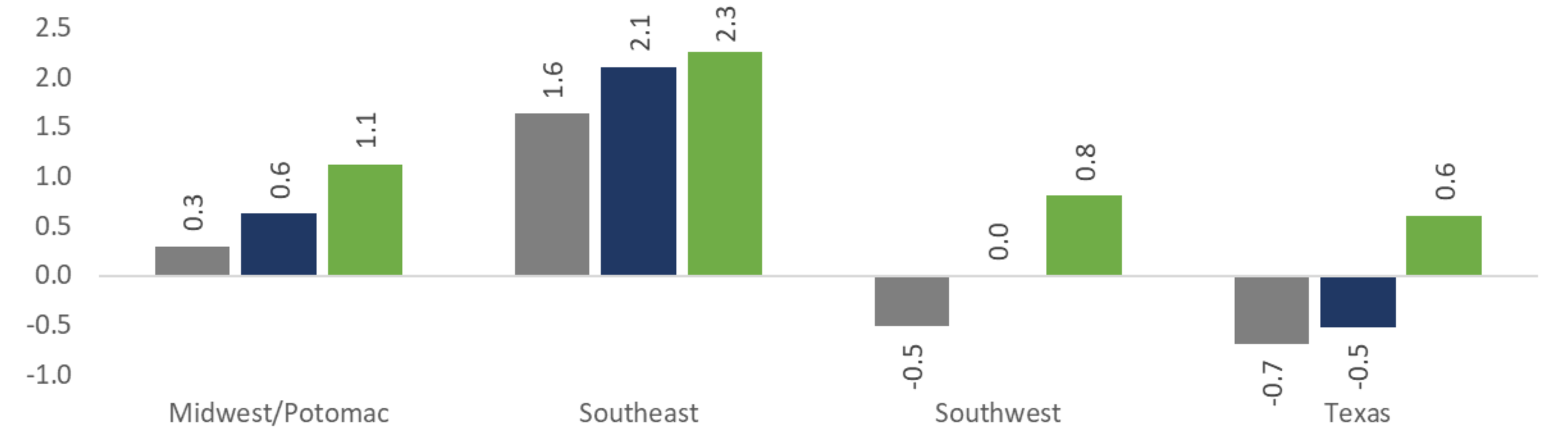
1)Pro Forma Adj. EBITDA normalizes 2019 & 2020 for all consultant expenses & 1-time write-offs. 2019F layers in $3.4 mm of OpEx required to properly staff the business (i.e. same headcount assumptions as 2020 AOP).

Hufcor Domestic Office Contribution Detail

Total Net Revenue – Field Offices
By location, in $MM



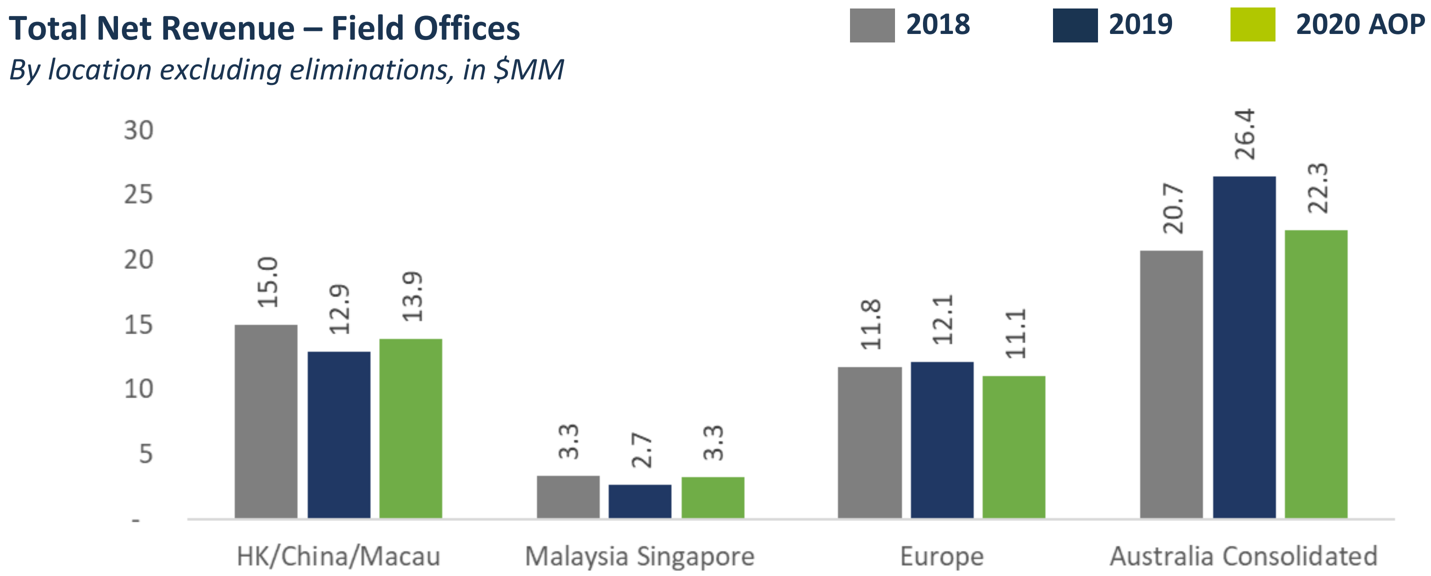
Total EBITDA – Field Offices
By location, in $MM

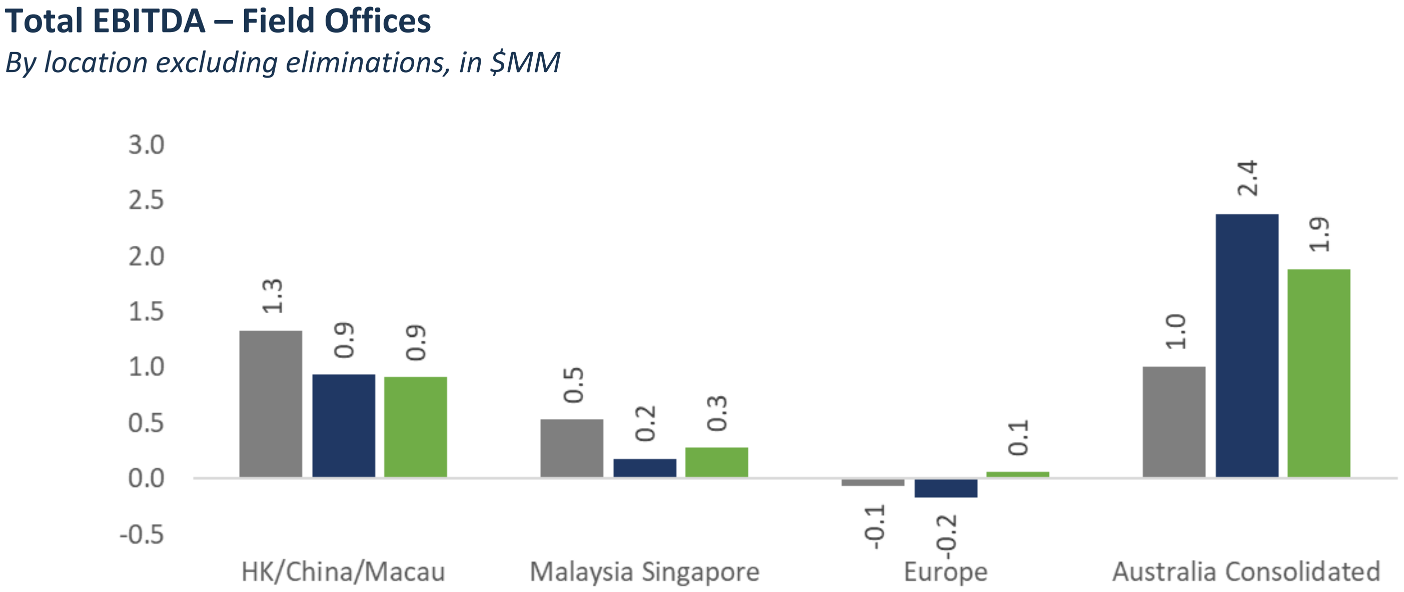


Critical Success Factors:

- While large project backlog has seen some decline, market conditions remain strong and Hufcor sales offices have seasoned sales talent in place and new distribution in key areas added in 2019.
- Texas executing 2 large glass projects already secured (Walker = $1.4m; Strike = $1.4m) which will install May/April.
- Southeast major projects (Gaylord Expansion = $1.4m; Memphis CC = $900k) but some project risk due to site congestion.
- Critical success factor in production and capacity improvements in Janesville allowing for low lead times that sales can continue to push.
- Open postings for sales reps in Chicago and Indy are projected to be filled in Apr '20 to achieve 2020 AOP.
- Labor productivity and efficiency to be driven by renewed focus from senior management, along with the eventual deployment of the PSA solution to track labor per project.

Hufcor International Office Contribution Detail





Critical Success Factors:

- Australia goals depend on completion of large projects in NZ and securing additional strategic projects in early 2020. AOP assumes 11% increase in panel output.
- Europe targets will be dependent on the strength of the team and the ability to recover from mis-management over prior years. Also anticipate pricing improvement to achieve 16% margin.
- Goal in Asia to ensure divisions have capability to produce the product each market demands. Reinvestment in team and strategic importance of International locations across the board.
- Commercial strategies in all locations receiving increased focus and initiatives to drive growth.

Appendix

Supporting Materials for all Sections

1) December 2019 Results
2) Strategy Roadmap
3) 2020 Annual Operating Plan

HUFCOR Appendix 1) YTD December 2019 Income Statement

HUFCOR HOLDINGS, INC. *Month Ending* 12/31/2019

INCOME STATEMENT	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst
				Quarter Ending				*Quarter Ending*				*Quarter Ending*				*Quarter Ending*	
	1/31/2019	2/28/2019	3/31/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019	6/30/2019	7/31/2019	8/31/2019	9/30/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	12/31/2019	FY 2019
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	
Net Revenue	**$ 10,051**	**$ 11,098**	**$ 11,865**	**$ 33,014**	**$ 10,751**	**$ 13,113**	**$ 12,407**	**$ 36,271**	**$ 16,532**	**$ 14,005**	**$ 12,780**	**$ 43,317**	**$ 13,988**	**$ 11,388**	**$ 11,280**	**$ 36,656**	**$ 149,257**
Material	$ 3,191	$ 4,159	$ 3,724	$ 11,075	$ 3,056	$ 5,611	$ 3,561	$ 12,228	$ 7,172	$ 4,535	$ 4,911	$ 16,617	$ 4,474	$ 3,551	$ 3,314	$ 11,339	$ 51,259
Labor	$ 3,460	$ 3,335	$ 3,733	$ 10,528	$ 3,255	$ 3,746	$ 3,935	$ 10,936	$ 4,259	$ 3,924	$ 3,799	$ 11,982	$ 3,993	$ 3,718	$ 3,838	$ 11,549	$ 44,995
Other COGS	$ 1,119	$ 1,118	$ 1,347	$ 3,584	$ 981	$ 1,075	$ 946	$ 3,002	$ 880	$ 1,191	$ 1,959	$ 4,029	$ 1,384	$ 1,174	$ 1,110	$ 3,667	$ 14,282
Total COGS	**$ 7,770**	**$ 8,612**	**$ 8,805**	**$ 25,187**	**$ 7,292**	**$ 10,432**	**$ 8,442**	**$ 26,166**	**$ 12,311**	**$ 9,650**	**$ 10,668**	**$ 32,629**	**$ 9,851**	**$ 8,442**	**$ 8,262**	**$ 26,555**	**$ 110,537**
Gross Margin	**$ 2,281**	**$ 2,486**	**$ 3,060**	**$ 7,827**	**$ 3,459**	**$ 2,681**	**$ 3,965**	**$ 10,105**	**$ 4,221**	**$ 4,355**	**$ 2,112**	**$ 10,688**	**$ 4,136**	**$ 2,946**	**$ 3,018**	**$ 10,100**	**$ 38,720**
Gross Margin %	22.7%	22.4%	25.8%	23.7%	32.2%	20.4%	32.0%	27.9%	25.5%	31.1%	16.5%	24.7%	29.6%	25.9%	26.8%	27.6%	25.9%
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales & marketing	$ 963	$ 1,085	$ 1,132	$ 3,181	$ 1,192	$ 1,162	$ 1,265	$ 3,619	$ 1,233	$ 1,176	$ 1,259	$ 3,668	$ 1,315	$ 1,190	$ 1,129	$ 3,634	$ 14,101
Administrative	$ 619	$ 1,136	$ 1,827	$ 3,582	$ 1,063	$ 1,197	$ 903	$ 3,163	$ 1,288	$ 1,315	$ 3,212	$ 5,815	$ 1,626	$ 1,488	$ 1,226	$ 4,340	$ 16,900
Other Opex	$ (16)	$ (7)	$ (71)	$ (94)	$ (39)	$ (49)	$ 6	$ (83)	$ (7)	$ (24)	$ (79)	$ (109)	$ (16)	$ (7)	$ (116)	$ (139)	$ (425)
Total OPEX (excl D&A)	**$ 1,566**	**$ 2,215**	**$ 2,889**	**$ 6,669**	**$ 2,215**	**$ 2,310**	**$ 2,173**	**$ 6,698**	**$ 2,514**	**$ 2,468**	**$ 4,391**	**$ 9,374**	**$ 2,925**	**$ 2,671**	**$ 2,239**	**$ 7,835**	**$ 30,577**
																	20.5%
Opex Overview																	
Payroll	$ 1,057	$ 1,023	$ 1,004	$ 3,084	$ 863	$ 971	$ 1,128	$ 2,962	$ 1,146	$ 1,147	$ 993	$ 3,286	$ 1,126	$ 1,150	$ 1,050	$ 3,327	$ 12,659
Overtime	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Benefits	$ (257)	$ 209	$ 232	$ 184	$ 247	$ 216	$ 224	$ 686	$ 224	$ 211	$ (252)	$ 183	$ 294	$ 260	$ (406)	$ 147	$ 1,201
Bonus	$ 96	$ 96	$ 93	$ 285	$ 139	$ 98	$ 75	$ 312	$ 97	$ 99	$ 138	$ 334	$ 31	$ 47	$ 374	$ 452	$ 1,384
Severance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Marketing	$ (90)	$ 22	$ 19	$ (48)	$ 56	$ 72	$ 81	$ 209	$ 51	$ 28	$ 29	$ 108	$ 65	$ 34	$ 56	$ 155	$ 423
Commissions	$ 134	$ 159	$ 187	$ 480	$ 174	$ 189	$ 180	$ 543	$ 195	$ 175	$ 246	$ 616	$ 210	$ 133	$ 181	$ 524	$ 2,163
Travel and Entertainment	$ 80	$ 82	$ 85	$ 247	$ 120	$ 99	$ 87	$ 306	$ 88	$ 109	$ 112	$ 308	$ 180	$ 171	$ 90	$ 441	$ 1,303
Rent and Facilities	$ 68	$ 69	$ 67	$ 204	$ 75	$ 72	$ 75	$ 222	$ 71	$ 63	$ 68	$ 203	$ 72	$ 75	$ 59	$ 206	$ 836
Insurance	$ 35	$ 43	$ 35	$ 113	$ 35	$ 34	$ 33	$ 103	$ 99	$ 37	$ 63	$ 198	$ 13	$ 54	$ 76	$ 143	$ 557
Professional Fees	$ 78	$ 76	$ 110	$ 264	$ 100	$ 80	$ 60	$ 239	$ 108	$ 106	$ 90	$ 304	$ 56	$ 57	$ 25	$ 139	$ 946
Utl., Repair, Maint., & Sec.	$ 28	$ 38	$ 38	$ 104	$ 38	$ 35	$ 33	$ 106	$ 36	$ 37	$ 35	$ 108	$ 36	$ 36	$ 11	$ 82	$ 400
Office Expenses	$ 5	$ 4	$ 5	$ 14	$ 8	$ 6	$ 5	$ 19	$ 5	$ 5	$ 9	$ 20	$ 13	$ 8	$ 6	$ 26	$ 79
Safety and Training	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
IT	$ 55	$ 58	$ 58	$ 171	$ 91	$ 72	$ 67	$ 230	$ 62	$ 61	$ 34	$ 157	$ 18	$ 137	$ 69	$ 224	$ 782
Bad Debt	$ 64	$ 127	$ 789	$ 981	$ 78	$ 81	$ (211)	$ (52)	$ 25	$ 28	$ 1,974	$ 2,027	$ 43	$ (51)	$ (211)	$ (218)	$ 2,738
Supplies	$ 25	$ 10	$ 17	$ 52	$ 17	$ 22	$ 13	$ 52	$ 20	$ 17	$ 12	$ 49	$ 17	$ 27	$ 18	$ 62	$ 215
FX	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
JV Loss (Income)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expenses	$ 188	$ 198	$ 147	$ 533	$ 172	$ 264	$ 324	$ 759	$ 288	$ 343	$ 842	$ 1,473	$ 751	$ 534	$ 840	$ 2,125	$ 4,890
Total OPEX (excl D&A)	**$ 1,566**	**$ 2,215**	**$ 2,889**	**$ 6,669**	**$ 2,215**	**$ 2,310**	**$ 2,173**	**$ 6,698**	**$ 2,514**	**$ 2,468**	**$ 4,391**	**$ 9,374**	**$ 2,925**	**$ 2,671**	**$ 2,239**	**$ 7,835**	**$ 30,577**
EBITDA	**$ 715**	**$ 272**	**$ 171**	**$ 1,158**	**$ 1,244**	**$ 371**	**$ 1,791**	**$ 3,407**	**$ 1,707**	**$ 1,887**	**$ (2,280)**	**$ 1,314**	**$ 1,211**	**$ 274**	**$ 780**	**$ 2,265**	**$ 8,143**
EBITDA Margin %	7.1%	2.4%	1.4%	3.5%	11.6%	2.8%	14.4%	9.4%	10.3%	13.5%	-17.8%	3.0%	8.7%	2.4%	6.9%	6.2%	5.5%

Appendix 1) YTD December 2019 Income Statement

HUFCOR HOLDINGS, INC. *Month Ending* 12/31/2019

INCOME STATEMENT	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst
				Quarter Ending				*Quarter Ending*				*Quarter Ending*				*Quarter Ending*	
	1/31/2019	2/28/2019	3/31/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019	6/30/2019	7/31/2019	8/31/2019	9/30/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	12/31/2019	FY 2019
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	
Net Revenue	**$ 10,051**	**$ 11,098**	**$ 11,865**	**$ 33,014**	**$ 10,751**	**$ 13,113**	**$ 12,407**	**$ 36,271**	**$ 16,532**	**$ 14,005**	**$ 12,780**	**$ 43,317**	**$ 13,988**	**$ 11,388**	**$ 11,280**	**$ 36,656**	**$ 149,257**
Material	$ 3,191	$ 4,159	$ 3,724	$ 11,075	$ 3,056	$ 5,611	$ 3,561	$ 12,228	$ 7,172	$ 4,535	$ 4,911	$ 16,617	$ 4,474	$ 3,551	$ 3,314	$ 11,339	$ 51,259
Labor	$ 3,460	$ 3,335	$ 3,733	$ 10,528	$ 3,255	$ 3,746	$ 3,935	$ 10,936	$ 4,259	$ 3,924	$ 3,799	$ 11,982	$ 3,993	$ 3,718	$ 3,838	$ 11,549	$ 44,995
Other COGS	$ 1,119	$ 1,118	$ 1,347	$ 3,584	$ 981	$ 1,075	$ 946	$ 3,002	$ 880	$ 1,191	$ 1,959	$ 4,029	$ 1,384	$ 1,174	$ 1,110	$ 3,667	$ 14,282
Total COGS	**$ 7,770**	**$ 8,612**	**$ 8,805**	**$ 25,187**	**$ 7,292**	**$ 10,432**	**$ 8,442**	**$ 26,166**	**$ 12,311**	**$ 9,650**	**$ 10,668**	**$ 32,629**	**$ 9,851**	**$ 8,442**	**$ 8,262**	**$ 26,555**	**$ 110,537**
Gross Margin	**$ 2,281**	**$ 2,486**	**$ 3,060**	**$ 7,827**	**$ 3,459**	**$ 2,681**	**$ 3,965**	**$ 10,105**	**$ 4,221**	**$ 4,355**	**$ 2,112**	**$ 10,688**	**$ 4,136**	**$ 2,946**	**$ 3,018**	**$ 10,100**	**$ 38,720**
Gross Margin %	22.7%	22.4%	25.8%	23.7%	32.2%	20.4%	32.0%	27.9%	25.5%	31.1%	16.5%	24.7%	29.6%	25.9%	26.8%	27.6%	25.9%
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales & marketing	$ 963	$ 1,085	$ 1,132	$ 3,181	$ 1,192	$ 1,162	$ 1,265	$ 3,619	$ 1,233	$ 1,176	$ 1,259	$ 3,668	$ 1,315	$ 1,190	$ 1,129	$ 3,634	$ 14,101
Administrative	$ 619	$ 1,136	$ 1,827	$ 3,582	$ 1,063	$ 1,197	$ 903	$ 3,163	$ 1,288	$ 1,315	$ 3,212	$ 5,815	$ 1,626	$ 1,488	$ 1,226	$ 4,340	$ 16,900
Other Opex	$ (16)	$ (7)	$ (71)	$ (94)	$ (39)	$ (49)	$ 6	$ (83)	$ (7)	$ (24)	$ (79)	$ (109)	$ (16)	$ (7)	$ (116)	$ (139)	$ (425)
Total OPEX (excl D&A)	**$ 1,566**	**$ 2,215**	**$ 2,889**	**$ 6,669**	**$ 2,215**	**$ 2,310**	**$ 2,173**	**$ 6,698**	**$ 2,514**	**$ 2,468**	**$ 4,391**	**$ 9,374**	**$ 2,925**	**$ 2,671**	**$ 2,239**	**$ 7,835**	**$ 30,577**
																	20.5%
EBITDA	**$ 715**	**$ 272**	**$ 171**	**$ 1,158**	**$ 1,244**	**$ 371**	**$ 1,791**	**$ 3,407**	**$ 1,707**	**$ 1,887**	**$ (2,280)**	**$ 1,314**	**$ 1,211**	**$ 274**	**$ 780**	**$ 2,265**	**$ 8,143**
EBITDA Margin %	7.1%	2.4%	1.4%	3.5%	11.6%	2.8%	14.4%	9.4%	10.3%	13.5%	-17.8%	3.0%	8.7%	2.4%	6.9%	6.2%	5.5%
Depreciation	$ 148	$ 150	$ 150	$ 447	$ 224	$ 162	$ 161	$ 546	$ 164	$ 165	$ 157	$ 486	$ 155	$ 157	$ 166	$ 478	$ 1,958
Amortization	$ 346	$ 346	$ 346	$ 1,037	$ 346	$ 346	$ 346	$ 1,037	$ 346	$ 346	$ 83	$ 774	$ 83	$ 83	$ 166	$ 333	$ 3,181
Less: D&A	**$ 494**	**$ 495**	**$ 495**	**$ 1,484**	**$ 569**	**$ 507**	**$ 507**	**$ 1,583**	**$ 510**	**$ 510**	**$ 240**	**$ 1,261**	**$ 239**	**$ 240**	**$ 332**	**$ 811**	**$ 5,139**
EBIT, reported	**$ 222**	**$ (224)**	**$ (324)**	**$ (327)**	**$ 675**	**$ (136)**	**$ 1,284**	**$ 1,823**	**$ 1,197**	**$ 1,376**	**$ (2,520)**	**$ 53**	**$ 973**	**$ 35**	**$ 447**	**$ 1,455**	**$ 3,005**
Interest and financial amortization	$ 344	$ 347	$ 358	$ 1,049	$ 349	$ 98	$ 655	$ 1,102	$ 356	$ 355	$ 362	$ 1,073	$ 342	$ 344	$ 342	$ 1,029	$ 4,253
Other financial income/expense (e.g. fx	$ (6)	$ 16	$ 48	$ 57	$ 2	$ 58	$ (44)	$ 17	$ 61	$ 6	$ 60	$ 126	$ (65)	$ 91	$ 52	$ 79	$ 279
Non-financial income/expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Monitoring fees	$ 250	$ 18	$ -	$ 268	$ 250	$ -	$ -	$ 250	$ -	$ 250	$ -	$ 250	$ 250	$ -	$ -	$ 250	$ 1,018
Restructuring costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-recurring items	$ -	$ -	$ -	$ -	$ -	$ -	$ 423	$ 423	$ -	$ -	$ 732	$ 732	$ -	$ (179)	$ -	$ (179)	$ 976
EBT, reported	**$ (367)**	**$ (604)**	**$ (730)**	**$ (1,701)**	**$ 73**	**$ (293)**	**$ 251**	**$ 31**	**$ 780**	**$ 765**	**$ (3,674)**	**$ (2,129)**	**$ 445**	**$ (222)**	**$ 54**	**$ 277**	**$ (3,521)**
Taxes	$ (7)	$ 43	$ 19	$ 56	$ 36	$ 88	$ 36	$ 161	$ 146	$ 85	$ 99	$ 331	$ 94	$ 75	$ 87	$ 256	$ 803
Net Income (Loss)	**$ (360)**	**$ (647)**	**$ (749)**	**$ (1,756)**	**$ 37**	**$ (381)**	**$ 215**	**$ (129)**	**$ 634**	**$ 680**	**$ (3,773)**	**$ (2,459)**	**$ 351**	**$ (297)**	**$ (33)**	**$ 21**	**$ (4,324)**
Net Income (Loss) %	-3.6%	-5.8%	-6.3%	-5.3%	0.3%	-2.9%	1.7%	-0.4%	3.8%	4.9%	-29.5%	-5.7%	2.5%	-2.6%	-0.3%	0.1%	-2.9%
Bank allowable EBITDA add-backs	$ 578	$ 919	$ 1,943	$ 3,441	$ 1,227	$ 1,178	$ 1,027	$ 3,432	$ 688	$ 1,470	$ 4,950	$ 7,108	$ 1,316	$ 1,027	$ (145)	$ 2,198	$ 16,178
Bank EBITDA	**$ 219**	**$ 272**	**$ 1,194**	**$ 1,684**	**$ 1,264**	**$ 797**	**$ 1,242**	**$ 3,302**	**$ 1,322**	**$ 2,150**	**$ 1,177**	**$ 4,649**	**$ 1,667**	**$ 730**	**$ (178)**	**$ 2,218**	**$ 11,854**
Adjustments	$ (137)	$ (293)	$ (323)	$ (754)	$ (500)	$ (398)	$ (230)	$ (1,129)	$ (215)	$ (240)	$ (339)	$ (794)	$ (181)	$ (210)	$ (309)	$ (701)	$ (3,377)
Pro Forma Adjusted EBITDA	**81**	**(22)**	**871**	**$ 931**	**764**	**398**	**1,011**	**$ 2,173**	**1,108**	**1,910**	**838**	**$ 3,855**	**1,485**	**520**	**(488)**	**$ 1,518**	**$ 8,477**
Adjusted EBITDA % sales	0.8%	-0.2%	7.3%	2.8%	7.1%	3.0%	8.2%	6.0%	6.7%	13.6%	6.6%	8.9%	10.6%	4.6%	-4.3%	4.1%	5.7%

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Appendix 1) YTD December 2019 Balance Sheet – Reported (1 of 2)

HUFCOR HOLDINGS, INC. *Month Ending* 12/31/2019

BALANCE SHEET

	12/31/2018	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019
	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M
Current Assets													
Cash and cash equivalents	$ 2,668	$ 2,930	$ 2,754	$ 1,443	$ 1,521	$ 1,561	$ 3,263	$ 5,174	$ 1,253	$ 2,322	$ 3,773	$ 2,765	$ 3,066
Short term investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts receivable, gross	$ 36,879	$ 35,130	$ 36,910	$ 34,436	$ 33,243	$ 34,172	$ 36,345	$ 40,607	$ 40,275	$ 39,568	$ 39,373	$ 39,275	$ 37,343
Accounts receivable, reserves	$ (1,407)	$ (1,455)	$ (1,545)	$ (2,320)	$ (2,371)	$ (2,437)	$ (2,232)	$ (2,247)	$ (2,250)	$ (4,238)	$ (4,257)	$ (4,171)	$ (3,256)
Accounts receivable, net	$ 35,472	$ 33,675	$ 35,365	$ 32,116	$ 30,873	$ 31,735	$ 34,113	$ 38,359	$ 38,025	$ 35,330	$ 35,116	$ 35,104	$ 34,086
Inventory, gross	$ 13,393	$ 14,553	$ 15,308	$ 15,388	$ 16,303	$ 16,774	$ 18,889	$ 16,352	$ 16,262	$ 16,457	$ 16,911	$ 16,569	$ 16,329
Inventory, reserves	$ (298)	$ (243)	$ (253)	$ (264)	$ (274)	$ (282)	$ (295)	$ (304)	$ (309)	$ (887)	$ (937)	$ (487)	$ (314)
Inventory, net	$ 13,095	$ 14,310	$ 15,055	$ 15,124	$ 16,028	$ 16,493	$ 18,594	$ 16,049	$ 15,953	$ 15,569	$ 15,974	$ 16,082	$ 16,015
Prepaid expenses and other current assets	$ 1,666	$ 1,832	$ 1,728	$ 1,591	$ 1,529	$ 1,326	$ 1,338	$ 1,190	$ 1,335	$ 1,625	$ 1,493	$ 1,538	$ 1,445
Current portion of deferred taxes	$ 5,274	$ 5,327	$ 5,293	$ 5,297	$ 5,283	$ 5,263	$ 5,280	$ 5,254	$ 5,227	$ 5,229	$ 5,256	$ 5,232	$ 5,281
Revenue in excess of billings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other current assets	$ 261	$ 285	$ 331	$ 214	$ 309	$ 323	$ 397	$ 365	$ 374	$ 407	$ 429	$ 450	$ 546
Total Current Assets	**$ 58,435**	**$ 58,359**	**$ 60,528**	**$ 55,785**	**$ 55,542**	**$ 56,701**	**$ 62,985**	**$ 66,392**	**$ 62,167**	**$ 60,483**	**$ 62,041**	**$ 61,171**	**$ 60,439**
Non-Current Assets													
Property, plant & equipment, gross	$ 36,262	$ 36,688	$ 37,895	$ 38,006	$ 38,147	$ 38,088	$ 38,362	$ 38,604	$ 38,643	$ 39,466	$ 40,023	$ 40,159	$ 40,450
Accumulated depreciation	$ (22,835)	$ (23,108)	$ (23,208)	$ (23,334)	$ (23,515)	$ (23,601)	$ (23,838)	$ (23,927)	$ (23,934)	$ (24,057)	$ (24,312)	$ (24,097)	$ (24,382)
Property, plant & equipment, net	$ 13,427	$ 13,580	$ 14,687	$ 14,673	$ 14,632	$ 14,487	$ 14,524	$ 14,677	$ 14,708	$ 15,409	$ 15,711	$ 16,062	$ 16,068
Goodwill	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Identifiable intangible assets, gross	$ 15,231	$ 15,247	$ 15,236	$ 15,238	$ 15,233	$ 15,227	$ 15,233	$ 15,225	$ 15,216	$ 15,217	$ 15,225	$ 15,218	$ 15,148
Accumulated amortization	$ (5,523)	$ (5,870)	$ (6,215)	$ (6,561)	$ (6,906)	$ (7,251)	$ (7,597)	$ (7,942)	$ (8,287)	$ (8,370)	$ (8,454)	$ (8,537)	$ (8,753)
Identifiable intangible assets, net	$ 9,707	$ 9,377	$ 9,022	$ 8,677	$ 8,327	$ 7,976	$ 7,636	$ 7,283	$ 6,929	$ 6,847	$ 6,771	$ 6,681	$ 6,395
Deferred financing cost	$ 1,950	$ 1,906	$ 1,955	$ 1,908	$ 1,862	$ 1,950	$ 1,900	$ 1,850	$ 1,935	$ 1,893	$ 1,839	$ 1,786	$ 1,745
Deferred tax asset	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other non-current assets	$ 3,719	$ 3,723	$ 2,705	$ 2,703	$ 2,697	$ 2,693	$ 2,697	$ 2,697	$ 2,409	$ 1,642	$ 1,401	$ 839	$ 1,156
Total Non-Current Assets	**$ 28,804**	**$ 28,585**	**$ 28,368**	**$ 27,961**	**$ 27,518**	**$ 27,106**	**$ 26,756**	**$ 26,507**	**$ 25,981**	**$ 25,791**	**$ 25,723**	**$ 25,368**	**$ 25,364**
Total Assets	**$ 87,239**	**$ 86,944**	**$ 88,896**	**$ 83,746**	**$ 83,060**	**$ 83,807**	**$ 89,742**	**$ 92,899**	**$ 88,148**	**$ 86,274**	**$ 87,764**	**$ 86,539**	**$ 85,803**

Appendix 1) YTD December 2019 Balance Sheet – Reported (2 of 2)

HUFCOR HOLDINGS, INC. *Month Ending* 12/31/2019

BALANCE SHEET

	12/31/2018	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019
	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M
Current Liabilities													
Current portion of long-term debt	$ 835	$ 1,250	$ 835	$ 919	$ 919	$ 919	$ 1,002	$ 1,002	$ 1,002	$ 1,086	$ 1,086	$ 1,086	$ 1,349
Line of Credit	$ 7,832	$ 10,203	$ 11,382	$ 9,458	$ 9,623	$ 9,308	$ 10,596	$ 10,806	$ 9,235	$ 8,750	$ 8,511	$ 9,064	$ 5,625
Accounts payable	$ 13,527	$ 12,385	$ 12,453	$ 10,618	$ 15,884	$ 15,798	$ 16,614	$ 18,668	$ 11,269	$ 11,758	$ 13,366	$ 12,469	$ 10,677
Accrued liabilities	$ 6,224	$ 5,452	$ 6,081	$ 5,770	$ 361	$ 1,907	$ 5,257	$ 4,735	$ 9,465	$ 9,874	$ 9,474	$ 9,528	$ 13,495
Accrued compensation	$ 2,121	$ 1,508	$ 1,551	$ 1,612	$ 1,346	$ 1,250	$ 1,970	$ 2,254	$ 1,598	$ 2,267	$ 2,504	$ 1,950	$ 2,237
Income taxes payable	$ 129	$ 83	$ 113	$ 129	$ 146	$ 188	$ 246	$ 384	$ 375	$ 442	$ 538	$ 582	$ 632
Short-term unearned revenue	$ -	$ -	$ 861	$ 456	$ 79	$ 79	$ 66	$ 66	$ 66	$ -	$ -	$ -	$ -
Other current liabilities	$ 2,721	$ 2,630	$ 2,911	$ 3,124	$ 3,134	$ 3,186	$ 3,223	$ 3,111	$ 2,796	$ 3,657	$ 3,676	$ 3,633	$ 3,493
Total Current Liabilities	**$ 33,389**	**$ 33,511**	**$ 36,188**	**$ 32,084**	**$ 31,492**	**$ 32,634**	**$ 38,973**	**$ 41,026**	**$ 35,807**	**$ 37,833**	**$ 39,154**	**$ 38,310**	**$ 37,507**
Long-term liabilities													
Long-term debt less current maturities	$ 31,730	$ 31,521	$ 31,521	$ 31,438	$ 31,229	$ 31,229	$ 31,146	$ 30,937	$ 30,937	$ 30,853	$ 30,645	$ 30,645	$ 30,728
Capital lease	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt owing to OpenGate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred income taxes	$ 46	$ 47	$ 68	$ 96	$ 95	$ 94	$ 95	$ 95	$ 93	$ 30	$ 30	$ 30	$ 31
Long-term unearned revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other non-current liabilities	$ 46	$ 48	$ 47	$ (111)	$ 46	$ 46	$ (653)	$ 45	$ 44	$ 44	$ 45	$ 45	$ 46
Total Long-Term Liabilities	**$ 31,822**	**$ 31,616**	**$ 31,636**	**$ 31,423**	**$ 31,370**	**$ 31,369**	**$ 30,588**	**$ 31,077**	**$ 31,074**	**$ 30,928**	**$ 30,720**	**$ 30,719**	**$ 30,805**
Total Liabilities	**$ 65,211**	**$ 65,127**	**$ 67,824**	**$ 63,508**	**$ 62,862**	**$ 64,003**	**$ 69,561**	**$ 72,103**	**$ 66,881**	**$ 68,761**	**$ 69,874**	**$ 69,029**	**$ 68,312**
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	$ 36,350	$ 36,350	$ 36,350	$ 36,350
Retained earnings	$ (14,324)	$ (14,683)	$ (15,331)	$ (16,080)	$ (16,043)	$ (16,424)	$ (16,209)	$ (15,575)	$ (14,895)	$ (18,669)	$ (18,318)	$ (18,614)	$ (18,648)
Accumulated other comprehensive income	$ 47	$ 512	$ 512	$ 521	$ 518	$ 519	$ 522	$ 521	$ 516	$ 517	$ 520	$ 520	$ 523
Other equity transactions	$ (46)	$ (361)	$ (460)	$ (553)	$ (627)	$ (641)	$ (482)	$ (499)	$ (704)	$ (686)	$ (664)	$ (747)	$ (734)
Total Shareholders' Equity	**$ 22,028**	**$ 21,817**	**$ 21,072**	**$ 20,238**	**$ 20,198**	**$ 19,804**	**$ 20,181**	**$ 20,796**	**$ 21,267**	**$ 17,513**	**$ 17,889**	**$ 17,509**	**$ 17,491**
Total Liabilities and Shareholders' Equity	**$ 87,239**	**$ 86,944**	**$ 88,896**	**$ 83,746**	**$ 83,060**	**$ 83,807**	**$ 89,742**	**$ 92,899**	**$ 88,148**	**$ 86,274**	**$ 87,764**	**$ 86,539**	**$ 85,803**

Appendix 1) YTD December 2019 Cashflow Statement

HUFCOR HOLDINGS, INC. *Month Ending* 12/31/2019

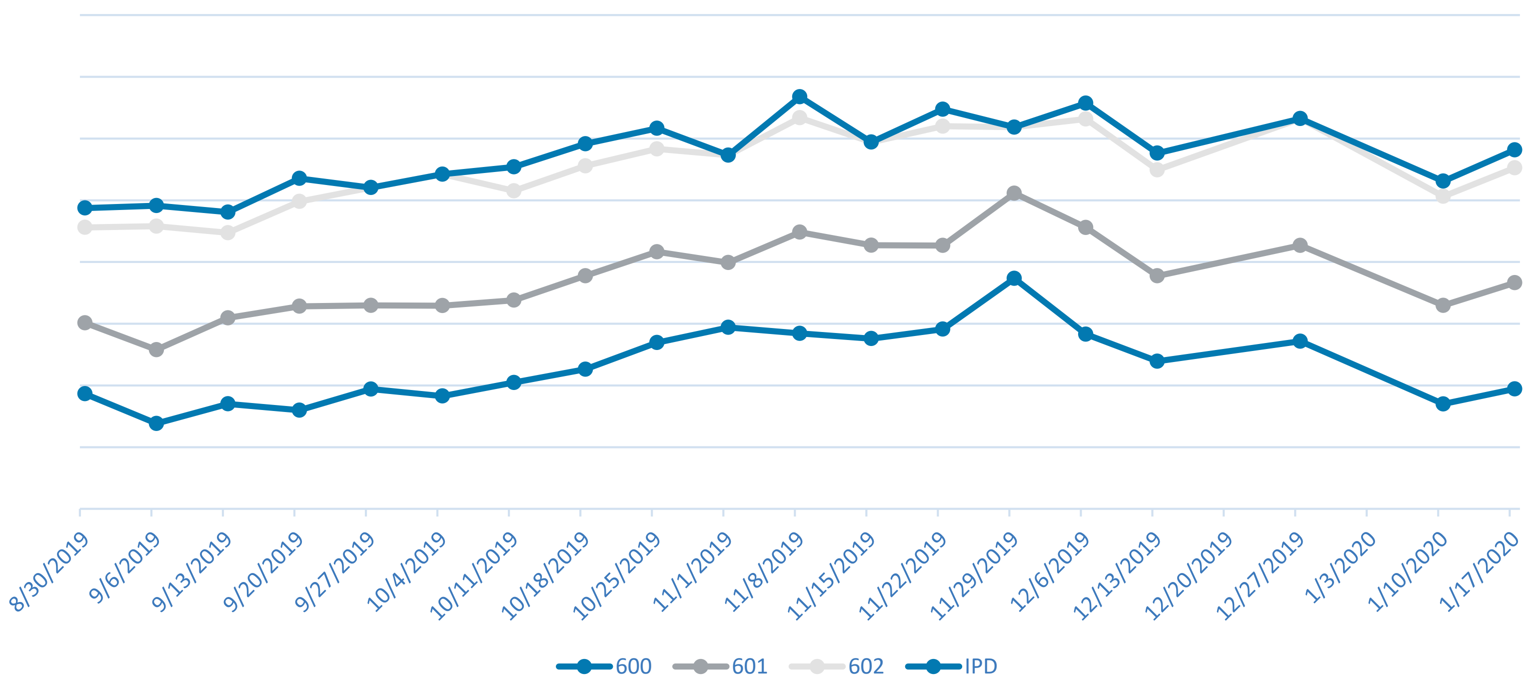
CASHFLOW STATEMENT

	1/31/2019	2/28/2019	3/31/2019	*Quarter Ending* 3/31/2019	4/30/2019	5/31/2019	6/30/2019	*Quarter Ending* 6/30/2019	7/31/2019	8/31/2019	9/30/2019	*Quarter Ending* 9/30/2019	10/31/2019	11/30/2019	12/31/2019	*Quarter Ending* 12/31/2019	FY 2019
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	
Cash flow from operations																	
Net Income (Loss)	(360)	(647)	(749)	(1,756)	37	(381)	215	(129)	634	680	(3,773)	(2,459)	351	(297)	(33)	21	(4,324)
Depreciation, amortization and other	494	495	495	1,484	569	507	507	1,583	510	510	240	1,261	239	240	332	811	5,139
Capitalized fees & expenses	44	49	47	140	47	(88)	50	8	50	(85)	42	7	54	54	40	148	303
Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	10	10
Non-cash interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	-	28	28	(1)	(1)	1	(1)	0	(2)	(63)	(65)	0	0	1	1	(38)
Change in operating assets and liabilities:																	
Accounts receivable	1,774	(1,737)	3,367	3,404	1,148	(876)	(2,452)	(2,180)	(4,215)	326	2,662	(1,227)	192	(8)	921	1,105	1,101
Inventory	(1,216)	(745)	(69)	(2,029)	(905)	(464)	(2,102)	(3,471)	2,546	95	384	3,025	(404)	(108)	67	(445)	(2,920)
Prepaid expenses and other current assets	(123)	119	140	135	27	233	35	295	170	(296)	(241)	(367)	59	(5)	123	177	239
Accounts payable	(1,213)	322	(1,920)	(2,810)	5,242	(134)	889	5,997	2,348	(7,688)	579	(4,761)	1,547	(886)	(1,735)	(1,075)	(2,649)
Accrued expenses	(1,408)	1,596	(365)	(176)	(6,008)	1,594	4,042	(371)	(501)	4,036	1,839	5,374	(25)	(508)	4,114	3,580	8,406
Accrued income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in operating assets and liat	(142)	(89)	17	(215)	224	(4)	(734)	(514)	690	479	726	1,895	319	550	(280)	589	1,755
Other cash flow from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Flow from Operations	**(2,149)**	**(636)**	**990**	**(1,795)**	**381**	**386**	**450**	**1,217**	**2,232**	**(1,945)**	**2,394**	**2,681**	**2,331**	**(970)**	**3,559**	**4,920**	**7,023**
Cash flow from investing																	
Additions to property, plant and equipment	(245)	(186)	(208)	(639)	(182)	(16)	(198)	(396)	(301)	(191)	(777)	(1,269)	(456)	(506)	(181)	(1,144)	(3,449)
Acquisitions of companies, net of cash acqu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnout payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other cash flow from investing (goodwill)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Flow from Investing	**(245)**	**(186)**	**(208)**	**(639)**	**(182)**	**(16)**	**(198)**	**(396)**	**(301)**	**(191)**	**(777)**	**(1,269)**	**(456)**	**(506)**	**(181)**	**(1,144)**	**(3,449)**
Cash flow from financing																	
Proceeds from the issuance (repayment) of s	2,786	764	(1,925)	1,625	166	(315)	1,288	1,138	210	(1,571)	(485)	(1,846)	(239)	553	(3,438)	(3,125)	(2,207)
Proceeds from the issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	(209)	-	(84)	(292)	(209)	-	-	(209)	(209)	-	(84)	(292)	(209)	-	347	138	(655)
Capital lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other cash flow from financing costs	-	-	8	8	(8)	(6)	(21)	(34)	11	8	(2)	18	0	(10)	(34)	(44)	(53)
Total Cash Flow from Financing	**2,577**	**764**	**(2,001)**	**1,341**	**(50)**	**(321)**	**1,266**	**895**	**12**	**(1,562)**	**(570)**	**(2,120)**	**(448)**	**543**	**(3,126)**	**(3,031)**	**(2,915)**
Effect of FX rates on cash and cash equivalents	**80**	**(117)**	**(93)**	**(130)**	**(70)**	**(9)**	**184**	**104**	**(32)**	**(223)**	**21**	**(234)**	**24**	**(74)**	**48**	**(2)**	**(261)**
Net change in cash	262	(175)	(1,311)	(1,225)	78	40	1,702	1,820	1,911	(3,921)	1,068	(942)	1,451	(1,008)	301	744	398
Beginning cash	2,668	2,930	2,754	2,668	1,443	1,521	1,561	1,443	3,263	5,174	1,253	3,263	2,322	3,773	2,765	2,322	2,668
Change in cash	262	(175)	(1,311)	(1,225)	78	40	1,702	1,820	1,911	(3,921)	1,068	(942)	1,451	(1,008)	301	744	398
Ending cash	**2,930**	**2,755**	**1,443**	**1,443**	**1,521**	**1,561**	**3,263**	**3,263**	**5,174**	**1,253**	**2,322**	**2,321**	**3,773**	**2,765**	**3,066**	**3,066**	**3,065**

Appendix 1) Janesville Labor Productivity Trends

Realized early lift by removing easiest waste via S.I.M. Boards, frozen production schedule, supervisor optimization, & more but have recently plateaued; next level of waste removal will be critical to sustainable productivity performance

Labor Productivity for Final Assembly Lines



prodweek	Units/Hour600	Units/Hour601	Units/Hour602	Units/HourIPD
1/17/2020	0.97	0.86	0.93	0.15
1/10/2020	0.85	0.80	0.88	0.12
12/27/2019	1.36	0.78	1.03	0.00
12/13/2019	1.20	0.69	0.86	0.14
12/6/2019	1.41	0.86	0.88	0.13
11/29/2019	1.87	0.69	0.54	0.00
11/22/2019	1.46	0.68	0.97	0.14
11/15/2019	1.38	0.76	0.84	0.00
11/8/2019	1.42	0.82	0.93	0.17
11/1/2019	1.47	0.53	0.87	0.00
10/25/2019	1.35	0.74	0.83	0.17
10/18/2019	1.13	0.76	0.89	0.18
10/11/2019	1.02	0.67	0.89	0.19
10/4/2019	0.91	0.73	1.06	0.00
9/27/2019	0.97	0.68	0.95	0.00
9/20/2019	0.80	0.84	0.85	0.19
9/13/2019	0.85	0.70	0.69	0.17
9/6/2019	0.69	0.60	1.00	0.17
8/30/2019	0.93	0.57	0.77	0.16
8/23/2019	0.97	0.80	1.02	0.13

"ME Blitz" scheduled to start on Feb 10th and last 3 months; goal is to physically and procedurally transform final assembly lines and upstream support areas to facilitate simpler production

Appendix 2) Initiative: Standard Operating Procedures in Accounting & Finance Group

HUFCOR

Business Case / Opportunity Statement

Business case:
Implementation of best practices, internal controls, and standard operating procedures within the global Accounting and Finance functions will streamline processes, increase efficiency, and improve the accuracy and timeliness of the information provided.

Goal statement:

Create and document standard operating procedures for day to day responsibilities, month end close tasks, and post close reconciliations. Establish internal controls to provide consistency and assurance that financial information is reliable and financial operations are performed with in applicable standards.

Opportunity:
For financial reporting purposes, the time to close will be reduced, accounting errors & omissions will also be reduced, and the accuracy of the financial statements will be improved.

Projected Annual EBITDA Impact (Steady State): ~$20K in cost/time avoidance for other purposes

Risks/Considerations:
- Systems constraints, and the number of systems involved, will add complexity – especially outside the US.
- Implementation beyond initial blitz may require more time on the front that could delay other initiatives.

KPI's:
- **Time to Close:** length of time it takes to close the books. **Goal = 2 days (Reduction in days)**
- **Manual Entries per Close:** Number of manual entries made during month end close. **<u>Goal = TBD</u>**
- **Costs through PO vs Non-PO**: Number of costs tied to a PO compared to costs posted through invoices or other means.

Implementation Working Team

Name	Role
Tom Gioia / Jared Franz	**Exec / Lead**
Nancy Schmidt	**Senior Accountant**
General resources in all locations & functional groups	

Implementation Scope & Resources Required

Start: January 2020
Estimated length: Initial blitz 12 weeks, then on-going process improvements
FTE: 0.75
- 0.25 – Executive oversight and hands-on involvement
- 0.5 – Senior Accountant Time
- TBD utilization of 3rd Party Consultants

CAPEX: $0.0 mm

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Build Virtual Shared Service Center for Accounting & Finance

Business Case / Opportunity Statement

Business case:
Current responsibilities for accounting and finance are shared by the corporate resources in Janesville and the location-level admins in each domestic/international location. By centralizing the functions in a "Virtual Shared Service Center" we will be able to monitor adherence to SOP's and keep tighter controls on all accounting entries without the necessary investment of a complete, new corporate shared service center.

Goal statement:

Build the accounting and finance team to position Hufcor for long-term success. Eliminate redundant actions and unnecessary accounting work completed in the field locations. Centralize decision making and major accounting activities to CFO/Controller.

Opportunity:
Free-up field office admins to work more on customer-facing and human capital-related issues in their offices, streamlining the close process and improving overall field office operations.

Projected Annual EBITDA Impact (Steady State): ~$150K from reduction of 2 FTE's across the system

Risks/Considerations:
- Will require moving all domestic field offices off of QB's and onto Infor, which could be met with challenges.
- Success largely dependent on system initiative in the field offices to be completed in conjunction with the centralization activities (i.e. PSA).

KPI's:
- **Time to Close:** Will aid in the speed and accuracy of monthly close. **Goal = 2 days (Reduction in days)**
- **Manual Entries per Close:** Will aid in reduction of manual entries made during month end close. **Goal = TBD**

Implementation Working Team

Name	Role
• **Tom Gioia / Jared Franz**	**Exec / Lead**
• **General accounting resources in all locations**	

Implementation Scope & Resources Required

Start: January 2020
Estimated length: Initial blitz 12 weeks, then on-going process improvements
FTE: 1.25
- 0.25 – Executive oversight
- 1.0 – Dedicated time from whichever field offices undergoing transition
- TBD utilization of 3rd Party Consultants

CAPEX: $0.0 mm

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Reinvestment in Malaysia

Business Case / Opportunity Statement

Business case:

Malaysia's location and labor rate make it a key manufacturing location for the future. Groups are being formed to discuss what product(s) are needed regionally between Australia and South Asia. This includes the large market of India. The ability of Malaysia to produce both finished goods and knock down kits will be critical to their success. The availability of the profile machining center would give them the ability to produce the kits and products. After the key product(s) have been identified and agreed upon we will invest in the needed manufacturing equipment and sales team to the regions.

Opportunity:

Malaysia's low cost of labor and smaller export costs will allow us to produce product for both Australia and the south of Asia.

Projected Annual EBITDA (Steady State): $TBD

Risks/Considerations:

Capex costs

KPI's: TBD

Implementation Working Team

Name	Role
• Clint Morgan	Executive sponsor
• Andy Teoh	Initiative owner
• Scott Staedter	Market

Implementation Scope & Resources Required

Start: January 2020
Estimated length : 2 years
FTE:
CAPEX:TBD

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Re-establish Project Design Team and Innovation team returning members to their respective teams

Business Case / Opportunity Statement

Business case:
Product/Project Engineers are required to design and implement new products and features/options that are sales and marketing initiatives.

Goal statement: Improve existing products adding features and options. Restart innovation team research of Incremental, disruptive and breakthrough projects

Opportunity:
Hufcor currently is not developing new products or improving or adding features to existing. This does not allow the business to keep pace with the competition.

Projected Annual EBITDA Impact (Steady State):

Risks/Considerations:

- Recovering design engineer from current service role.
- Time to hire a new engineer to replace Dan Budworth (new Maintenance Manager).

KPI's:

- **Schedule:** Engineers back in design roles and one new hire by Q2 2020
- **Location**: Janesville

Implementation Working Team

Name	Role
• Gary Southern	Executive lead
• Kyle Patterson	Operations support to replace engineers' roles
• Human Resources	Provide Candidates to hire

Implementation Scope & Resources Required

Start: January 2020
Estimated length: 3 months

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Upgrade Human Resources Staff

Business Case / Opportunity Statement

Business case:
Staff the VP HR position (formerly held by K. Lawry) and upgrade the HR Manager position (currently held by S. Sorg) for credible leadership and value-added services delivery, respectively.

Goal statement:
Deliver timely, cost-effective human capital guidance and services delivery aligned to the business, organizational and legal interests of the Company.

Opportunity:
Inventory and prioritize core human capital life cycle policies, plans and programs including among others, compensation, benefits, retirement, labor relations to continuously improve employee engagement and retention resulting in a direct reduction turnover thereby a decrease in recruitment and training costs, and critically, a reduction in safety (workers compensation claim costs) and quality (material scrap and rework and labor costs) incidents.

Projected Annual EBITDA Impact (2020): ~$25k

Risks/Considerations:
- Requires timely staffing of each position and prioritized engagement of the VP HR and HR Manager roles.

KPI's:
- Timely project managed deliverables.

Implementation Working Team

Name	Role
Scott Dobak	Executive lead
VP of HR	Functional lead

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 45 days
FTE: 2
- 1 – Executive oversight
- 1 – Planning, management and coordination

Costs: Projected one-time recruiting fees - $57k
- VP HR - $40k
- HR Mgr - $17k

On-Going Resources Required

FTE: Not Applicable

Appendix 2) Initiative: Organization Development

Business Case / Opportunity Statement

Business case:
Develop and execute an organization plan and strategy that consists of headcount and labor cost forecasting, staffing, training, performance management and succession planning.

Goal statement:

Achieve human capital staff levels with an prepared and productive organization that meet the Company's business requirements.

Opportunity:

Integrate organization planning with formal staffing (internal and external), training, performance management and succession planning programs and initiatives.

Projected Annual EBITDA Impact (2020): ~$25k resulting from a reduction in recruiting fees and training from turnover, and continuously improving productivity and business performance.

Risks/Considerations:
- Timely introduction of formal programs and KPI's that measure staff level engagement and performance.

KPI's:

- Production staff levels > 95% of headcount forecast and labor cost budget.
- Production staff job training > 100%.
- Production staff promotion > 35%.
- Production staff and installer early turnover (< 60 days) < 35%. .
- Key staff requirements - time to fill between 45 to 65 days and cost to fill < 23% of pay.
- Performance management prior period performance and current period goal setting – at least one (1) annually. Integrate with performance improvement or out program.

Implementation Working Team

Name	Role
• **VP of HR**	**Executive lead**
• **Human Resources Manager**	**Functional lead**
• **Cross-Functional Leadership**	**Internal Customers**
• **HR Administration**	**Support**

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 3 months
FTE: 2
- 1 – Executive serves as SME providing oversight and guidance
- 1 – Functional lead responsible for program(s) development, implementation, and on-going management / administration
- 1 - HR Administration back-office support
- 1 – Cross functional program deployment and coordination

Costs: No incremental costs

On-Going Resources Required

FTE: Same as Implementation Team

Appendix 2) Initiative: Human Capital Total Pay

Business Case / Opportunity Statement

Business case:
Develop and install a formal total pay program consisting of pay, incentive rewards and benefits to competitively attract and retain a committed high performing workforce.

Goal statement:

Establish a culture of pay for performance that rewards (non-CBA staff) employees for achieving business individual goals and objectives.

Opportunity:

Integrate total pay consisting a formal compensation program consisting with pay grades / ranges for base and variable incentive pay with staffing (internal and external), performance management, and career progression.

Projected Annual EBITDA Impact (2020): ~$25k resulting from a reduction in recruiting fees and training from turnover, and continuously improving productivity and business performance.

Risks/Considerations:
- Timely introduction of a formal total pay and the achievement of KPI's that measure business results.

KPI's:

- > 95% of individual goals achieved that tie to business and department objectives.

Implementation Working Team

Name	Role
• VP of HR	Executive lead
• Human Resources Manager	Functional lead
• Cross-Functional Leadership	Internal Customers
• HR Administration	Support

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 3 months
FTE: 2
- 1 – Executive serves as SME providing oversight and guidance
- 1 – Functional lead responsible for program(s) development, implementation, and on-going management / administration
- 1 - HR Administration back-office support
- 1 – Cross functional program deployment and coordination

Costs: No incremental costs

On-Going Resources Required

FTE: Same as Implementation Team

Appendix 2) Initiative: Human Capital Life Cycle Policies

Business Case / Opportunity Statement

Business case:

Install new and updated human capital life cycle policies and service(s) delivery mechanisms that are competitive, fiscally responsible and conform with legal statutes to attract and retain top talent, and improve business insight and productivity.

Goal statement:

Life cycle policies consist of front and back-office cradle-to-grave programs (i.e., selection, on-boarding, training, compensation management, performance management, employment relations, communications, termination and off-boarding) that foster and support the Company's missions / values as an employer of choice in Hufcor operating markets.

Opportunity:

Integrate updated life cycle policies with non-CBA employee programs and that conformance with the CBA for union employees to improve Hufcor's competitive positioning for talented personnel that have the capacity to meet Hufcor's business objectives.

Projected Annual EBITDA Impact (2020): ~$25k resulting a reduction in recruiting fees and training from turnover, improved employee and management decision-making, streamlined front and back-office processes.

Risks/Considerations:

- Timely development and implementation of core human capital life-cycle policies. .

KPI's:

- Production staff and installer early turnover (< 60 days) < 35%.
- > 25% reduction in labor grievances and labor charges.
- >25% reduction in legal counsel fees.
- No material audit deficiencies related to ERiSA programs.

Implementation Working Team

Name	Role
• VP of HR	Executive lead
• Human Resources Manager	Functional lead
• Cross-Functional Leadership	Internal Customers
• HR Administration	Support

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 3 months
FTE: 2

- 1 – Executive serves as SME providing oversight and guidance
- 1 – Functional lead responsible for program(s) development, implementation, and on-going management / administration
- 1 - HR Administration back-office support
- 1 – Cross functional program deployment and coordination

Costs: No incremental costs

On-Going Resources Required

FTE: Same as Implementation Team

Appendix 2) Initiative: Domestic Operations Flexible Capacity

Business Case / Opportunity Statement

Business case:
For as long as our most tenured sales leaders have been at Hufcor, order lead times have always increased significantly as the calendar enters the spring and summer months – this is due to the limited capacity at the Janesville facility. From a commercial perspective, extended lead times limit Hufcor's ability to fulfill customer demand for delivery in a 6-8 week timeframe even during the busy season.

Goal statement:
Keep solid wall lead times at 8 weeks (or under) for the duration of the year in an attempt to capture incremental sales in 2020 and re-assert Hufcor as a reliable operable wall manufacturer in the marketplace.

Goal: Maintain a maximum lead time of 8 weeks for solid walls for the duration of 2020.

Opportunity:
Maintaining a 6-8 week lead time in perpetuity would differentiate Hufcor from the competition and unlock new market segments (i.e. tenant fit-out) for the sales team to explore. Additionally, greater capacity allows for the flexing of manpower up or down based on scheduled production requirements.

Projected Annual EBITDA Impact (Steady State): n/a (except for EBITDA generated from incremental revenue)

Risks/Considerations:
- Greater than expected order volume may push lead times past 8 weeks even after a significant capacity increase

KPI's:
- Order lead time
- Production capacity (units)

Implementation Working Team

Name	Role
Kyle Patterson	Executive lead
Gary Southern	Design Eng lead
Randy Aardema	Ops support*
Chris Nichols	Mfg Eng lead*

Implementation Scope & Resources Required

Start: November 2019
Estimated length: 7 months (Nov 19 – May 20)
FTE: 6.25
- 0.25 – Executive oversight
- 3 – Engineering resources (full-time)
- 3 – Engineering resources (part-time)

CAPEX: $350K (2020)

Major Projects, Timing & Impact

Projects	Start / Finish	EBITDA
Design & Install 603 Line	Nov 19 / Jan 20	$-
2nd Shift Augmentation	Feb 20 / Apr 20	$-
Preventative Maintenance Program	Dec 19 / Mar 20	$-
Pass Door Line	Apr 21 / Dec 21	$-

Appendix 2) Initiative: Data Warehouse & Reporting

Business Case / Opportunity Statement

Business case:
Data availability is limited to system level and static reporting tools. The data from XA (Mapics) is difficult to source and extract, with only limited team knowledge of the references and definitions within the file level structures. The growing demand for more insight and analytics has been restricted by the speed and availability of sourcing this data from XA, and other systems and data sources in the US and globally.

Goal statement:
Establish an on-premise data warehouse for JVL to extract and transform data from XA (Mapics) and miscellaneous data sources (spreadsheets, web forms, custom databases) for Power BI reporting, system integration, and synchronization into Azure EDW for global scale.

Opportunity:
Business intelligence opportunity to develop a series of reporting applications for the leadership team and departmental usage to make better and more informed decisions. An effective BI system can help gain efficiencies, increase productivity, increase sales, provide insight to issues, and solutions.

Projected Annual EBITDA Impact: EBITDA Neutral

Risks/Considerations:
- Data extractions must maintain RAW values to avoid manipulated data specific to current analysis and business rules.
- Data governance must be established to maintain definitions and integrity of data accuracy and classification of data controls.

KPI's:
- **JVL Data Sources:** introduce key areas of data for reporting into EDW **Goal = 100%**
- **Global Data Sources:** complete integration of HAP and AUS into EDW **Goal = 100%**
- **BI Reporting:** develop Executive Dashboard report in 1Q20 **Goal = 100%**

Implementation Working Team

Name	Role
Roger Andrews	**Executive Lead**
Steve Wolfe	**JVL Data**
Steve Long	**International Data**

Implementation Scope & Resources Required

Start: November 2019
Estimated length: on-going
FTE: 2.00
- 0.25 –Executive Lead and Oversight
- 1.00 – Data Sourcing & ETL
- 0.75 – BI Report Development

CAPEX: $170K

On-Going Resources Required

Vendor Cost: ~$150K
- Steve Long contractor costs
- Chetu dba resource
- Sirius Azure Setup

Appendix 2) Initiative: JVL Server Infrastructure

Business Case / Opportunity Statement

Business case:
Greater than 50% of JVL live production business applications, services, and data storage is hosted on server hardware between 10 – 15 years of age. The hardware is no longer supported or under warranty by the manufacture and there is no DR Plan. In addition, 33% of the operating systems ended OEM support (Microsoft) in 2010 and 2015.

Goal statement:
Consolidate server environments into a role-based deployment, decommissioning legacy operating systems, and virtualize the hosting environment on the Dell VX Rail and Dell OptiPlex; and utilize RDS to provide a secured and monitored environment for non-Hufcor managed computers to access the network.

Opportunity:
Cost avoidance opportunity due to higher potential risk of extended hardware outages, limited recovery capabilities, and elevated security risks from non-support OEM software and exposure of non-managed computers on the Hufcor network.

Projected Annual EBITDA Impact: $50 - 250K per occurrence

Risks/Considerations:
- No hardware costs projected but may be required to scale properly for capacity and performance.
- Reinstatement fees for hardware SLA and software licenses could increase project cost by $15k

KPI's:
- **Availability:** percent of up-time of server hardware and operating system **Goal = 99%**
- **Stability:** reliability of applications and services **Goal = 99%**

Implementation Working Team

Name	Role
Roger Andrews	Executive Lead
Steve Wolfe	IT Lead
Sirius Consulting	IT Engineer

Implementation Scope & Resources Required

Start: December 2019
Estimated length: 1.5 months
FTE: 2.00
- 0.5 – Hands-On Executive Lead and Oversight
- 0.5 – Planning, design, and coordination
- 1 – IT implementation

CAPEX: $48K

On-Going Resources Required

Annual Vendor Cost: $10.5K
- Hardware Maintenance Contract: $6K
- Annual Software Licenses: $4.5k

Appendix 2) Initiative: Domestic Net Working Capital & Cash Conversion

Business Case / Opportunity Statement

Business case:
Improvements to the cash conversion cycle through working capital has significant impacts on the balance sheet and cash position of the company. Areas of focus include Accounts Receivable, Inventory and Accounts Payable. A strategic plan built on decreasing days sales outstanding (DSO), and days of inventory on hand (DIO), while selectively increasing days payable outstanding (DPO) will enhance the financial health and operational success of the business.

Goal statement:

Strengthen relationships with customers/vendors in the near-term to repair any damage done by the prior team while improving the cash flow of the business as we grow throughout 2020. Improved inventory management over the same time frame will open capacity & improve efficiency on the shop floor, as well as enabling us to use our financial resources most efficiently.

Opportunity:
Improving each of these areas by 5% will have a $3 million impact on cash.

Projected Annual EBITDA Impact (Steady State): ~$0

Risks/Considerations:
- Straining relationships with customers already frustrated with quality & delivery issues under prior regime while initiating price increases. Requires strategic targeting of customers for improvement.
- Reputational risk and unnecessarily working vendors about Hufcor acting as a going concern if the market perception / reaction is one that interprets the move as necessity for solvency.

KPI's:
- **Decrease DSO:** Reduce the number of days to collect. **Goal = DSO of < 80 days**
- **Decrease DIO:** Increase the number of days of inventory on hand. **Goal = DIO < 50 days**
- **Increase DPO:** Increase the number of days payables outstanding. **Goal = DPO > 45 days**

Implementation Working Team

Name	Role
Tom Gioia / Jared Franz	**Exec / Lead**
Supply Chain Lead	**Vendor**
General resources in Sales & Operations	

Implementation Scope & Resources Required

Start: January 2020
Estimated length: Initial blitz 6 weeks, then on-going
FTE: 0.75
- 0.25 – Executive oversight and hands-on involvement
- 0.5 – Supply Chain Lean / Operations Support
- TBD utilization of 3rd Party Consultants

CAPEX: $0.0 mm

On-Going Resources Required

FTE: 1.0
- Supply Chain Lead: 0.5 full-time equivalent
- A/R Sales Support: 0.5 full-time equivalent

HUFCOR

Appendix 2) Initiative: AUS/NZ Increase Operable Wall production Output

Business Case / Opportunity Statement

Business case:
We have increased our basic output for operable wall units from around 25 to 45 over the past few years with process improvements and efficiency gains. With continued process gains we can maintain a 50 per day average. Lead time needs to be 6-8 weeks to continue to secure new work. Scheduling 50 units per day will help keep our lead time down.

Goal statement:
Increase the operable wall unit output to 50 units per day in the first quarter of 2020.

Opportunity:
11% increase translates to incremental $1.6M Revenue and $560k EBITDA.

Projected Annual EBITDA Impact (Steady State): $400-$560k

Risks/Considerations:
- Can't fill the increased capacity

KPI's:
- Hit 50 units per day on average.

Implementation Working Team

Name	Role
• Clint Morgan	Executive Lead
• Gary Sauer	Initiative owner
• Scott Walker	Operations Manager
• Thai Vu	Manufacturing Engineer

Implementation Scope & Resources Required

Start: Start January 2020
Estimated length: 3 months
FTE: 1.0
CAPEX: 0

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Europe Product Strategy – Cost reduction

Business Case / Opportunity Statement

Business case:

Germany's panel has the highest material content of all the countries. We can utilize the same design of the HX panel, top and bottom rails. This will allow us to purchase common components from China. It will also allow us to have a lower cost option by removing the top or the top and bottom mechanical seals and replacing with sweep. Estimated cost savings to be approx. $30 per panel material costs. It will also make assembly easier, and less machining on the boards. The only investment would be the cost of a new extrusion die.

Goal statement:
Goal is to launch new rails by end of Q2. This can start to be marketed for the lower cost product end of Q1. 6 months of new costing should generate 105K in EBITDA.

Opportunity:
We will open ourselves to additional markets with a lower priced panel without all of the features of the current standard. It will also allow us to use the common parts sourced from China.

Projected Annual EBITDA Impact (Steady State): $210-270K

Risks/Considerations:
- Market rejection
- China doesn't become supplier

Implementation Working Team

Name	Role
• Clint Morgan	Executive sponsor
• Ralf Mehne, Sven Barnutz	owner
• Janesville Engineer	owner

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 6 months
FTE: 1.5
CAPEX: TBD

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Europe team rebuild

Business Case / Opportunity Statement

Business case:

The V.P. of Europe has caused most of the talent to leave Hufcor Germany in the past 3 years. Confidence within the company and the distribution network is suffering. We need to rebuild the team. We will have a new GM starting the first week in February. He has a good working relationship with both the distribution network and the people that have left. He will start rebuilding immediately after starting, with the Technical departments, and the sales team.

Goal statement:
Have new GM in place first week of February. Have all needed positions filled within 4 months

Opportunity:
This **will allow us to regain the trust from our distribution network. We will also use this as a platform going forward for a price increase and develop the direct sales model in Germany.**

Projected Annual EBITDA Impact (Steady State)

Risks/Considerations:
- Too much damage from previous management

Implementation Working Team

Name	Role
• **Clint Morgan**	**Executive sponsor**

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 4 months
FTE: 1
CAPEX:

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: AUS/NZ Increase Kyissa Production

Business Case / Opportunity Statement

Business case:
This is a large market that is handled as a separate fit out not attached to any other trades. We currently lose work due mainly to lead time. Lack of investment has meant that our machinery is old and unreliable, resulting in lost days of production, and increasing lead time.

Goal statement:
Increase the output of toilet cubicles units from 30 to 35 with improved machinery (CNC machine).

Opportunity:
Due to our lead times we have missed fit out opportunity as they look for 3-4 weeks turnaround. We will be able to take a portion of this market if we can reduce the lead time to around 4 weeks.

This extra 5 units will equate to around USD$300k per year.

Projected Annual EBITDA Impact (Steady State): $100-150k

Risks/Considerations:

- Longer to implement

KPI's:

- Daily output of 35 or greater

Implementation Working Team

Name	Role
Clint Morgan	Executive lead
Gary Sauer	Initiative owner
Thai Vu	Manufacturing Engineer
Scott Walker	Operations Manager

Implementation Scope & Resources Required

Start: May 2020 (depending on availability of machine)
Estimated length: 2 months
FTE:
CAPEX: $220K

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: China/HK/Macau 600 series USA and China the same

Business Case / Opportunity Statement

Business case:
The 600 product built in China and the USA are not the same. There are small differences between the panels that do not allow us to supply from either region when capacity is tight. Making changes to both panels to produce the same will allow us greater flexibility in supporting the globe with the steel framed product. This could be beneficial in managing lead times globally, especially for major projects. This will include purchase of a laminator to apply material in house. This will allow us additional margin that would have normally went to whom ever field applied the finishes.

Goal statement:
Take the best features from both products and combine into a single product.

Opportunity:

Supply Central and South America from China.

Projected Annual EBITDA Impact (Steady State): USD$150K-300K

Risks/Considerations:
- Product costs
- Transit times
- Tariffs

KPI's:
- **Revenue from Countries outside of current base**

Implementation Working Team

Name	Role
Clint Morgan	**Executive sponsor**
Shirley Wong	**Initiative owner**
Engineer Janesville/China	**Design**

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 8 months
FTE:
CAPEX: $140K

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Malaysia Product Strategy

Business Case / Opportunity Statement

Business case:

The large number of operable wall manufacturers in Malaysia has resulted in a price driven market. The product features offered by the competition are equal or exceeded ours. The market leader's (Dorma) product spec has also changed, and at times we can't offer any equal product to compete. This has resulted in the declining GP margins to secure jobs across all standard product offerings. Similarly the win rates have dropped from 12% to 9%, while lead generation is reducing. A regional revamp in product strategy is critically needed. However, there are still niche high margin opportunities in the glass operable wall for us to exploit. Evaluation of the best use of the current Athens' CNC asset maybe part of the final evaluation. The market specs in region have shifted from US style products to European style products driven by Dorma and Parthos. Hufcor no longer qualifies for majority of bids using current 7000/5000 products.

Goal statement:

To catch up with Dorma in product differentiation features – higher STC, UL test, fully automatic /side storage while introducing higher margin glass products (GF, 5000G) in the captive sectors to improve margins with cost savings initiatives on existing offerings to defend market positioning

Opportunity:

Parity in our product features will improve win rates at higher margins , create better branding and allow us to win over more customers- A&D, distributors and key corporate accounts.

Projected Annual EBITDA (Steady State): $ 250-300K

Risks/Considerations:

Launching new glass products will require longer cycle time to generate sales ; from promoting, A&D development until securement

KPI's: Win Rates, Sales margins, new ID accounts

Implementation Working Team

Name	Role
• **Clint Morgan**	**Executive sponsor**
• **Andy Teoh**	**Initiative owner**

Implementation Scope & Resources Required

Start: January 2020
Estimated length :
FTE: 2

- 0.25 - Executive oversight
- 0.25 – Janesville engineering
- 0.50 – Local engineering
- 1.0 – A&D development

CAPEX: TBD

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Malaysia Channel Strategy

Business Case / Opportunity Statement

Business case:

In a competitive market and to preserve margins, there is a need to shorten the distribution channels by selling direct instead of going through contractors, i.e. sell directly to key accounts primarily direct corporate clients and fit-out interior designers.

Review and re-align export markets distributorship appointment that adds value, i.e. appointment based on distributor's market segmentation abilities instead of offering a general regional distributorship.

There is also a need to invest in greenfield development works where Hufcor has no significant presence.

Goal statement:

Provide leadership emphasis to intensify regional business development, by opening-up new greenfield markets/countries and improve existing distribution infra-structure.

Opportunity:
Increase existing customer base and improve overall sales performance

Projected Annual EBITDA Impact (Steady State): $250- 350k contribution progressively within 2-3 years.

Risks/Considerations:

Availability to offer enhanced innovative product features that can be differentiated against competition that in return supports aggressive the channel growth

KPI's:
Number of new key accounts and distributors
Number of leads and hits generations

Implementation Working Team

Name	Role
Clint Morgan	Executive sponsor
Andy Teoh	Initiative owner

Implementation Scope & Resources Required

Start :January 2020
Estimated length:
FTE:
CAPEX: $0

On-Going Resources Required

FTE: 1.5

- Business Development Manager: 1FTE
- Marketing and sales support: 0.5 FTE

Appendix 2) Initiative: Partition Studio 5

Business Case / Opportunity Statement

Business case:
Partition Studio Version 4 was developed over 15 years ago on programming and service platforms that have been depreciated and are no longer supported in current operating systems and hosting environments. This imposes risk with future compatibility of updates and patches that could result in stability issues to run and support the application.

Goal statement:
Release Partition Studio Version 5 developed using core technology components that are widely supported and considered mainstream industry standards. The platform is based on Microsoft languages, web service architecture, and cloud hosted in the Azure environment.

Deployment Plan:

January 27 to Feb 10	Kick Off Alpha Testing & Training
February 10 – 21	Code Completion & Bug/Fix
February 24 to 29	Performance / Load Testing
March 3 to 20	Internal Beta Testing & Training
March 16 to 27	External Beta Testing
March 30 to April 10	Deployment Preparation
April 13	General Release

Risks/Considerations:
- Performance load testing must be done to scale and stabilize application.
- System level documentation needs to be prepared.
- Code level error reporting needs to be added to support.
- Security enhancements for database and user access controls
- Transition timeline from decommissioned applications

Implementation Working Team

Name	Role
• **Roger Andrews**	**Executive Lead**
• **David Kimble**	**Software Arch**
• **Britton Kjenner**	**Developer**
• **Phil Scott**	**Developer**

Implementation Scope & Resources Required

Start: ~2017
Estimated length: 3 Years

FTE: 2.50
- 1.00 – Design, Architecture, Testing
- 1.50 – Coding Application

CAPEX: $630K over 3 years

2020 Vendor Cost: ~$20K
- Chetu Performance Testing
- Chetu Code and System Documentation

On-Going Resources Required

Service Cost: ~$60K
- Azure Cloud Hosting
- Software Licensing

Appendix 2) Initiative: US Domestic PSA

Business Case / Opportunity Statement

Business case:
US domestic field offices do not utilize any standard project management tools, workflows procedures, or software platform to manage costs, schedules, resources, or materials for installation and repair work performed by employees and contractors.

Goal statement:
Deploy a cloud based commercially off the shelf professional automation services software platform with defined workflows, guided operating procedures, and training for end users; with backend data integration to Partition Studio, CRM Dynamics, Payroll, and Financials.

Opportunity:

Standardize project management procedures and workflows for field office management of installations and repair work. Closely and accurately manage all costs at the project level. Improve delivery schedules to achieve efficient and effective results with visibility, organization, and ease of access to project level details.

Projected Annual EBITDA Impact: EBITDA Neutral

Risks/Considerations:
- No existing procedural workflows exist. Definition and alignment with system will be required.
- Speed of deployment (Phase II & III) may be impacted by technical complexity with backend integrations.
- Data retention policies would assist in archival and destruction requirements.

KPI's:
- **Adoption Rate:** percent of field offices using the PSA Platform for PM by end of 2Q20 **Goal = 100%**
- **Financial Integration:** integration for quote and invoice by end of 3Q20 **Goal = 100%**
- **System Integration:** PS5 & CRM integration by end 4Q20 **Goal = 100%**

Implementation Working Team

Name	Role
• **Roger Andrews**	**IT Lead**
• **TBD (FTE)**	**IT BA/PM**
• **David Kimble**	**PS Lead**
• **Ben Edgren**	**CRM Lead**
• **Neal Berens**	**Project SME**
• **Jared Franz**	**FP&A Team**

Implementation Scope & Resources Required

Start: February 2019
Estimated length: 6-9 Months
FTE: 1.50 - 2.00 per phase
- 2.00 – Phase I, PM Software Module
- 2.00 – Phase II, FP&A Integration
- 1.50 – Phase III,PS5 & Dynamics Integration

CAPEX: ~$60K

On-Going Resources Required

Vendor Cost: ~$50K
- Annual License Fees

Appendix 2) Initiative: Major Project Backlog Growth - 2020

Business Case / Opportunity Statement

Business case:

Hufcor deliberately reduced efforts to win "mega projects" in 2019 due to bonding limits, sales missteps, operations performance and backlog margins that plagued major project fiscal performance in 2018 and 2019. Improved bid prices and risk reduction was goal in 2019, lowering the overall securement top line, but built higher margins in projects targeted from $350K - $2.5MM. Blended contract margins exceeded 35% on secured orders. However, overall sales of $350K+ projects were $15.5MM, down from $23.8MM. With major projects representing 30%+ of production in 2019, backlog is weaker in 2020 and 2021 will require more projects in the pipeline.

Goal statement:

Achieve $18MM in securements on projects with value of $350K with blended contract margins that exceed 35%.

Opportunity:

Market remains strong, evidenced by the fact that Hufcor lost more than $23MM in NA projects alone in 2019. With increased US capacity for 600 Series (80 units per day) and China's ability to mechanically laminate skinned panels – not available previously – Hufcor has opened efficient capacity to fill with larger projects – Asia and Latin America targets. Potential M&A opportunities to bolster capabilities in Europe.

Projected Annual EBITDA Impact (Steady State): ~$250K by 2021

Risks/Considerations:

- Disciplined bidding and contract process review (timing, cash requirements, contract risks, etc.)
- Bonding capacity ($7MM single project limit/$14MM aggregate)
- Safety/EMR ratings
- Quality process improvements MUST take place

KPI's:

- **YTD Securements**
- **Anticipated Margin target – blended 35%+**

Implementation Working Team

Name	Role
Scott Staedter	Executive lead
Chad Grace	Design
Mike Kontranowski	NA Sales Ops
Hufcor licensees	

Implementation Scope & Resources Required

Start: Jan 2020
Estimated length: 12 months
FTE: 2.0

CAPEX: (Included in all quality improvement items)

On-Going Resources Required

Travel Expenses: $25K-$40K

Appendix 2) Initiative: Accordion Program

Business Case / Opportunity Statement

Business case:
Accordion Door has been declining in sales over past 5 years and not a core product for Hufcor growth strategy. Need to create a new strategy for this product to ensure our customers/distributors do not move to our top competitor for a solution, and Hufcor can retain accounts as well as capture lost revenue/margin.

Goal statement: (Options)
1. Sell Accordion assets to third party manufacturing. Private label program with favored nations pricing for Hufcor NA sales.

2. Move Sales to Woodfold while setting up private label program for Hufcor customers with favored nations pricing to capture margin for Hufcor, Inc.
3. Exit Accordion completely. Move sales to Woodfold, and make up revenue/margin from other Hufcor product portfolio.

Opportunity:
Minimize or eliminate the need for our customers to consider competitive offering. Maintain loyalty by new accordion option, still ordered through Hufcor but supplied by third party or joint agreement with Woodfold. Improve needed manufacturing space for potential new product or paint booth for increase sales in glass and op wall requiring more colors than clear anodized.

Projected Annual EBITDA Impact (Steady State): EBITDA Neutral

Risks/Considerations:
- Woodfold does not want to negotiate a deal – Hufcor to either ramp up and continue to offer at low lead times and minimum standard offering.
- Lose customer base to competition.

KPI's:
- NDA signed with Woodfold (Jan)
- Negotiate options (Feb-Mar)
- Execute program Q2

Implementation Working Team

Name	Role
Mike Kontranowski	**Executive lead**
Gary Southern	**Technical lead**
Tom Gioia	**Financial lead**

Implementation Scope & Resources Required

Start: January 2020
Estimated length: 3 months
FTE: 2
- **1** Manufacturing Engineer
- **1** Finance
- **CAPEX:**

On-Going Resources Required

FTE: 0.0
Annual Vendor Cost: $0 mm

Appendix 2) Initiative: Exit 630 Series Product and migrate all to 640 Series

Business Case / Opportunity Statement

Business case:
Eliminate 3" width operable wall offering to improve manufacturing efficiency and increase overall margins while reducing internal complexity.

Goal statement: (Options)
1. Develop exit plan for 630 Series Operable wall and execute in Q1. Discontinue any new sales and work with operations to manage inventory as we work through 2020 backlog. Continue to offer 3" only as a PVR for future existing project replacement panels.

Opportunity:
Reduce complexity and focus on higher margin core product, 640 series. This will minimize inventory, complexity in manufacturing, improve efficiencies in operations and future R&D innovation projects.

Projected Annual EBITDA Impact (Steady State): EBITDA Neutral, with major opportunity in Inventory / NWC management and efficiency

Risks/Considerations:
- Market acceptance – minimal due to myth that 3" is necessary for reduce pocket depth
- Continue only as replacement PVR panels

KPI's:
- Research more with customer base for any unknown potential issues
- Develop marketing collateral to improve 640 series sales
- Remove all technical sales data from current sales & marketing collateral

Implementation Working Team

Name	Role
Mike Kontranowski	Executive lead
Gary Southern	Technical lead
Kyle Patterson	Operations lead

Implementation Scope & Resources Required

Start: January 2020
Estimated length: 3 months
FTE: 2
- 1 Manufacturing Engineer
- 1 Marketing

- **CAPEX: TBD**

On-Going Resources Required

FTE: 0.0
Annual Vendor Cost: $0 mm

Appendix 2) Initiative: Marketing Initiatives

Business Case / Opportunity Statement

Business case:
Complete global branding initiative, global website, update all core product collateral, warranties, and Licensee agreements.

Goal statement: (Options)
1. Complete global branding initiative
2. Complete global new website in following order: Malaysia phase 1 February, phase 2 complete site for all Asia end of March. Europe and AU site by July, and Q3 complete Domestic.
3. Update and finalize all domestic collateral for core products, including the technical sales brochure for op/glass. Ensure all global entities have templates for all collateral and work with each region to place their product data into new brand guidelines.
4. Update all product warranties and incorporate into PS5.
5. Update all AIA-CES presentations
6. Work with legal on all new Licensee Agreements
7. Manage/oversee all other ongoing marketing initiatives, i.e. tradeshows, advertising, lead data, CRM, etc.

Opportunity:
Complete all core activities mentioned above to improve communication to market and sales for enhanced customer and internal communications. Improve and maintain market leadership positioning in market place.

Projected Annual EBITDA Impact (Steady State): EBITDA Neutral

Risks/Considerations:
- Manage timelines to ensure all items complete in 2020

KPI's:
- Using Microsoft Planner to ensure all dates are current and met on time.

Implementation Working Team

Name	Role
Mike Kontranowski	Executive lead
Dianny Sobojinski	Marketing lead
Roger Andrews	IT lead
Sales	Field lead

Implementation Scope & Resources Required

Start: January 2020
Estimated length: 12 months
FTE: 3
- **2 Marketing**
- **1 IT (website launch)**

- **CAPEX: $0.0 mm**

On-Going Resources Required

FTE: 2.0 Marketing
Annual Vendor Cost: $0.3 mm

Appendix 2) Initiative: Update Core 600 Product

Business Case / Opportunity Statement

Business case:
600 series products last major design changes occurred in 2005. Reviewing the product and understanding current customer needs will allow Hufcor to bring the core 600 series product to meet the current and future expectations of the architectural community.

Goal statement: Identify and prioritize a project list that combines the best of 600 series product produced in the Janesville, HAP and two licensee facilities. Project list to include updated door hardware, features and options to improve aesthetics, performance and operation of the product.

Opportunity:
Ability to provide identical and updated 600 series product from 2 different facilities

Projected Annual EBITDA Impact (Steady State):

Risks/Considerations:
- Recovering design engineer from current service role.
- Time to back fill open position
- Correct Decisions on product updates to make.
- Manufacturing Engineering Resources - Global
- Tooling Resources - Global

KPI's:
- **Schedule:** Implement changes during Q1 2021.
- **Location**: Janesville/HAP

Implementation Working Team

Name	Role
Gary Southern	Executive lead
Janesville Design Engineering Team	
HAP Design Engineering Team	Product Design
General IT and Partition Studio	Partition Studio
Manufacturing Engineering	Line Process
Tooling	Tool Design
Marketing	Marketing Mat'l
COST TEAM	Shop Blanks

Implementation Scope & Resources Required

Start: February 2020
Estimated length: 12 months
CAPEX: $25,000

On-Going Resources Required

Executive Oversight of Team

Appendix 2) Initiative: Global ERP

Business Case / Opportunity Statement

Business case:
Hufcor currently operates different ERP systems at each manufacturing facility. The systems are hosted, supported, and maintained individually by each of the respected locations. The company has challenges to integrate system components, define unified systematic procedures, and standardize common technology platforms that would facilitate data movement, integrations, training, support, and future growth.

Goal statement:
Conduct an ERP assessment and implement the selected global ERP solution for the company focusing first on internationally deployment, starting in Australia; selected due aged ERP system that was last updated in 2005, hosted on non-OEM supported operating systems, and risk of declining vendor support. The new ERP system will include core modules required across all manufacturing facilities, operate on a flexible service orientated architecture for backend integrations and future add-on modules that are interoperable and supported by open interfaces, frameworks, and protocols.

Opportunity:
The company's use of an ERP system is very similar among other like manufacturing businesses. This should increase the number of qualified ERP vendors in the selection pool that meet our business requirements of core modules, system functionality, and configurability. This allows focus on vendor support, implementation services, pricing, and integration. Deployment of a global ERP will generate significant opportunity in the areas of available information and real-time reporting, standard operating procedures, support and shared services, and system level integrations.

Risks/Considerations:
- Multiple step implementation, specifically design and configuration are vital to the success.
- Multi-year deployment planned due to scope of project, resource time required, and budget.
- Opposition to change business processes to fit into the new ERP system.
- Commitment of time required by local team to keep project on schedule.

Implementation Working Team

Name	Role
• **Roger Andrews**	**Executive Lead**
• **TBD (FTE)**	**US BA/PM**
• **Terence Vaitusi**	**IT Lead**
• **Gary Sauer**	**Local SME**

Implementation Scope & Resources Required

Start: July 2020
Estimated length: 2 Years
FTE: 2.25
- 0.25 –Executive Lead and Oversight
- 1.00 – Discovery & Design
- 1.00 – Configuration, Training, Implement

CAPEX:
2020: $107K
2021: $150K

On-Going Resources Required

Vendor Cost: ~$100K
- License Renewal (multi-locations)

HUFCOR

Appendix 2) Initiative: Identify and test Rivet-less Construction for 600 Series

Business Case / Opportunity Statement

Business case:
Completing the project allows business to incorporate automation and labor reduction on 600 line.

Goal statement: Identify a new process for attaching steel skins to panels with out the use of rivets. Test product with new assembly method to ensure panel structure remains consistent with current design. Turn information over to Manufacturing engineering to complete line process work.

Opportunity:
Current process is labor intensive and causes workers to slide heavy steel sheets onto the panels with potential for causing strains. Completing projects allows for future ME automation project reducing cycle time and work force.

Projected Annual EBITDA Impact (Steady State):

Risks/Considerations:
- Expensive to implement to the line

KPI's:
- **Schedule:** Q4 2020.
- **Project Criteria:** Identify new process for attaching skins to panels
- **Location**: Janesville/HAP

Implementation Working Team

Name	Role
• **Gary Southern**	**Executive lead**
• **Janesville Design Engineering Team**	
• **HAP Design Engineering Team**	**Product Design**

Implementation Scope & Resources Required

Start: August 2020
Estimated length: 4 months
CAPEX: $30,000 Design and testing (does not include 2021 investments to assy. Line)

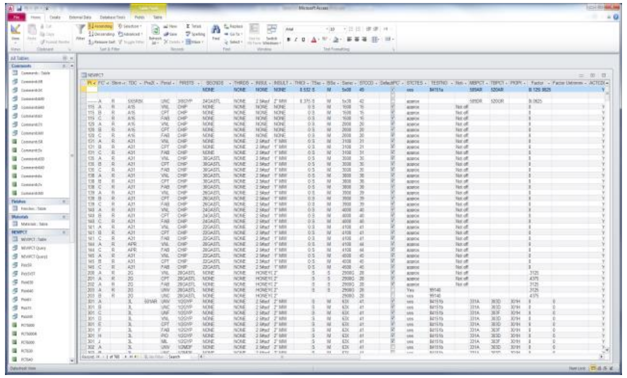
On-Going Resources Required

Executive Oversight of Team

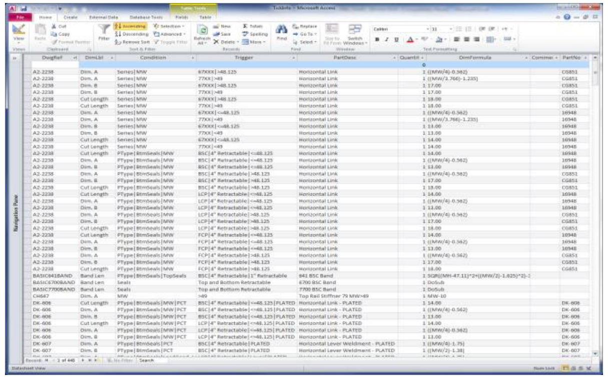
Seismic and structural Calculations

Appendix 2) Design Engineering Services (Partition Studio and Shop Floor)

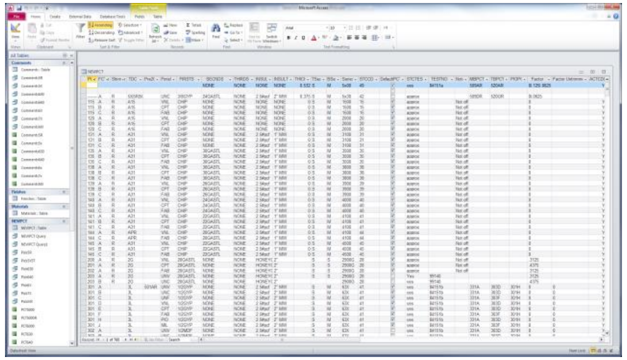
PCT Data Base



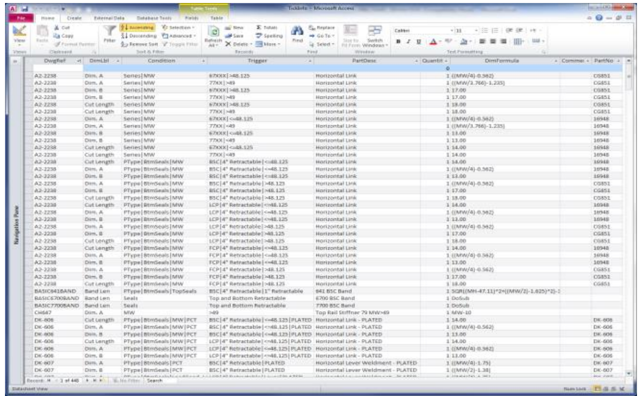
Descriptor Builder Data Base



Deducts Data Base



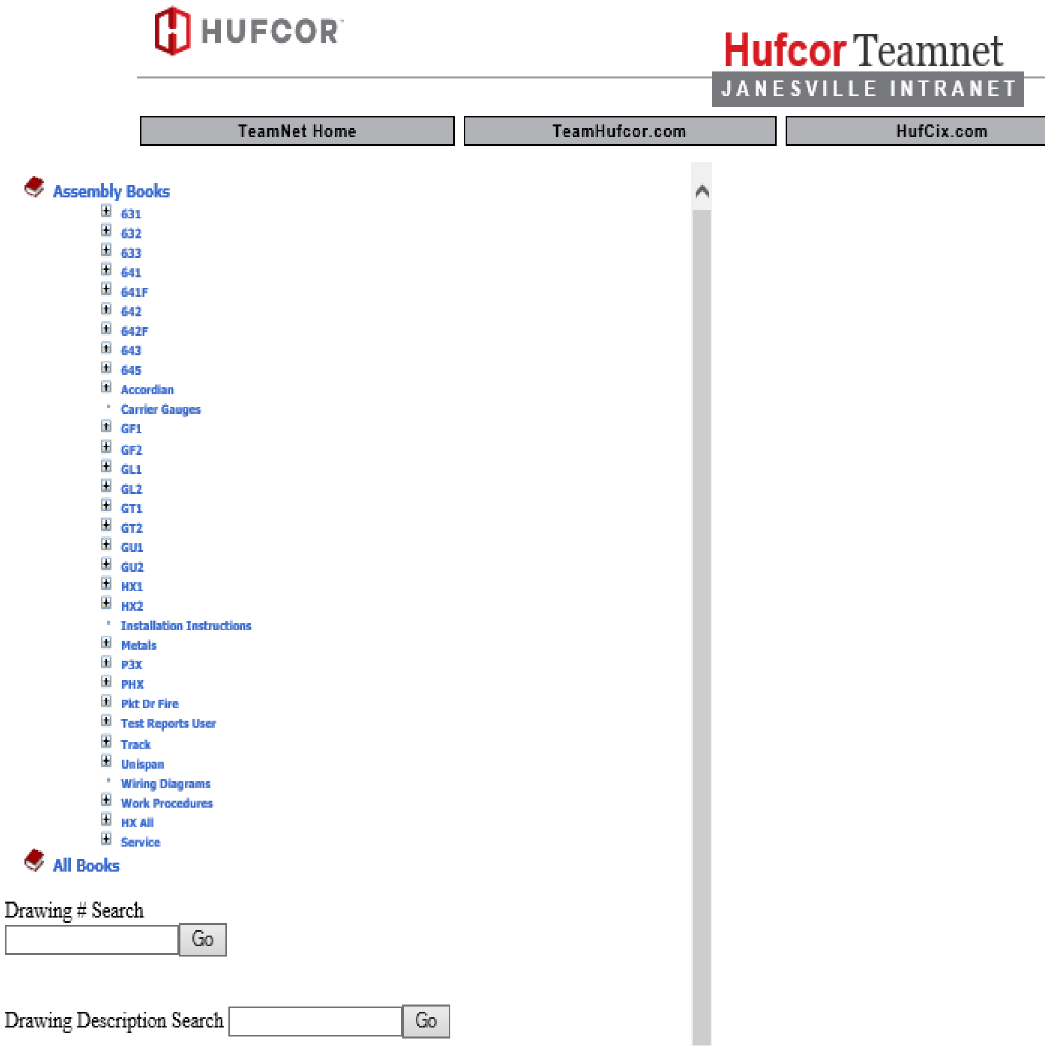
Production Ticket Data Base



Manage Engineering IT

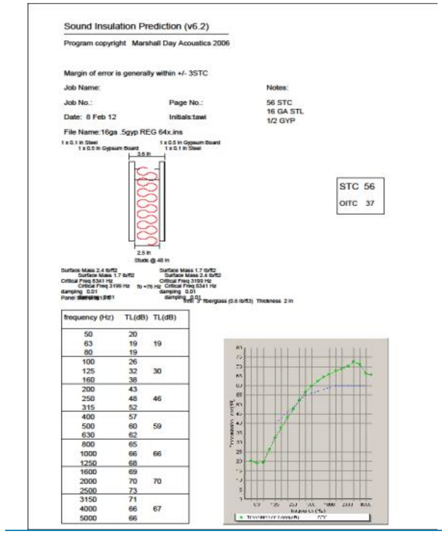
1. DB Works
   a) View on shop floor
   b) View on teamhucfor
   c) Control revisions
2. SolidWorks
   a) Computer Set-up
   b) Manage updates and revisions
3. Computers
   a) Computers capable of running software
   b) Computer set-up for engineering software
4. Insul
   a) STC prediction software
   b) NIC prediction software
5. Project Management Software
6. Sound Test Equipment and software

Manage Drawing Viewing on Shop Floor



HUFCOR Appendix 2) Design Engineering Services

Non-Standard construction Sound test simulations with software for Contractors/Architects


Sound Insulation Prediction (v6.2)

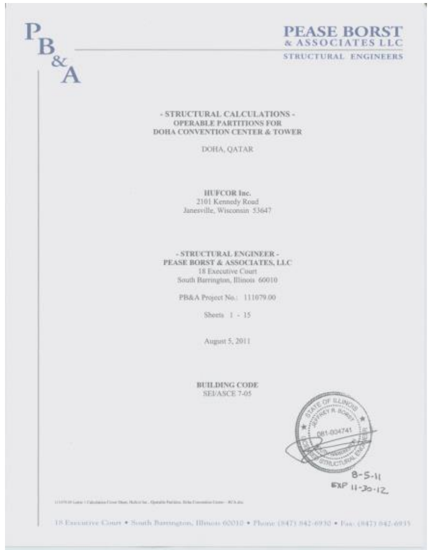
Program copyright Marshall Day Acoustics 2006

Margin of error is generally within +/- 3STC

STC 56

OITC 37

Seismic and structural Calculations


PEASE BORST & ASSOCIATES LLC

STRUCTURAL ENGINEERS

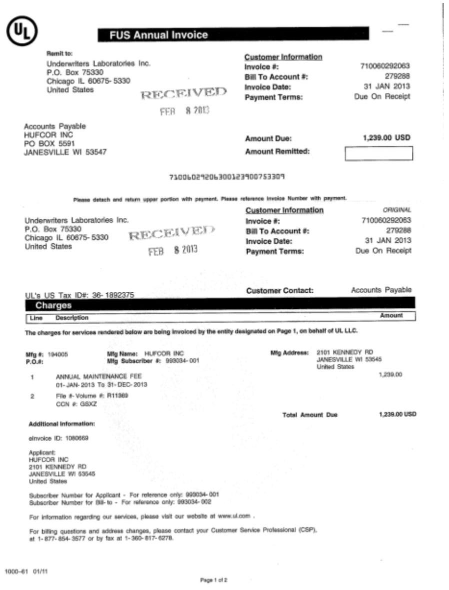
- STRUCTURAL CALCULATIONS -

OPERABLE PARTITIONS FOR

DOHA CONVENTION CENTER & TOWER

DOHA, QATAR

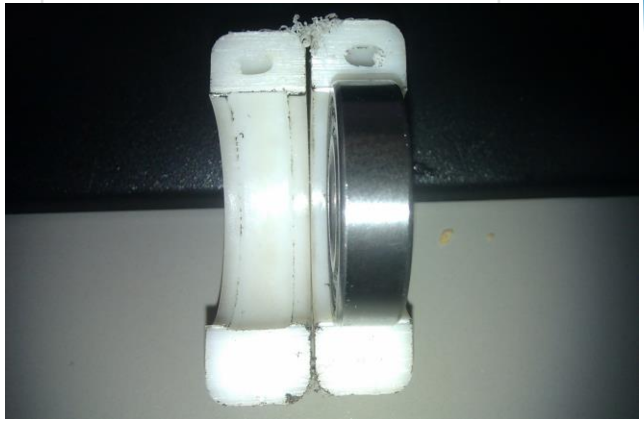
UL visits and documentation


FUS Annual Invoice

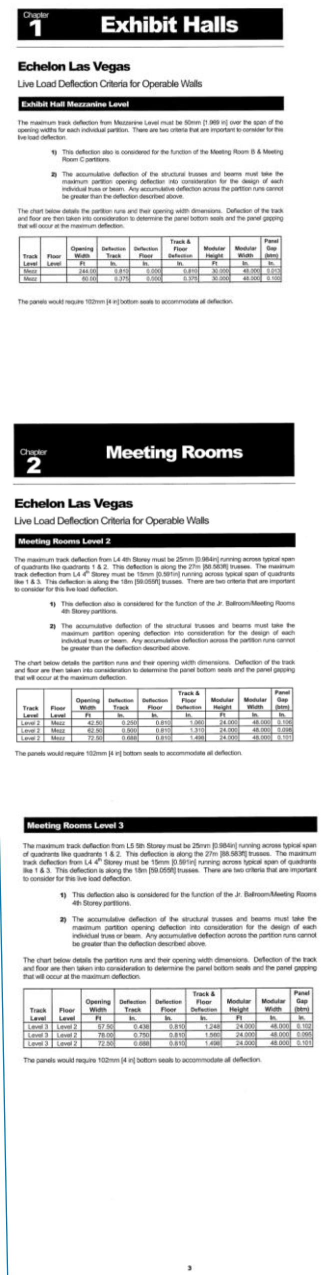
Amount Due: 1,239.00 USD

Supplier/part issues

1. Requests for material change
2. Go no Go gauges
3. Supplier test fixtures
4. Mating Parts
5. DXF files
6. Review old dies
7. Inspect parts off new dies
8. Substitutions
9. New Supplier Visits (certify)



Determine Live load deflection criteria


Chapter 1 Exhibit Halls

Echelon Las Vegas

Live Load Deflection Criteria for Operable Walls

Chapter 2 Meeting Rooms

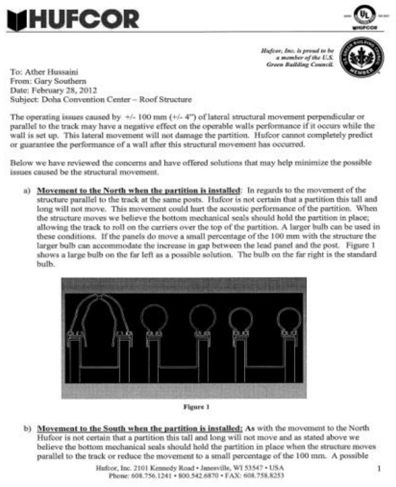
Echelon Las Vegas

Live Load Deflection Criteria for Operable Walls

Meeting Rooms Level 2

Meeting Rooms Level 3

Assist International (Hufcor owned and Licensee


HUFCOR

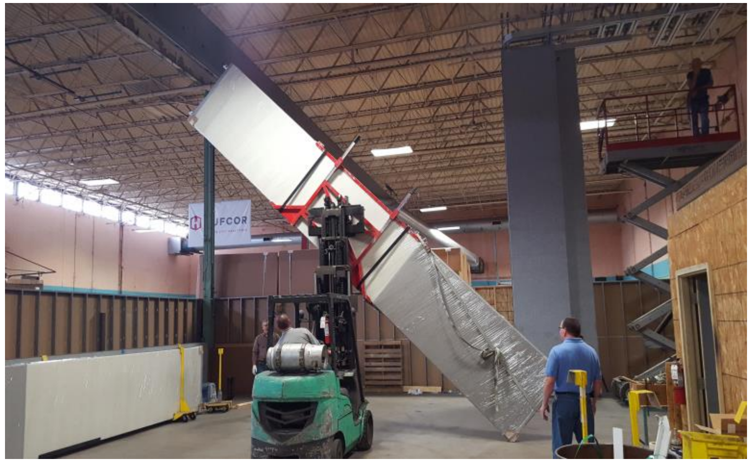
To: Ather Hussaini

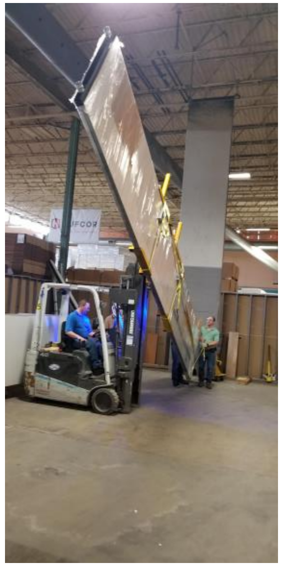
From: Gary Southern

Date: February 28, 2012

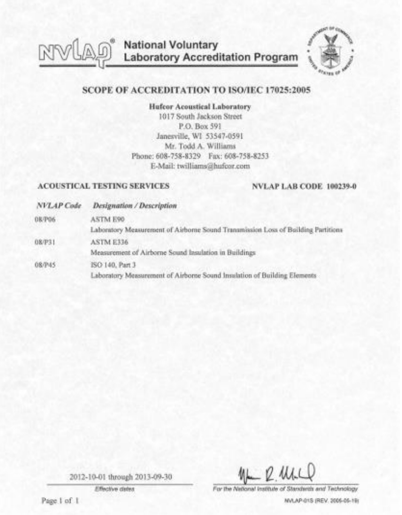
Subject: Doha Convention Center – Roof Structure

Maintain Certification of Installation equipment for lease programs





Sound Lab Accrediation


NVLAP National Voluntary Laboratory Accreditation Program

SCOPE OF ACCREDITATION TO ISO/IEC 17025:2005

Hufcor Acoustical Laboratory

ACOUSTICAL TESTING SERVICES NVLAP LAB CODE 100239-0

ASTM E90

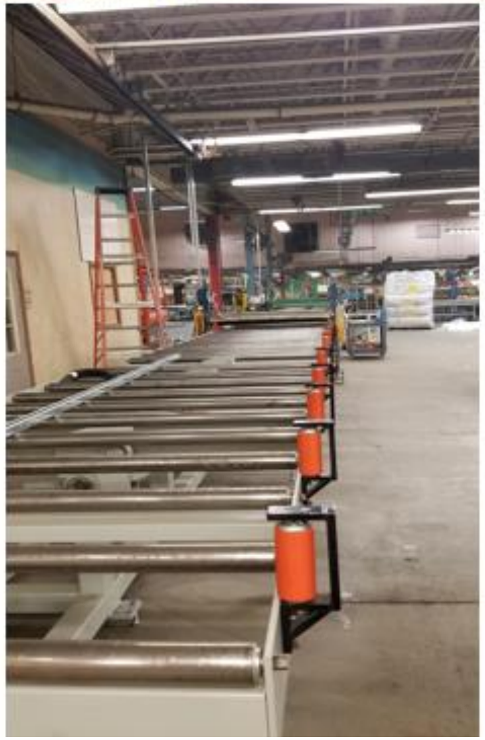
ASTM E336

ISO 140, Part 3

Appendix 2) Design Engineering Services

Marketing Show Trailer

Assisting with 603 Line Install



Assisting with HX line Install

HUFCOR Appendix 2) Design Engineering – Innovation

Project No.	Description
16-004	Electric Unispan
16-008	Aluminum top insert in 643 Electrics
16-005	Touchscreen control of electrics
16-016	Glass markerboard in 600 series panel
16-018	11L track system
17-003	National Trade Museum (TV in electric, lead HCP & 631 sliders-Unispan
16-007	GU Electric Glasswall
16-015	Updated version of GU (cancelled at Stage 2)
17-002	GF Series Product
17-004	Micro Perf faces on Trimmed Products
17-001	Switchable Glass in GU & GF Products

Project No.	Description
18-003	GF IPD
18-004	GF LCP
18-005	Power connectors (patented)
19-004	GU LCP without mullion
19-002	Switchable Glass in new GF IPD
19-003	Switchable glass connection from trail end of GF LCP
PVR	Hitex India Custom "Gate Keeper" major PVR (no contract)
PVR	Dubai double acting pass doors (patent pending)
PVR	Wynn Paradise Touchscreen control centers for 14 elec. #11 switches
PVR	SHOW TRAILER (GL LEDs, 641 IPAD controlled outlets, GF Switch glass)
17-001	Switchable Glass in GU & GF Products

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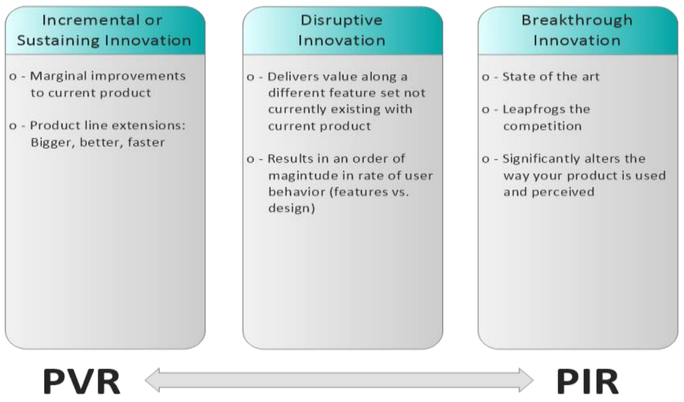

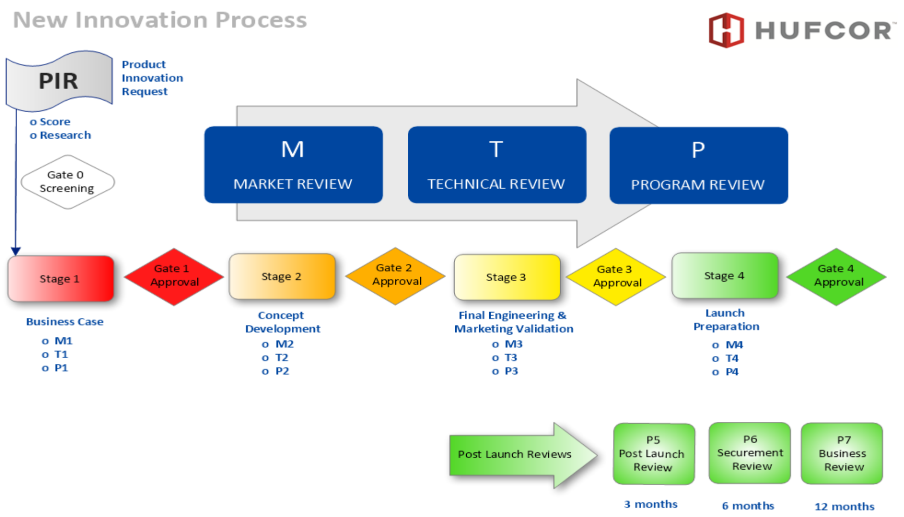

Project Scoring

WOMBAT PROTOCOL™

	Strategic Fit	Economic Impact	Feasibility	Investment	Type of Innovation	Overall Score
	• Strategic alignment • Marketing position • Capabilities	• Revenue potential • Gross margin	• Technical risk • Investment required	• Hufcor global impact • Value to customer	• Incremental • Disruptive • Breakthrough • Research	
	1: Very little impact 3: Some impact 9: Major impact	1: Very little impact 3: Some impact 9: Major impact	1: Major risk 3: Significant risk 9: Little risk	1: >$500K 3: $50-$500K 9: <$50K		
Weighting	35%	30%	15%	20%		100%
Projects & Initiatives	**Strategic Fit**	**Economic Impact**	**Feasibility**	**Investment**	**Type of Innovation**	**Overall Score**
Anvil Crawlers (Power Delivery System)	9	3	3	9	Disruptive	6.3
Flying Laser (Glasswall Summit with switchable glass)	9	3	3	3	Disruptive	5.1
Gutsy Waterbird (RFID tag track switches)	9	9	3	3	Breakthrough	6.9
Bleeding Viper (switchable glass)	9	9	3	9	Breakthrough	8.1
Straw Spider (Monitors in panels (audio/video))	9	9	3	9	Research	8.1
Husky Flea (Vertical Lift)	9	9	1	1	Disruptive	6.2
Next Quasar (Summit Light)	9	3	9	9	Disruptive	7.2
Forsaken Coffin (Micro-perf trimmed panels)	9	3	9	9	Research	7.2
Vital Apple (power in panels)	9	3	3	9	Research	6.3
Elephant Skull (Composites)	9	3	3	3	Research	5.1
Sleepy Wrench (Global ESS)	3	3	9	9	Incremental	5.1
Temple Rebel Reboot (Ultra update)	9	3	1	3	Disruptive	4.8
Modern Dinosaur (electric Ultra)	3	3	9	1	Disruptive	3.5
Stormy Comic (Glass markerboards in 6XX product)	3	1	9	9	Incremental	4.5
Restless Cobra (spliced Summit)	9	3	3	3	Disruptive	5.1
Gamma Ray (Phone App)	3	1	9	9	Disruptive	4.5
Ghastly Eagle (panel sweep)	1	1	9	3	Research	2.6

Appendix 2) Design Engineering – Innovation Te

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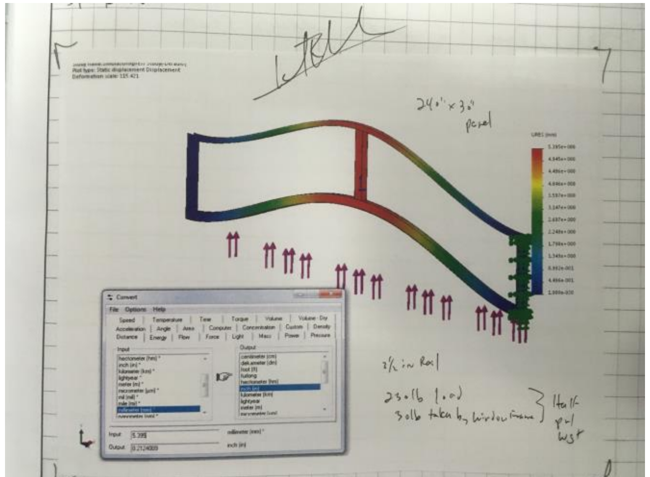
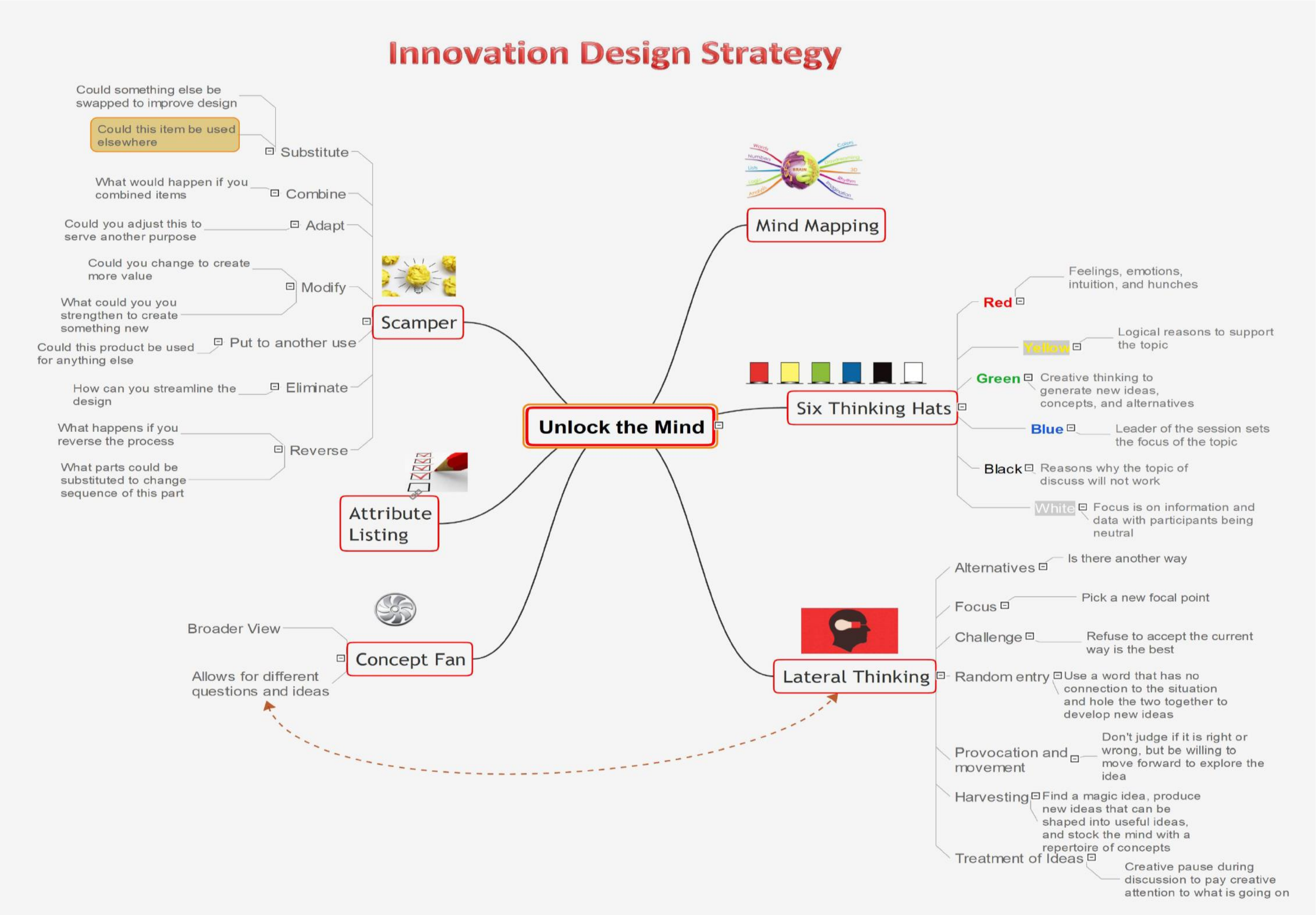
17-001	Switchable Glass in GU & GF Products

Research Essentials:

- Don't let your perspective taint your perception
- Go to where partitions will be, not to where they are now
- Learn from outside of our industry. In fact, learn from all avenues of life



Appendix 2) Design Engineering – Innovation Team



HUFCOR Appendix 2) Design Engineering – Identified Project List

1/21/2020

- NPD: New Product
- PVR: Product Variation
- PH: Additional Phase

- Incremental
- Disruptive
- Breakthrough
- Research

Strategic Fit	Economic Impact	Investment	Feasibility	Time to Implemen	Overall Score
• Strategic alignment • Marketing position	• Revenue potential • Gross margin • Process Improvement	• Hufcor global impact • Value to customer • Cost / ROI	• Technical risk • Investment required	• Time • People	
1: Very little impact 3: Some impact 9: Major impact	1: Very little impact <1MM 3: Some impact $1MM - $5MM 9: Major impact >$5MM	9: <$50K 3: $50-$500K 1: >$500K	1: Major risk 3: Significant risk 9: Little risk	1: > 12 months 3: 6 - 12 Months 9: < 6 months	
25%	35%	15%	5%	20%	100%

ID#	Projects & Initiatives	Series	Type of Initiative	Type of Innovation	% comp.	Priority	Strategic Fit	Economic Impact	Investment	Feasibility	Type of Innovation	Overall Score	CAPEX DOLLARS	COMMENTS
1	Painted ProcessGlass 600 series	600	PVR	Incremental	10%	1	9	9	9	9	9	9.0	$ 50,000.00	Needs process Determined before Engineering
2	Strap Design in 4" Seal	600	PVR				9	9	9	9	3	7.8	$ 50,000.00	Anaheim Concept
3	China and US same product: -Eliminate reprots - Bullnose Mech hole grommet - Anaheim Seal Carriers/endcaps - 640 passdoor auto seal	600	NPD				9	9	3	9	3	6.9	$ 350,000.00	TOOLING, OTHERS
4	HX Launch in Australia	HX	NPD			1	9	9	3	9	3	6.9	$ 300,000.00	TOOLING
5	51 STC Perforated Construction	600	PVR	Incremental	65%	1	9	3	9	9	9	6.9	$ 15,000.00	
6	GU - LCP No Mullion	GU	PVR	Incremental	10%	1	9	3	9	9	9	6.9	$ 15,000.00	Increases clearview eliminating mullion - like GF
7	Panel Sqareness - hour glassing	600	PVR			1	9	9	1	9	3	6.6	$ 1,500,000.00	Study Phase Tooling Equipment (new/update)
8	Skyfold Classic Copy	645	NPD				9	9	1	3	1	5.9	$ 1,500,000.00	DESIGN PHASE, 2021 MANUF.+$ 1.5M
9	Face Crimping Design	600	PVR			1	9	9	1	1	1	5.8	$ 30,000.00	Design Phase 2020, Implementing 2021 = $1M
10	GU & 600 Series Ballistic Glass	600	NPD	Disruptive	5%	1	9	3	3	3	9	5.7		
11	640 Pocket Door	600	PVR				9	3	9	9	3	5.7	$ 30,000.00	Line Cycle time Punching & Extrusion Dyes
12	Electric seals	600/GU	NPD			1	9	3	9	9	3	5.7	$ 30,000.00	Punching & Extrusion Dyes
13	Germanyb VE current product or switch to HX	HX	NPD				3	9	3	9	3	5.4	$ 150,000.00	TOOLING
14	GF Power Conection (IPD/LC)	GF	PH3	Incremental	65%	1	3	3	9	9	9	5.4	$ 15,000.00	65% Complete
15	Sound Tests Updated - 640	600	PH2				9	1	9	9	3	5.0	$ 10,000.00	If 63X eliminated Two (2) test
16	Passdoor Latching - Handles - Accessories Updates	600	PVR			1	9	1	9	9	3	5.0	$ 40,000.00	Tooling
17	Low Cost Closure Design/Documentation	600	PVR				1	3	9	9	9	4.9	$ -	REVISE IF 3" IS REMOVED FROM LINE
18	Horizontal Trim	600	PVR				9	3	3	9	3	4.8	$ 40,000.00	Line time - aesthetics Tooling
19	Lid on LC Hole	ALL	PVR			1	1	1	9	9	9	4.2	$ 10,000.00	
20	Sweep	600	PVR				9	1	3	9	3	4.1	$ 5,000.00	Aesthetics
21	GL Rail like GF, Pin Locks, Hinges	GL	PVR				3	1	9	9	3	3.5	$ 50,000.00	One style rail design lock works same
22	Pocket Door Handles/Mechansim	600	PVR				3	1	9	9	3	3.5	$ 40,000.00	Aesthetics
23	GF Telescopic	GF	NPD	Incremental	25%	1	3	3	3	9	9	4.5		In Process Mill from Athenes
24	Innovation Project 1		NPD	Research	0%							0.0		
25	Innovation Project 2		NPD	Research	0%							0.0		
26												0.0		
												TOTAL	$ 4,230,000.00	
												PRIORITY TOTAL	$ 2,005,000.00	

Appendix 2) Project Detail: Improve QUALITY (Domestic Operations)

Item	Action	Impact	Difficulty	Start	Finish	Annualized EBITDA Impact	2020	2021	2022	FTE-2020	FTE-2021	FTE-2022
A1	SIM Digitization	1.0	2.0	Dec-19	Feb-20	$ 225.00	$ 187.50	$ 37.50	$ -			
A2	NCF Program / Supplier Quality	4.0	1.0	Dec-19	Feb-20	$ -	$ -	$ -	$ -			
A3	Error Proofing / Detection	3.0	3.0	Dec-19	Feb-20	$ -	$ -	$ -	$ -			
A4	Quality Dashboard BI TCAR SIM Harmonization	2.0	2.0	Dec-19	Feb-20	$ -	$ -	$ -	$ -			
A5	Layered Audit	1.0	1.0	Dec-19	Feb-20	$ -	$ -	$ -	$ -			
A6	Process Control Plan	1.0	1.0	Dec-19	Feb-20	$ -	$ -	$ -	$ -			
A7	Air knives	1.0	1.0	Jun-20	Aug-20	$ 4.00	$ 1.33	$ 2.67	$ -			
A8	Order Entry	3.0	2.0	Apr-20	Jun-20	$ 50.00	$ 25.00	$ 25.00	$ -			
A9	Face Area Straightner	2.0	1.0	May-22	Sep-22	$ -	$ -	$ -	$ -			
A10	IPD Pattern Alignment Jig	3.0	2.0	Jun-20	Aug-20	$ 8.00	$ 2.67	$ 5.33	$ -			
A11	EOL Cameras (photos prewrap)	1.0	3.0	Mar-21	Jun-21	$ -	$ -	$ -	$ -			
A12	Glue --> Adhesive substitute	5.0	4.0	Feb-20	Jan-21	$ 150.00	$ -	$ 137.50	$ 12.50			
A13	Virtual Data Sheet	4.0	4.0	Feb-21	Sep-21	$ -	$ -	$ -	$ -			
A14	Standard Reimbursement TCAR	3.0	3.0	Jan-21	Jul-21	$ -	$ -	$ -	$ -			
A15	Mutilation Protection (Protective Pkg)	3.0	1.0	Jan-20	May-20	$ 120.00	$ 70.00	$ 50.00	$ -			
A16	Change Management Digital	1.0	1.0	Jun-21	Aug-21	$ -	$ -	$ -	$ -			
A17	Traceability - Panel Components Etc	4.0	4.0	May-20	Dec-20	$ 72.00	$ -	$ 72.00	$ -			
A18	Calibration System	1.0	1.0	Jun-20	Sep-20	$ -	$ -	$ -	$ -			
A19	Panel Installation SOP	5.0	5.0	Jun-20	Dec-20	$ -	$ -	$ -	$ -			
A20	C&P PLC Update	5.0	4.0	Mar-20	Jun-20	$ 300.00	$ 150.00	$ 150.00	$ -	1.00	1.00	-
						$ 929.00	**$ 436.50**	**$ 480.00**	**$ 12.50**	**1.00**	**1.00**	**-**

Appendix 2) Project Detail: Flex CAPACITY (Domestic Operations)

Item	Action	Impact	Difficulty	Start	Finish	Annualized EBITDA Impact	2020	2021	2022	FTE-2020	FTE-2021	FTE-2022
B1	603 / GU	3.0	5.0	Dec-19	Jan-20	$ -	$ -	$ -	$ -			
B2	2nd Shift Augmentation	3.0	3.0	Feb-20	Apr-20	$ -	$ -	$ -	$ -			
B3	Pass Door Line	4.0	4.0	Apr-21	Dec-21	$ -	$ -	$ -	$ -			
B4	Preventative Maintenance Program	5.0	2.0	Dec-19	Mar-20	$ -	$ -	$ -	$ -	-	-	-
						$ -	$ -	$ -	$ -	-	-	-

Appendix 2) Project Detail: Gain PRODUCTION EFFICIENCY (Domestic Operations)

Item	Action	Impact	Difficulty	Start	Finish	Annualized EBITDA Impact	2020	2021	2022	FTE-2020	FTE-2021	FTE-2022
C1	OH Crane 600 - Goose to Line Skin	4.0	4.0	Apr-20	Oct-20	**$ 75.00**	$ 12.50	$ 62.50	$ -	0.17	0.83	-
C2	Line Retention - Labor	4.0	3.0	Jan-20	Apr-20	$ 90.00	$ 60.00	$ 30.00	$ -			
C3	Coil Slitter & Form Automate	4.0	3.0	Jan-21	Dec-21	**$ 150.00**	$ -	$ -	$ 150.00	-	-	2.00
C4	Freedom Sensors	3.0	2.0	Jan-20	May-20	$ -	$ -	$ -	$ -			
C5	Gyp Saw Consolidation	4.0	3.0	Jan-21	Jun-21	**$ 150.00**	$ 75.00	$ 75.00	$ -	1.00	1.00	-
C6	Panel Racking Post Wrap	3.0	4.0	Apr-20	Nov-20	**$ 225.00**	$ 18.75	$ 206.25	$ -	0.25	2.75	-
C7	600 Line Automation	5.0	5.0	Jan-21	Dec-21	**$ 300.00**	$ -	$ -	$ 300.00	-	-	4.00
C8	Roll Form - SMED, Stock, MvsB, RF and Punch	5.0	4.0	Apr-20	Oct-20	**$ 75.00**	$ 12.50	$ 62.50	$ -	0.17	0.83	-
C10	Metals components outsource	5.0	3.0	Jan-20	Sep-20	**$ 150.00**	$ 37.50	$ 112.50	$ -	0.50	1.50	-
C11	3" Product Elimination	5.0	5.0	Apr-20	Sep-20	$ -	$ -	$ -	$ -			
C12	Weld Mech Cell w/ automation	3.0	5.0	Jan-21	Dec-21	**$ 150.00**	$ -	$ -	$ 150.00			
C13	Support Area Organization & Sequencing	5.0	3.0	Feb-20	May-20	$ 324.00	$ 189.00	$ 135.00	$ -			
C14	Waterspider Program	5.0	3.0	Feb-20	May-20	$ -	$ -	$ -	$ -			
C15	Optimize Production Supervisor staff	5.0	3.0	Oct-19	Mar-20	$ -	$ -	$ -	$ -			
						$ 1,689.00	**$ 405.25**	**$ 683.75**	**$ 600.00**	**2.08**	**6.92**	**6.00**

Appendix 3) 2020 AOP Financial Statements

HUFCOR HOLDINGS, INC.

INCOME STATEMENT

				Quarter Ending				Quarter Ending				Quarter Ending				Quarter Ending	
	1/31/2020	2/28/2020	3/31/2020	3/31/2020	4/30/2020	5/31/2020	6/30/2020	6/30/2020	7/31/2020	8/31/2020	9/30/2020	9/30/2020	10/31/2020	11/30/2020	12/31/2020	12/31/2020	FY 2020
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	
Net Revenue	**$ 10,503**	**$ 12,515**	**$ 14,231**	**$ 37,250**	**$ 13,766**	**$ 12,731**	**$ 13,488**	**$ 39,984**	**$ 16,983**	**$ 13,619**	**$ 13,665**	**$ 44,267**	**$ 14,895**	**$ 12,561**	**$ 12,351**	**$ 39,807**	**$ 161,308**
Material	$ 3,341	$ 4,584	$ 5,300	$ 13,226	$ 4,713	$ 4,386	$ 4,837	$ 13,936	$ 6,599	$ 4,573	$ 4,489	$ 15,661	$ 4,982	$ 4,240	$ 3,958	$ 13,180	$ 56,002
Labor	$ 3,387	$ 3,798	$ 3,801	$ 10,986	$ 3,793	$ 3,903	$ 3,967	$ 11,663	$ 4,146	$ 4,006	$ 3,943	$ 12,094	$ 4,241	$ 3,980	$ 3,941	$ 12,162	$ 46,905
Other COGS	$ 1,188	$ 1,270	$ 1,324	$ 3,782	$ 1,276	$ 1,175	$ 1,139	$ 3,591	$ 1,210	$ 1,227	$ 1,177	$ 3,614	$ 1,226	$ 1,145	$ 1,120	$ 3,491	$ 14,478
Total COGS	**$ 7,917**	**$ 9,652**	**$ 10,424**	**$ 27,993**	**$ 9,783**	**$ 9,463**	**$ 9,943**	**$ 29,189**	**$ 11,955**	**$ 9,806**	**$ 9,609**	**$ 31,370**	**$ 10,449**	**$ 9,365**	**$ 9,019**	**$ 28,834**	**$ 117,386**
Gross Margin	**$ 2,586**	**$ 2,864**	**$ 3,807**	**$ 9,256**	**$ 3,983**	**$ 3,268**	**$ 3,545**	**$ 10,795**	**$ 5,028**	**$ 3,813**	**$ 4,056**	**$ 12,897**	**$ 4,446**	**$ 3,196**	**$ 3,331**	**$ 10,973**	**$ 43,922**
Gross Margin %	24.6%	22.9%	26.8%	24.8%	28.9%	25.7%	26.3%	27.0%	29.6%	28.0%	29.7%	29.1%	29.8%	25.4%	27.0%	27.6%	27.2%
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales & marketing	$ 1,229	$ 1,277	$ 1,330	$ 3,837	$ 1,372	$ 1,334	$ 1,344	$ 4,050	$ 1,417	$ 1,372	$ 1,362	$ 4,151	$ 1,460	$ 1,342	$ 1,317	$ 4,119	$ 16,157
Administrative	$ 1,887	$ 2,053	$ 1,858	$ 5,797	$ 1,784	$ 1,704	$ 1,647	$ 5,135	$ 1,564	$ 1,548	$ 1,543	$ 4,655	$ 1,562	$ 1,542	$ 1,553	$ 4,657	$ 20,243
Other Opex	$ (7)	$ (7)	$ (8)	$ (22)	$ (8)	$ (7)	$ (9)	$ (24)	$ (10)	$ (9)	$ (11)	$ (29)	$ (10)	$ (9)	$ (9)	$ (28)	$ (103)
Total OPEX (excl D&A)	**$ 3,109**	**$ 3,322**	**$ 3,180**	**$ 9,612**	**$ 3,148**	**$ 3,031**	**$ 2,982**	**$ 9,161**	**$ 2,972**	**$ 2,911**	**$ 2,894**	**$ 8,777**	**$ 3,012**	**$ 2,875**	**$ 2,861**	**$ 8,748**	**$ 36,298**
																	22.5%
<u>Opex Overview</u>																	
Payroll	$ 1,129	$ 1,167	$ 1,208	$ 3,504	$ 1,257	$ 1,267	$ 1,266	$ 3,790	$ 1,266	$ 1,276	$ 1,276	$ 3,819	$ 1,276	$ 1,275	$ 1,275	$ 3,826	$ 14,938
Overtime	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Benefits	$ 280	$ 287	$ 297	$ 865	$ 306	$ 309	$ 309	$ 924	$ 311	$ 312	$ 311	$ 933	$ 311	$ 311	$ 310	$ 932	$ 3,654
Bonus	$ 166	$ 166	$ 166	$ 498	$ 168	$ 168	$ 168	$ 504	$ 168	$ 168	$ 168	$ 504	$ 168	$ 168	$ 168	$ 504	$ 2,010
Severance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Marketing	$ 51	$ 51	$ 51	$ 154	$ 51	$ 51	$ 51	$ 154	$ 51	$ 51	$ 51	$ 154	$ 51	$ 51	$ 51	$ 154	$ 616
Commissions	$ 183	$ 228	$ 265	$ 676	$ 271	$ 232	$ 243	$ 746	$ 311	$ 258	$ 250	$ 818	$ 235	$ 233	$ 210	$ 677	$ 2,917
Travel and Entertainment	$ 189	$ 176	$ 180	$ 545	$ 179	$ 177	$ 178	$ 534	$ 173	$ 176	$ 175	$ 524	$ 171	$ 170	$ 172	$ 513	$ 2,116
Rent and Facilities	$ 73	$ 73	$ 73	$ 218	$ 73	$ 90	$ 90	$ 253	$ 90	$ 90	$ 84	$ 265	$ 84	$ 84	$ 84	$ 253	$ 989
Insurance	$ 57	$ 57	$ 57	$ 172	$ 57	$ 57	$ 57	$ 172	$ 57	$ 57	$ 57	$ 172	$ 57	$ 57	$ 57	$ 172	$ 687
Professional Fees	$ 124	$ 74	$ 85	$ 283	$ 85	$ 74	$ 74	$ 233	$ 74	$ 74	$ 74	$ 222	$ 74	$ 74	$ 74	$ 222	$ 960
Utl., Repair, Maint., & Sec.	$ 38	$ 38	$ 38	$ 114	$ 37	$ 38	$ 38	$ 113	$ 38	$ 38	$ 37	$ 112	$ 38	$ 37	$ 37	$ 112	$ 451
Office Expenses	$ 6	$ 7	$ 7	$ 20	$ 6	$ 7	$ 7	$ 20	$ 7	$ 7	$ 7	$ 20	$ 7	$ 7	$ 6	$ 20	$ 80
Safety and Training	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
IT	$ 76	$ 77	$ 60	$ 212	$ 91	$ 62	$ 62	$ 215	$ 64	$ 65	$ 67	$ 196	$ 67	$ 67	$ 67	$ 202	$ 825
Bad Debt	$ 29	$ 28	$ 35	$ 92	$ 36	$ 29	$ 28	$ 93	$ 28	$ 28	$ 27	$ 83	$ 29	$ 27	$ 27	$ 83	$ 351
Supplies	$ 17	$ 17	$ 18	$ 53	$ 18	$ 18	$ 18	$ 54	$ 18	$ 18	$ 17	$ 53	$ 18	$ 18	$ 17	$ 53	$ 212
FX	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
JV Loss (Income)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expenses	$ 691	$ 876	$ 641	$ 2,208	$ 514	$ 451	$ 392	$ 1,357	$ 316	$ 293	$ 291	$ 900	$ 424	$ 294	$ 306	$ 1,025	$ 5,489
Total OPEX (excl D&A)	**$ 3,109**	**$ 3,322**	**$ 3,180**	**$ 9,612**	**$ 3,148**	**$ 3,031**	**$ 2,982**	**$ 9,161**	**$ 2,972**	**$ 2,911**	**$ 2,894**	**$ 8,777**	**$ 3,012**	**$ 2,875**	**$ 2,861**	**$ 8,748**	**$ 36,298**
EBITDA	**$ (524)**	**$ (459)**	**$ 627**	**$ (355)**	**$ 835**	**$ 236**	**$ 563**	**$ 1,634**	**$ 2,057**	**$ 902**	**$ 1,162**	**$ 4,121**	**$ 1,433**	**$ 322**	**$ 470**	**$ 2,225**	**$ 7,624**
EBITDA Margin %	-5.0%	-3.7%	4.4%	-1.0%	6.1%	1.9%	4.2%	4.1%	12.1%	6.6%	8.5%	9.3%	9.6%	2.6%	3.8%	5.6%	4.7%

Appendix 3) 2020 AOP Financial Statements

HUFCOR HOLDINGS, INC.

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	9/30/2020	10/31/2020	11/30/2020	12/31/2020
	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M
Current Assets													
Cash and cash equivalents	$ 3,066	$ 3,797	$ 4,629	$ 4,583	$ 3,731	$ 4,309	$ 4,810	$ 4,215	$ 3,819	$ 3,853	$ 2,690	$ 3,905	$ 3,700
Short term investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts receivable, gross	$ 37,343	$ 36,996	$ 36,983	$ 40,920	$ 44,977	$ 43,600	$ 42,115	$ 47,338	$ 48,295	$ 46,580	$ 44,725	$ 42,751	$ 40,568
Accounts receivable, reserves	$ (3,256)	$ (3,226)	$ (3,225)	$ (3,568)	$ (3,922)	$ (3,802)	$ (3,673)	$ (4,128)	$ (4,212)	$ (4,062)	$ (3,900)	$ (3,728)	$ (3,538)
Accounts receivable, net	$ 34,086	$ 33,769	$ 33,758	$ 37,352	$ 41,055	$ 39,798	$ 38,442	$ 43,210	$ 44,084	$ 42,518	$ 40,825	$ 39,023	$ 37,030
Inventory, gross	$ 16,329	$ 14,265	$ 18,253	$ 19,226	$ 16,749	$ 15,913	$ 18,416	$ 21,057	$ 15,623	$ 15,370	$ 16,109	$ 13,654	$ 12,424
Inventory, reserves	$ (314)	$ (275)	$ (351)	$ (370)	$ (322)	$ (306)	$ (355)	$ (405)	$ (301)	$ (296)	$ (310)	$ (263)	$ (239)
Inventory, net	$ 16,015	$ 13,990	$ 17,901	$ 18,856	$ 16,427	$ 15,607	$ 18,062	$ 20,652	$ 15,322	$ 15,074	$ 15,799	$ 13,391	$ 12,185
Prepaid expenses and other current assets	$ 1,445	$ 1,669	$ 1,686	$ 1,827	$ 1,809	$ 1,802	$ 1,662	$ 1,784	$ 1,697	$ 1,972	$ 3,545	$ 2,192	$ 2,023
Current portion of deferred taxes	$ 5,281	$ 5,297	$ 5,347	$ 5,455	$ 5,580	$ 5,566	$ 5,604	$ 5,645	$ 5,631	$ 5,663	$ 5,670	$ 5,694	$ 5,707
Revenue in excess of billings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other current assets	$ 546	$ 541	$ 540	$ 598	$ 657	$ 637	$ 615	$ 692	$ 706	$ 681	$ 653	$ 625	$ 593
Total Current Assets	**$ 60,439**	**$ 59,062**	**$ 63,861**	**$ 68,671**	**$ 69,259**	**$ 67,719**	**$ 69,197**	**$ 76,197**	**$ 71,258**	**$ 69,759**	**$ 69,182**	**$ 64,830**	**$ 61,238**
Non-Current Assets													
Property, plant & equipment, gross	$ 40,450	$ 40,800	$ 40,840	$ 40,870	$ 41,320	$ 41,470	$ 41,580	$ 41,580	$ 41,580	$ 41,580	$ 41,580	$ 41,580	$ 41,580
Accumulated depreciation	$ (24,382)	$ (24,678)	$ (24,973)	$ (25,269)	$ (25,564)	$ (25,860)	$ (26,155)	$ (26,451)	$ (26,746)	$ (27,042)	$ (27,337)	$ (27,632)	$ (27,928)
Property, plant & equipment, net	$ 16,068	$ 16,122	$ 15,867	$ 15,602	$ 15,756	$ 15,611	$ 15,425	$ 15,130	$ 14,834	$ 14,539	$ 14,243	$ 13,948	$ 13,652
Goodwill	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Identifiable intangible assets, gross	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148	$ 15,148
Accumulated amortization	$ (8,753)	$ (8,835)	$ (8,918)	$ (9,000)	$ (9,083)	$ (9,165)	$ (9,248)	$ (9,330)	$ (9,413)	$ (9,495)	$ (9,578)	$ (9,660)	$ (9,743)
Identifiable intangible assets, net	$ 6,395	$ 6,312	$ 6,230	$ 6,147	$ 6,065	$ 5,982	$ 5,900	$ 5,817	$ 5,735	$ 5,652	$ 5,570	$ 5,487	$ 5,405
Deferred financing cost	$ 1,745	$ 1,582	$ 1,419	$ 1,256	$ 1,093	$ 930	$ 767	$ 604	$ 441	$ 278	$ 114	$ (49)	$ 1,688
Deferred tax asset	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other non-current assets	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156	$ 1,156
Total Non-Current Assets	**$ 25,364**	**$ 25,173**	**$ 24,672**	**$ 24,161**	**$ 24,070**	**$ 23,679**	**$ 23,248**	**$ 22,707**	**$ 22,166**	**$ 21,625**	**$ 21,084**	**$ 20,543**	**$ 21,902**
Total Assets	**$ 85,803**	**$ 84,236**	**$ 88,534**	**$ 92,832**	**$ 93,329**	**$ 91,399**	**$ 92,445**	**$ 98,904**	**$ 93,424**	**$ 91,384**	**$ 90,266**	**$ 85,373**	**$ 83,140**

Appendix 3) 2020 AOP Financial Statements

HUFCOR HOLDINGS, INC.

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	9/30/2020	10/31/2020	11/30/2020	12/31/2020
	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M
Current Liabilities													
Current portion of long-term debt	$ 1,349	$ 1,349	$ 1,349	$ 1,474	$ 1,474	$ 1,474	$ 1,599	$ 1,599	$ 1,599	$ 1,724	$ 1,724	$ 1,724	$ 1,849
Line of Credit	$ 5,625	$ 8,625	$ 9,828	$ 14,612	$ 14,801	$ 13,386	$ 12,834	$ 20,112	$ 12,174	$ 10,294	$ 10,036	$ 6,626	$ 5,286
Accounts payable	$ 10,677	$ 10,754	$ 13,750	$ 13,297	$ 14,082	$ 14,023	$ 14,664	$ 12,356	$ 15,184	$ 13,247	$ 12,652	$ 12,092	$ 11,022
Accrued liabilities	$ 13,495	$ 11,467	$ 12,646	$ 12,554	$ 12,308	$ 12,660	$ 13,098	$ 13,357	$ 13,454	$ 13,741	$ 13,548	$ 13,740	$ 13,855
Accrued compensation	$ 2,237	$ 1,622	$ 1,821	$ 1,929	$ 1,975	$ 1,644	$ 2,303	$ 2,623	$ 1,867	$ 2,940	$ 2,863	$ 2,253	$ 2,718
Income taxes payable	$ 632	$ 352	$ 146	$ 178	$ 240	$ 278	$ 327	$ 416	$ 437	$ 514	$ 586	$ 621	$ 705
Short-term unearned revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other current liabilities	$ 3,493	$ 3,456	$ 3,510	$ 3,452	$ 3,434	$ 3,392	$ 3,372	$ 3,260	$ 3,308	$ 3,208	$ 3,149	$ 3,092	$ 3,022
Total Current Liabilities	**$ 37,507**	**$ 37,625**	**$ 43,050**	**$ 47,496**	**$ 48,313**	**$ 46,857**	**$ 48,196**	**$ 53,721**	**$ 48,023**	**$ 45,668**	**$ 44,558**	**$ 40,149**	**$ 38,457**
Long-term liabilities													
Long-term debt less current maturities	$ 30,728	$ 30,435	$ 30,435	$ 30,310	$ 30,018	$ 30,018	$ 29,893	$ 29,600	$ 29,600	$ 29,475	$ 29,183	$ 29,183	$ 29,058
Capital lease	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt owing to OpenGate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred income taxes	$ 31	$ 31	$ 31	$ 33	$ 34	$ 34	$ 35	$ 35	$ 35	$ 35	$ 36	$ 36	$ 36
Long-term unearned revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other non-current liabilities	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46	$ 46
Total Long-Term Liabilities	**$ 30,805**	**$ 30,513**	**$ 30,513**	**$ 30,390**	**$ 30,099**	**$ 30,098**	**$ 29,974**	**$ 29,682**	**$ 29,682**	**$ 29,557**	**$ 29,265**	**$ 29,265**	**$ 29,140**
Total Liabilities	**$ 68,312**	**$ 68,138**	**$ 73,563**	**$ 77,885**	**$ 78,412**	**$ 76,955**	**$ 78,170**	**$ 83,403**	**$ 77,704**	**$ 75,225**	**$ 73,823**	**$ 69,414**	**$ 67,597**
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	$ 36,350	$ 36,350	$ 36,350	$ 36,350
Retained earnings	$ (18,648)	$ (20,081)	$ (21,223)	$ (21,248)	$ (21,273)	$ (21,741)	$ (21,886)	$ (20,673)	$ (20,468)	$ (20,027)	$ (19,739)	$ (20,216)	$ (20,632)
Accumulated other comprehensive income	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523
Other equity transactions	$ (734)	$ (694)	$ (679)	$ (679)	$ (683)	$ (688)	$ (712)	$ (699)	$ (685)	$ (687)	$ (690)	$ (698)	$ (698)
Total Shareholders' Equity	**$ 17,491**	**$ 16,098**	**$ 14,971**	**$ 14,946**	**$ 14,917**	**$ 14,444**	**$ 14,275**	**$ 15,501**	**$ 15,720**	**$ 16,159**	**$ 16,444**	**$ 15,959**	**$ 15,543**
Total Liabilities and Shareholders' Equity	**$ 85,803**	**$ 84,236**	**$ 88,534**	**$ 92,832**	**$ 93,329**	**$ 91,399**	**$ 92,445**	**$ 98,904**	**$ 93,424**	**$ 91,384**	**$ 90,266**	**$ 85,373**	**$ 83,140**

Appendix 3) 2020 AOP Financial Statements

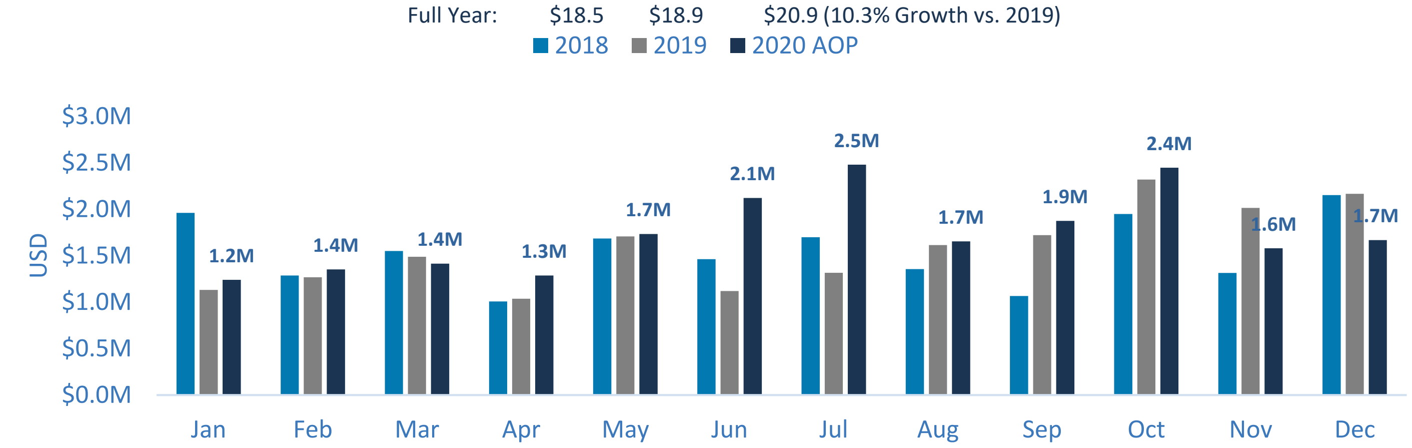
HUFCOR HOLDINGS, INC.

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	9/30/2020	Quarter Ending 9/30/2020	10/31/2020	11/30/2020	12/31/2020	Quarter Ending 12/31/2020	FY 2020
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	1M	1M	1M	1Q	
Cash flow from operations																	
Net Income (Loss)	$ (1,433)	$ (1,142)	$ (199)	$ (2,775)	$ (151)	$ (468)	$ (145)	$ (763)	$ 1,038	$ 205	$ 441	$ 1,684	$ 462	$ (351)	$ (241)	$ (130)	$ (1,984)
Depreciation, amortization and other	$ 323	$ 327	$ 328	$ 978	$ 332	$ 335	$ 336	$ 1,003	$ 339	$ 339	$ 339	$ 1,016	$ 339	$ 339	$ 339	$ 1,016	$ 4,012
Capitalized fees & expenses	$ 163	$ 163	$ 163	$ 489	$ 163	$ 163	$ 163	$ 489	$ 163	$ 163	$ 163	$ 489	$ 163	$ 163	$ (1,737)	$ (1,411)	$ 57
Gain (loss) on sale of fixed assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-cash interest expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-cash dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred income tax	$ 0	$ 1	$ 1	$ 2	$ 2	$ (0)	$ 0	$ 2	$ 1	$ (0)	$ 0	$ 1	$ 0	$ 0	$ 0	$ 1	$ 5
Change in operating assets and liabilities:																	
Accounts receivable	$ 322	$ 11	$ (3,651)	$ (3,318)	$ (3,763)	$ 1,278	$ 1,377	$ (1,108)	$ (4,844)	$ (888)	$ 1,591	$ (4,141)	$ 1,720	$ 1,831	$ 2,025	$ 5,576	$ (2,991)
Inventory	$ 2,024	$ (3,911)	$ (955)	$ (2,841)	$ 2,429	$ 820	$ (2,455)	$ 794	$ (2,590)	$ 5,330	$ 248	$ 2,988	$ (725)	$ 2,407	$ 1,207	$ 2,889	$ 3,830
Prepaid expenses and other current assets	$ (114)	$ 115	$ (39)	$ (38)	$ 101	$ 60	$ 226	$ 387	$ 193	$ 103	$ (224)	$ 72	$ (1,542)	$ 1,364	$ 197	$ 19	$ 440
Accounts payable	$ 79	$ 3,090	$ (468)	$ 2,702	$ 810	$ (61)	$ 661	$ 1,410	$ (2,380)	$ 2,917	$ (1,998)	$ (1,461)	$ (614)	$ (577)	$ (1,104)	$ (2,295)	$ 355
Accrued expenses	$ (2,961)	$ 1,132	$ 5	$ (1,825)	$ (181)	$ 19	$ 1,105	$ 943	$ 628	$ (677)	$ 1,398	$ 1,348	$ (238)	$ (422)	$ 627	$ (33)	$ 434
Accrued income taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other changes in operating assets and liat	$ (210)	$ (266)	$ (294)	$ (770)	$ (290)	$ (124)	$ (209)	$ (623)	$ (439)	$ (86)	$ (166)	$ (691)	$ (122)	$ (119)	$ (125)	$ (366)	$ (2,449)
Other cash flow from operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow from Operations	**$ (1,806)**	**$ (480)**	**$ (5,109)**	**$ (7,395)**	**$ (549)**	**$ 2,022**	**$ 1,061**	**$ 2,534**	**$ (7,892)**	**$ 7,405**	**$ 1,793**	**$ 1,306**	**$ (557)**	**$ 4,635**	**$ 1,187**	**$ 5,265**	**$ 1,709**
Cash flow from investing																	
Additions to property, plant and equipment	$ (211)	$ 95	$ 104	$ (12)	$ (320)	$ (23)	$ 16	$ (327)	$ 123	$ 123	$ 123	$ 369	$ 123	$ 123	$ 123	$ 369	$ 399
Acquisitions of companies, net of cash acqu	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment in intangibles	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Earnout payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other cash flow from investing (goodwill)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow from Investing	**$ (211)**	**$ 95**	**$ 104**	**$ (12)**	**$ (320)**	**$ (23)**	**$ 16**	**$ (327)**	**$ 123**	**$ 123**	**$ 123**	**$ 369**	**$ 123**	**$ 123**	**$ 123**	**$ 369**	**$ 399**
Cash flow from financing																	
Proceeds from the issuance (repayment) of s	$ 3,000	$ 1,203	$ 4,784	$ 8,987	$ 189	$ (1,415)	$ (552)	$ (1,778)	$ 7,278	$ (7,938)	$ (1,880)	$ (2,540)	$ (258)	$ (3,410)	$ (1,340)	$ (5,008)	$ (339)
Proceeds from the issuance of debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repayment of debt	$ (293)	$ -	$ -	$ (293)	$ (293)	$ -	$ -	$ (293)	$ (293)	$ -	$ -	$ (293)	$ (293)	$ -	$ -	$ (293)	$ (1,170)
Capital lease	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Common stock issued (repurchased)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Common stock cash dividends paid	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Preferred stock issued (repurchased)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other cash flow from financing costs	$ 40	$ 15	$ 0	$ 55	$ (4)	$ (6)	$ (24)	$ (33)	$ 13	$ 14	$ (2)	$ 25	$ (2)	$ (9)	$ -	$ (11)	$ 36
Total Cash Flow from Financing	**$ 2,748**	**$ 1,218**	**$ 4,784**	**$ 8,750**	**$ (107)**	**$ (1,421)**	**$ (576)**	**$ (2,104)**	**$ 6,999**	**$ (7,924)**	**$ (1,882)**	**$ (2,808)**	**$ (553)**	**$ (3,419)**	**$ (1,340)**	**$ (5,311)**	**$ (1,473)**
Effect of FX rates on cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in cash	$ 731	$ 832	$ (221)	$ 1,342	$ (976)	$ 578	$ 501	$ 103	$ (770)	$ (396)	$ 34	$ (1,133)	$ (987)	$ 1,340	$ (30)	$ 323	$ 634
Beginning cash	$ 3,066	$ 3,797	$ 4,629	$ 3,066	$ 4,583	$ 3,731	$ 4,309	$ 4,583	$ 4,810	$ 4,215	$ 3,819	$ 4,810	$ 3,853	$ 2,690	$ 3,905	$ 3,853	$ 3,066
Change in cash	$ 731	$ 832	$ (221)	$ 1,342	$ (976)	$ 578	$ 501	$ 103	$ (770)	$ (396)	$ 34	$ (1,133)	$ (987)	$ 1,340	$ (30)	$ 323	$ 634
Ending cash	**$ 3,797**	**$ 4,629**	**$ 4,408**	**$ 4,408**	**$ 3,606**	**$ 4,309**	**$ 4,810**	**$ 4,685**	**$ 4,040**	**$ 3,819**	**$ 3,853**	**$ 3,678**	**$ 2,865**	**$ 4,030**	**$ 3,875**	**$ 4,175**	**$ 3,700**

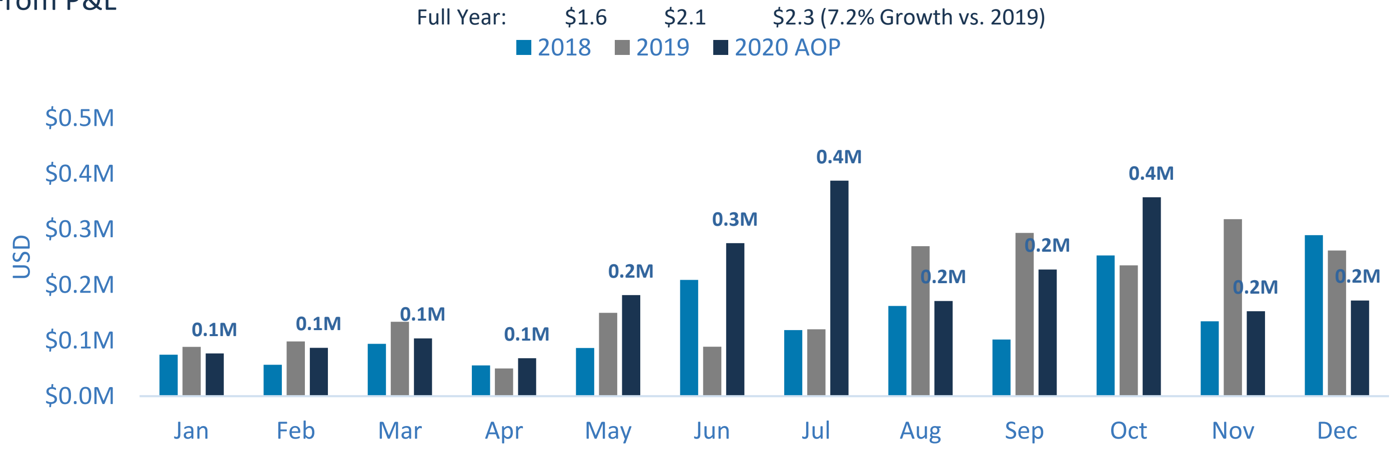
Appendix 3) 2020 AOP: Southeast

Sales Trend



EBITDA Trend

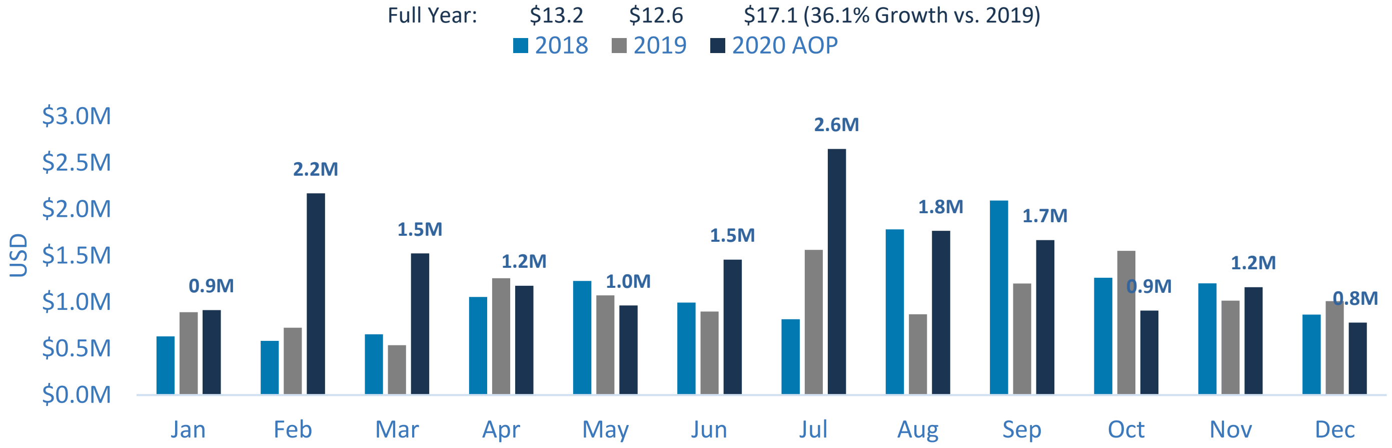
From P&L



- Primary Assumptions :
  - **Revenue:** Backlog is very strong, seasoned team, and execution of projects excellent.
  - **Labor Costs:** Continue with existing labor force and hire service techs and new installers to reduce OT and temp labor usage
  - **Overhead / Fixed Costs:** Continue with run rate from 2019 with the addition of service/installers. 20+ year GM will be retiring in June '20 and will be succeeded by existing sales manager (Brian Hartman).
- Keys to achieving 2020 AOP:
  - **Executing Large Projects Already Secured:**
    - Gaylord Expansion ($1.4m)- Install Q4, risk is material handling and site congestion
    - Memphis CC ($900k)- Installed by June '20, risk is project schedule and site congestion.
  - **Securing Additional Projects**: Focus will be on using tools to find and capitalize on new projects. Increase win rate on lost jobs by relationships and some pricing strategies, without jeopardizing margin requirements.
  - **Other Major Initiatives**: Focus on Tenant Fit Out opportunities if lead times remain < 8 weeks. Capitalize on Panelfold closing.

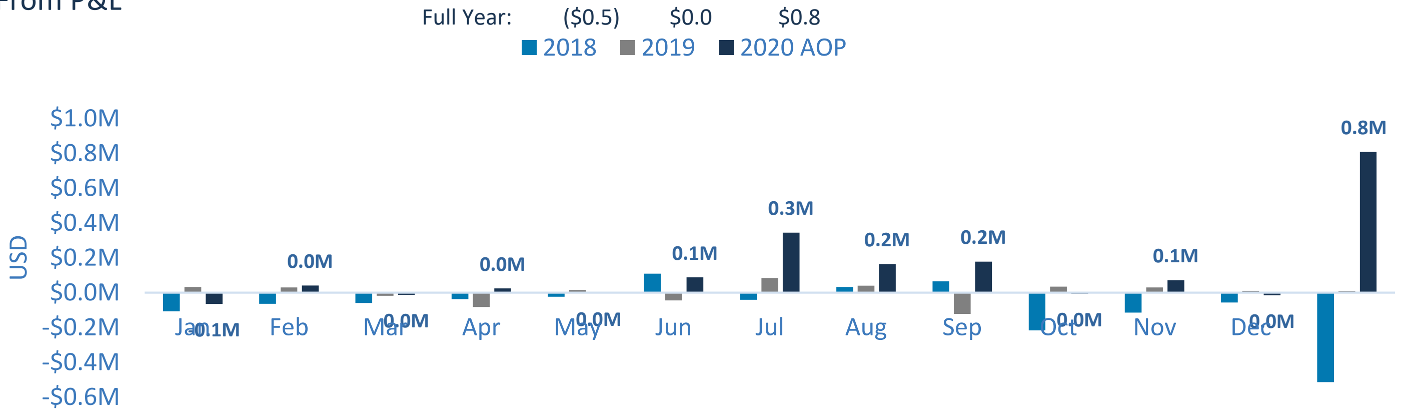
Appendix 3) 2020 AOP: Southwest

Sales Trend



EBITDA Trend

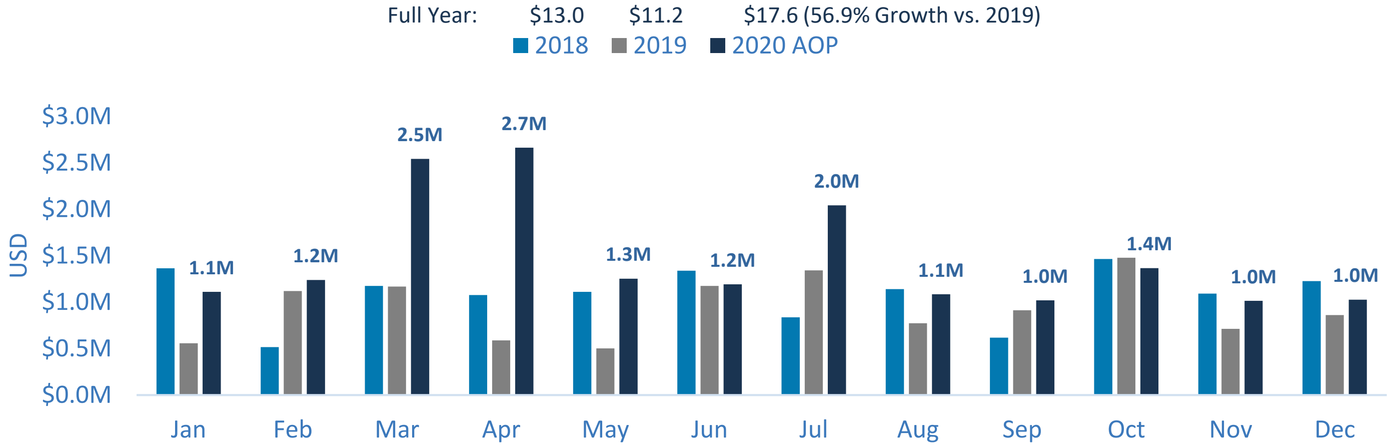
From P&L



- Primary Assumptions :
  - **Revenue:** Salesforce now in place and focused on new day-to-day growth and market share capture.
  - **Labor Costs:** Labor is mainly supplied through a subcontractor. Need to reduce multiple trips out to the jobsite to fix quality issues.
  - **Overhead / Fixed Costs:** Recently, all open reqs have been filled (sales and operations) and the team needs time to settle in and mesh together.
- Keys to achieving 2020 AOP:
  - **Executing Large Projects Already Secured:**
    - Brighton HS ($424)- Installs Aug '20, risk- of labor availability
    - Venice HS ($323)- Install Mar '20, no risks at this time
  - **Securing Additional Projects**: Focus will be on using tools to find and capitalize on new projects. Increase win rate on lost jobs by relationships and some pricing strategies, without jeopardizing margin requirements.
  - **Other Major Initiatives**: Realignment of AZ for new growth in Q1. Service sales increase with new team, and continue process improvements for project execution to reduce margin loss.

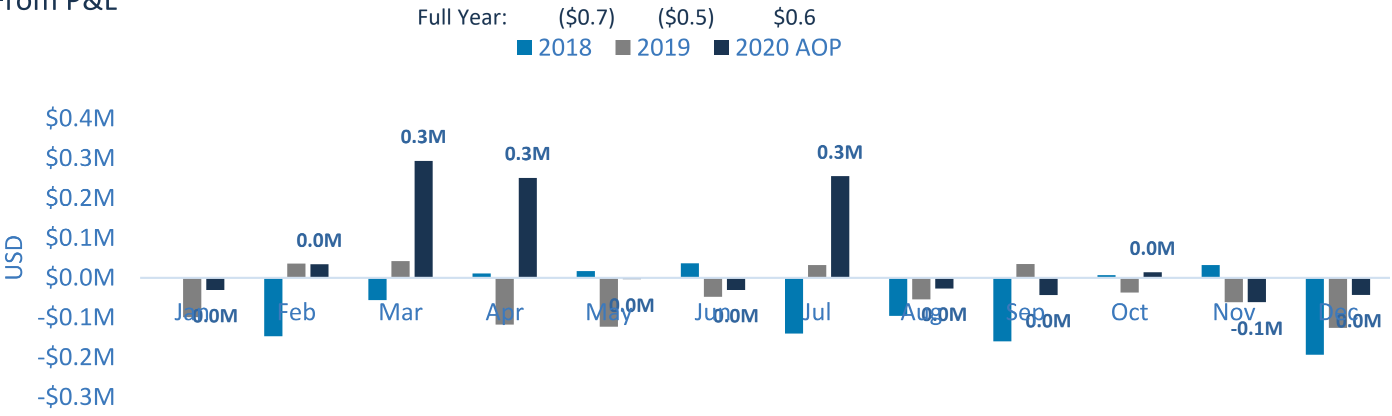
Appendix 3) 2020 AOP: Texas

Sales Trend



EBITDA Trend

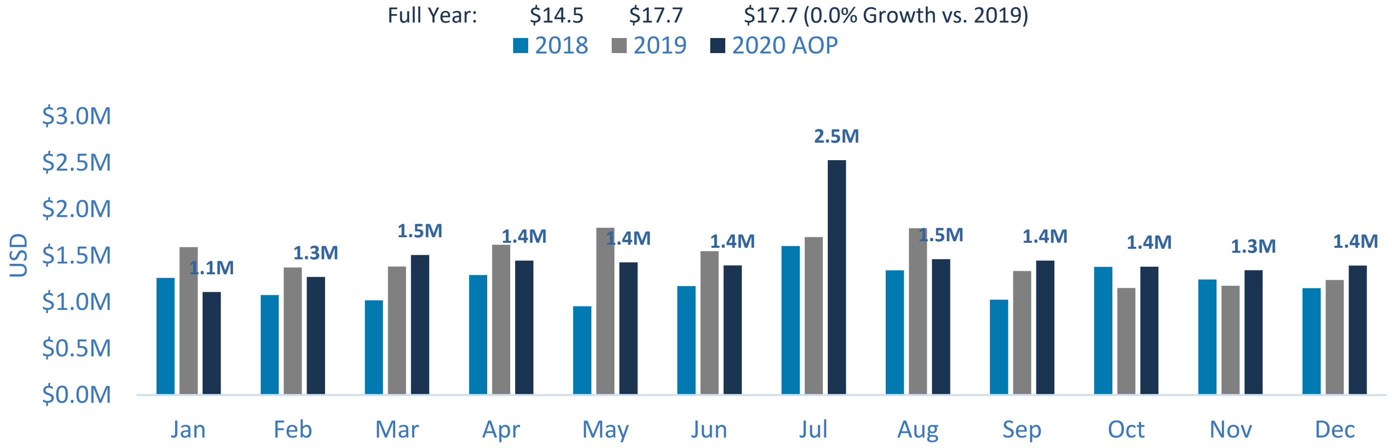
From P&L



- Primary Assumptions :
  - **Revenue:** Market conditions excellent. Sales team complete as wells GM leadership. A&D sales also focused 80% in TX to drive BOD specs.
  - **Labor Costs:** Hiring full time service techs/installers to reduce need for temp labor. Renegotiated temp labor rate in Dallas which will drop straight to bottom line.
  - **Overhead / Fixed Costs:** Hiring new product installers, but, figured into 2020 AOP. Front office (PM's, PC's, Office Managers) are all in place and need to settle into roles.
- Keys to achieving 2020 AOP:
  - **Executing Large Projects Already Secured:**
    - Walker MS ($1.4m) and Strike ($1.4m)-
      - 2 glass wall projects nearly identical
      - Both will install May/April
      - Risks- Weather and building progress
  - **Securing Additional Projects**: Focus will be on using tools to find and capitalize on new projects. Increase win rate on lost jobs by relationships and some pricing strategies, without jeopardizing margin requirements. Improve customer relations.
  - **Other Major Initiatives**: [Reference any more details on the 3-5 major initiatives you are working on for you strategy section + anything else worth describing to the board]

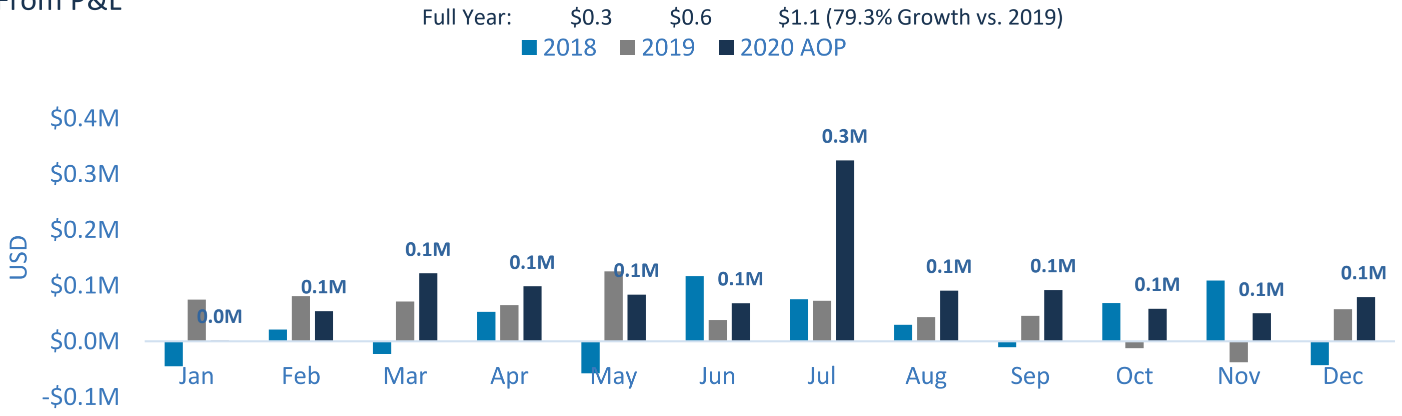
Appendix 3) 2020 AOP: Midwest & Potomac Combined

Sales Trend



EBITDA Trend

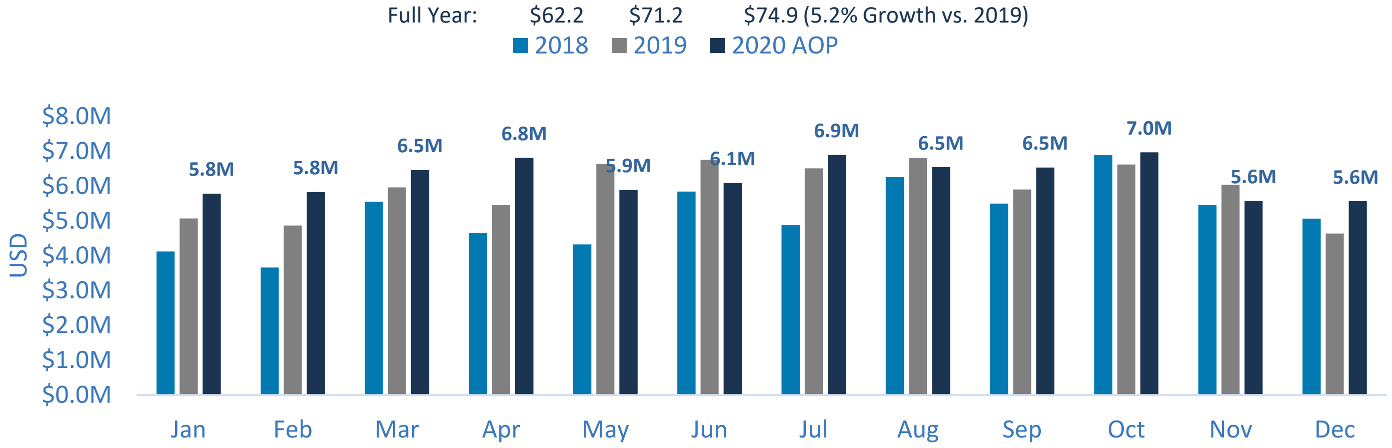
From P&L



- Primary Assumptions :
  - **Revenue:** Backlog is solid due to efforts in 2019.
  - **Labor Costs:** Labor will hold steady over 2020 and are not anticipating any changes.
  - **Overhead / Fixed Costs:** Open reqs for new sales reps in Chi and Indy are projected to be filled in Apr '20. AOP for 2020 has this figured into it.
- Keys to achieving 2020 AOP:
  - **Executing Large Projects Already Secured:**
    - Irondale HS ($280k)- Install Mar '20, Risks are building construction delays
    - Westfield HS ($272)- Install Mar '20, Risk is building construction delays
  - **Securing Additional Projects**: Focus will be on using tools to find and capitalize on new projects. Increase win rate on lost jobs by relationships and some pricing strategies, without jeopardizing margin requirements.
  - **Other Major Initiatives**: Focus on tenant fit projects if lead times remain less than 8 weeks.

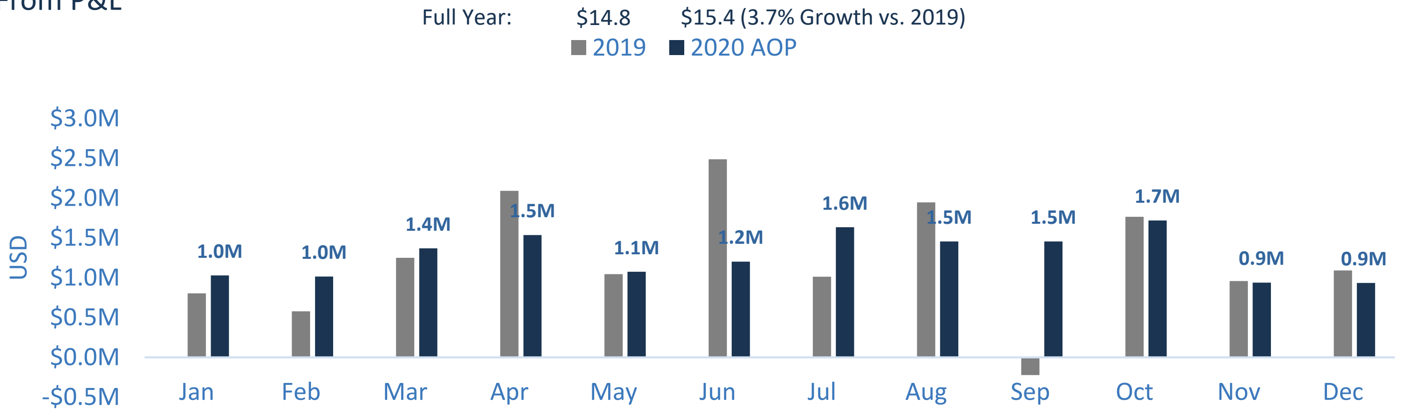
Appendix 3) 2020 AOP: Janesville

Sales Trend



Gross Profit Trend[1]

From P&L



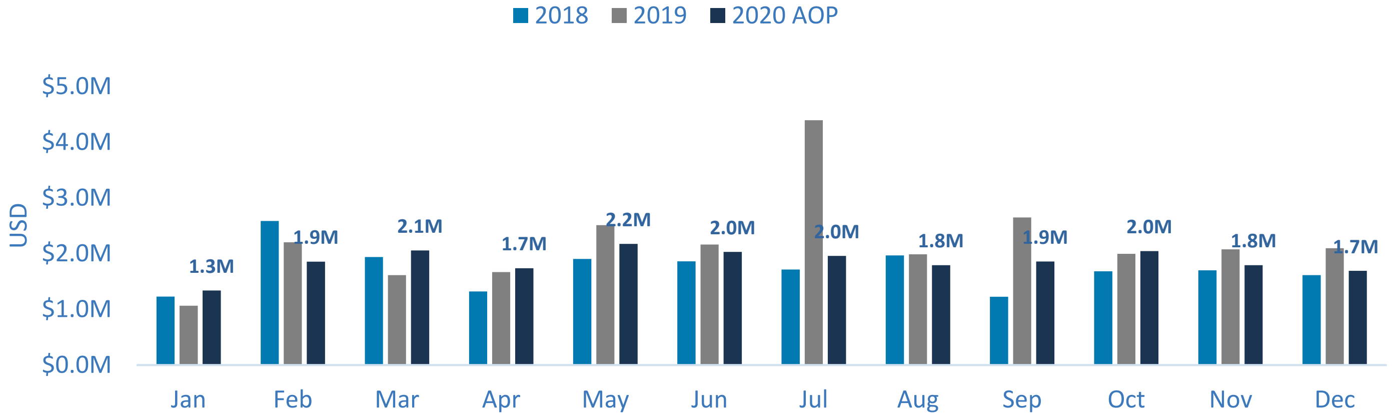
1)Gross Profit utilized to show exclusive of corporate overhead / admin in Janesville. Excluded 2018 Gross Profit due to unreconciled anomalies.

- Primary Assumptions :
  - **Revenue:** Backlog for 2020 is strong, large projects have seen some decline but should not effect current AOP. Market conditions remain strong and Hufcor sales offices have seasoned sales talent in place and new distribution in key areas added in 2019.
  - **Labor Costs:** Efficiency projects produce headcount savings or productivity improvements throughout 2020.
  - **Overhead / Fixed Costs:** Required investments and development of deferred maintenance programs throughout the year to maintain capacity.
- Keys to achieving 2020 AOP:
  - **Quality Improvement:** Reduce rework & warranty costs in 2020 by 26%, or roughly $436K from 2019.
  - **Productivity Improvement:** 25% improvement to average labor productivity in the 4 weeks leading up to Feb 10th
  - **Securing Additional Projects**: Focus will be on using tools to find and capitalize on new projects. Increase win rate on lost jobs by relationships and some pricing strategies, without jeopardizing margin requirements.
  - **Other Major Initiatives**: New efforts on Tenant Fit Out projects if we can hold lead times <8 weeks. Estimate $1M / month new growth once 4 month ramp up complete.

Appendix 3) 2020 AOP: Australia / NZ

Sales Trend

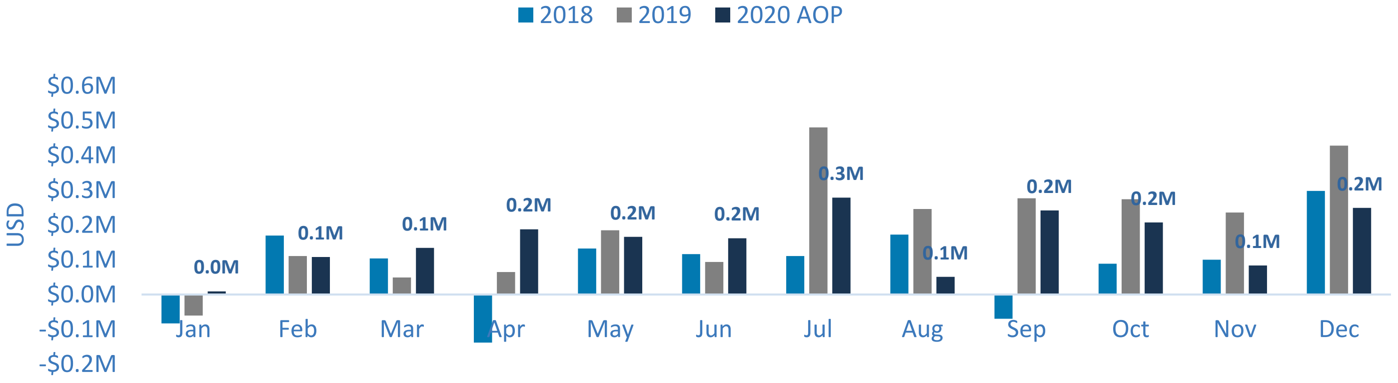
Full Year: $20.7 $26.4 $22.3 (-15.5% Growth vs. 2019)



EBITDA Trend

From P&L

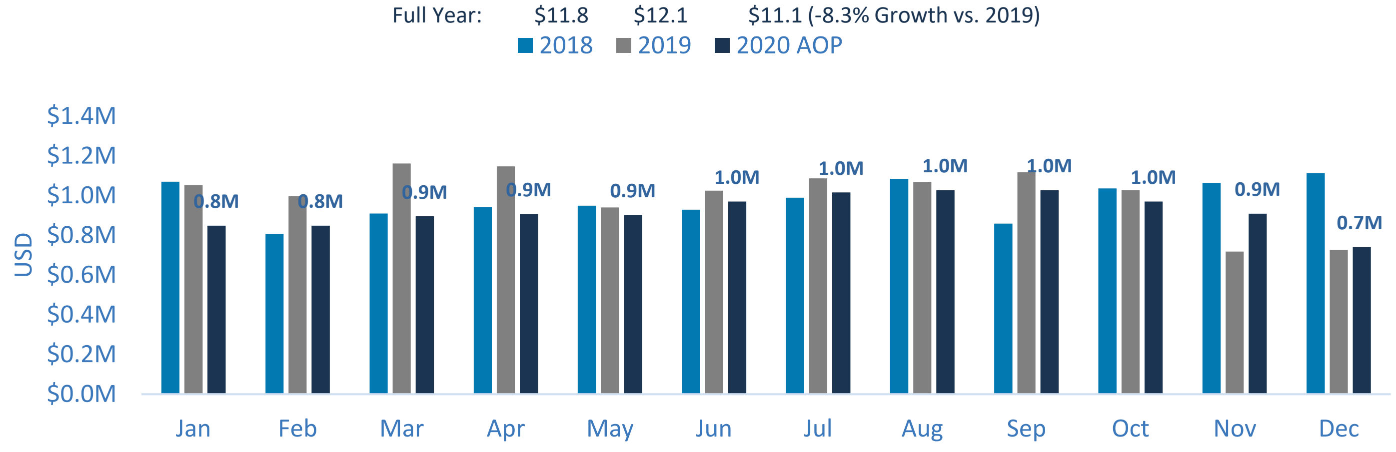
Full Year: $1.0 $2.4 $1.9 (-21.2% Growth vs. 2019)



- Primary Assumptions :
  - **Revenue:** Production increase by 11% to meet demand in operable walls. Anticipated increase in Kiyssa production as well.
  - **Labor Costs:** Labor efficiency to minimize additions.
  - **Overhead / Fixed Costs:** ERP investment.
- Keys to achieving 2020 AOP:
  - **Executing Large Projects Already Secured:**
    - **NZ Auckland and Christchurch completion 2020-21 (around $2.5M Rev)**
    - Cleanup of Fire at Auckland is threat to Rev/Profit until signed off by insurance(4-6 months).
  - **Securing Additional Projects**:
    - Cairns CC & Wellington CC are two projects we need to win for Strategic reasons in early 2020
  - **Other Major Initiatives**:
    - Increase panel output to 50/day(11% increase)
    - Increase Glass/slider output(new glass line & sales strategy)= $10M over two years
    - Increase Kyissa output to 35 units/day (16% increase)

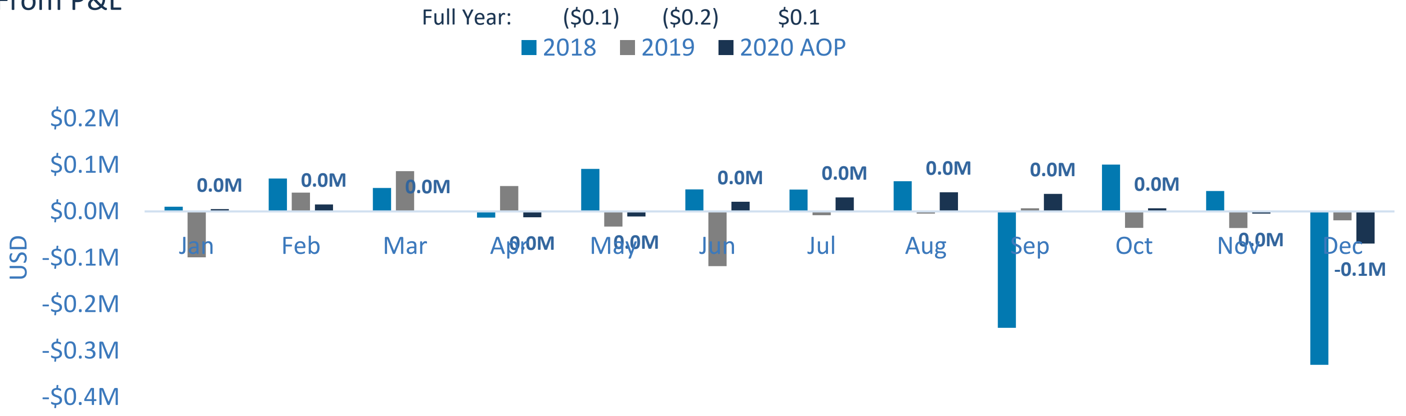
Appendix 3) 2020 AOP: Europe

Sales Trend



EBITDA Trend

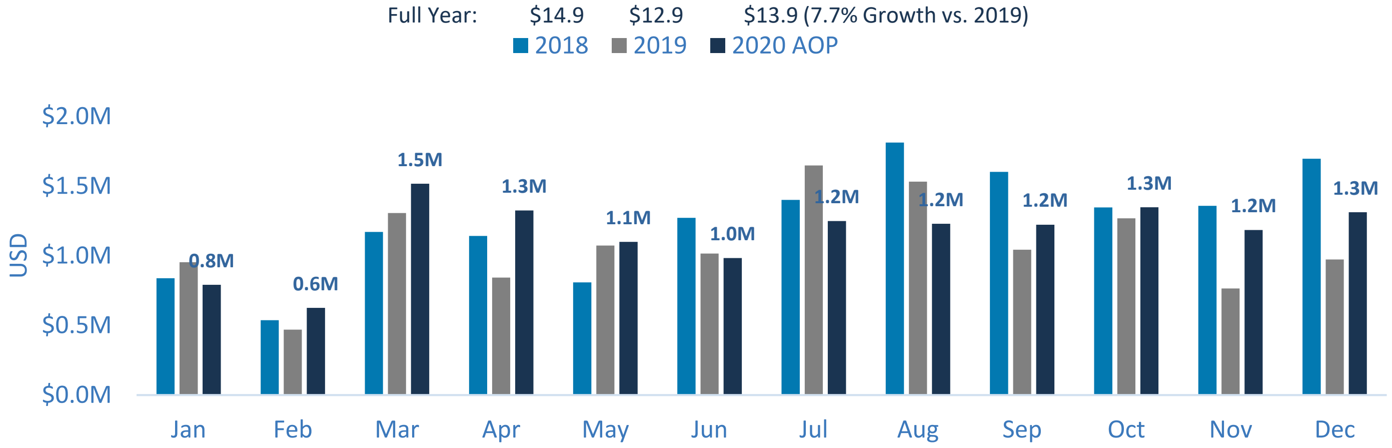
From P&L



- Primary Assumptions :
  - **Revenue:** Large projects negatively impacted results of 2019. The revenue in 2020 will be achieved through higher margin projects. 2020's main focus is to return to profitability.
  - **Labor Costs:** Reduced focus on large projects will enable us to reduce temp labor. Benefit will be a $250K minimum.
  - **Overhead / Fixed Costs: Overheads to be right sized to align with revenue development and to allow for investment in project management for 2021.**
- Keys to achieving 2020 AOP:
  - **France:** Start with new distributor start of Q2 and maintain a business relationship with former distributor to ensure the required level of order entry.
  - **Margin development**: Current pricing placing margin at approx. 16%. Look at additional increases to price, and sales model. Reduce panel cost
  - **Other Major Initiatives**: Remove sales agents and put in place a direct sales model. Rebuild management team. MRP module to be in place beginning of Q2.

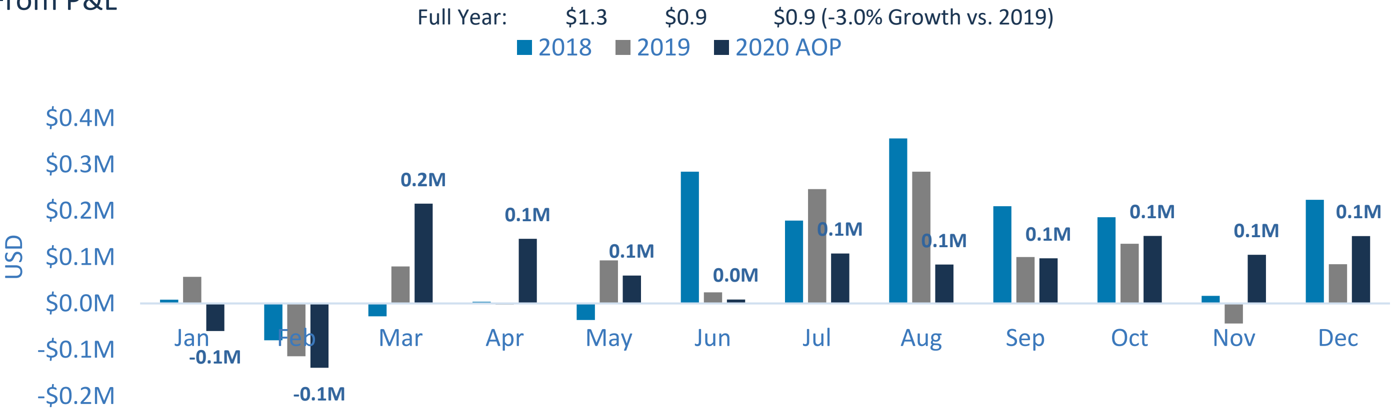
Appendix 3) 2020 AOP: China

Sales Trend



EBITDA Trend

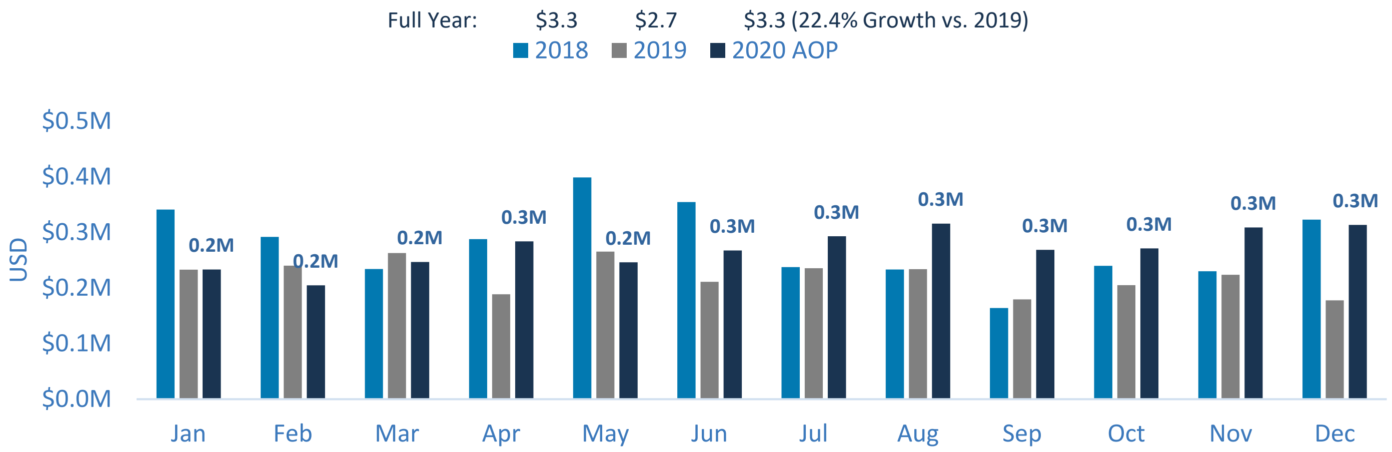
From P&L



- Primary Assumptions for China:
  - **Revenue:** Revenue grow by 3.1%, from the launch of the new glass wall products
  - **Labor Costs:** Total installation costs maintain at the same level as 2019 (29% of sales)
  - **Overhead / Fixed Costs:** The total of overhead and SG&A maintain at 2019 level.
- Keys to achieving 2020 AOP for China:
  - **Executing Large Projects Already Secured:** Community Hall at Queen's Hill USD0.29M
  - **Securing Additional Projects**: Current backlog to be delivered in 2020: USD2.1M
  - **Other Major Initiatives**: Develop more aggressive distributor in Taiwan
- Primary Assumptions for HK/Macau:
  - **Revenue:** Revenue grow by 3.1%, from the launch of the new glass wall products
  - **Labor Costs:** Total installation costs maintain at the same level as 2019 (29% of sales)
  - **Overhead / Fixed Costs:** The total of overhead and SG&A maintain at 2019 level.
- Keys to achieving 2020 AOP for HK/Macau:
  - **Executing Large Projects Already Secured:** Community Hall at Queen's Hill USD0.29M
  - **Securing Additional Projects**: Current backlog to be delivered in 2020: USD2.1M
  - **Other Major Initiatives**: Develop more aggressive distributor in Taiwan

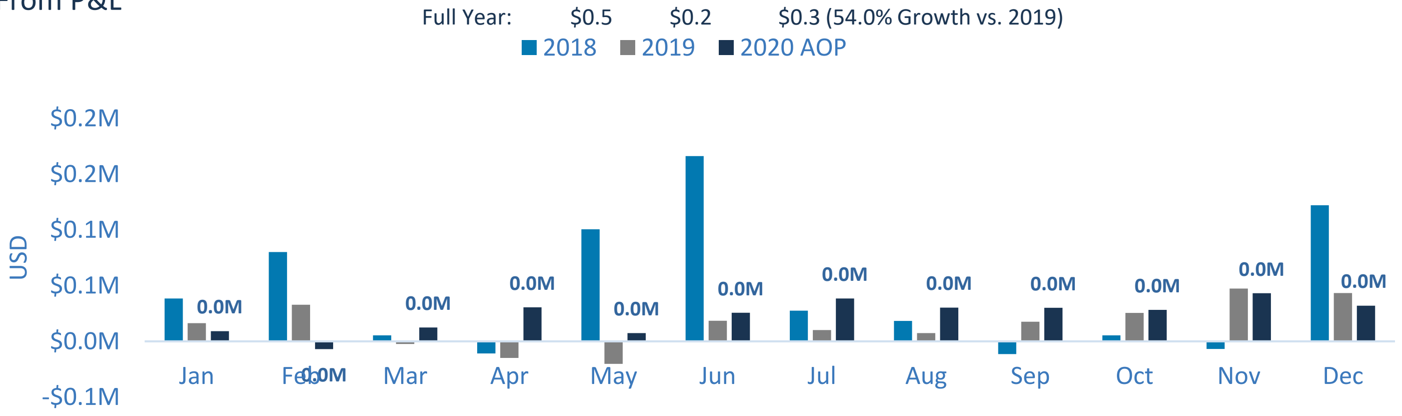
Appendix 3) 2020 AOP: Malaysia

Sales Trend



EBITDA Trend

From P&L



- **Primary Assumptions :**
  - Revenue increased by 27% with the launching of glass products and new business development initiatives
  - Minimum c/f backlog of USD391k,mainly small quick turn around commercials jobs.
  - Market remain soft throughout 2020, without mega projects for Malaysia and Singapore. Emphasis is mainly office commercial jobs.
  - Expecting a slight recovery towards Q3 and Q4 with better glass materials margin (40%) compared to standard operable wall (30%)
  - Labor cost maintained despite of government minimum wages policy by adjusting for headcounts and efficiency initiatives
  - RM100K capex budgeted for product testing

- **Keys to achieving 2020 AOP:**
  - Contribution from new glass walls GF and 5000G
  - Improve existing product features in parity with major competitors – high STC, UL certification, concealed edge
  - Critical projects to win - Khajuraho Convention (USD184K), Novotel Convention Centre (USD197K) and UTP Perak (USD170K).
  - Improve MACOM initiatives to improves leads generation
  - Develop greenfield countries – BD Manager
  - Improve A&D and hit rates – Specification Manager