

2019 Audit Committee Meeting

Q2 2019

Conf. Call Date: July 18, 2019

Business/Finance Update

Audit & Governance

Financial Review

Special Topics and Executive Session

Q2 Performance

- June EBITDA: \$1.47M (11.8% of Rev) vs. PY June \$2.62M (21.1% of Rev w/ reversals)
- Q22019 EBITDA: +3,235 (+8.9% of Rev) vs. PY Q2 \$2,290 (6.8% of Rev), \$945K better than prior year
- YTD EBITDA: +\$4,712 (6.8% of Rev) vs. PY YTD \$1,402 (2.2% of Rev)
 - Variable cost control, H12019 COS 73.8% vs. H12018 at 76.0%
 - OPEX spend control, H12019 19.4% vs. 21.9% in 2018
 - Financial Note: H12018 EBITDA includes a \$1.5M accrual reversal in June 2018

Covenant Compliance

- Hufcor stayed in line with Covenant requirements

Finance Department Updates

- Interviews with top candidates for Domestic Controller role in progress
- Consultants remaining through onboarding of Controller

Other Topics

- Beginning work on 2018 tax return preparations with Baker Tilly

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Audit Topics

- No open Audit topics – 2018 Audited Financial Statements are available

Report from external Auditor

- N/A

New Accounting Guidelines

- None for Q2 2019

Management Governance Report

- See next page

Ethics & Compliance Hotline

- No complaints on the Ethics and Compliance Hotline

Red flags:

- Month-end close process continues to improve with focus on internal reporting templates and system-generated reports

Ongoing Governance Activities:

- Cleaning up internal reporting

Action:

- Review of ERP reports and reporting capabilities scheduled for July 2019
- Documentation in the form of detailed SOP (Standard Operating Procedures) continuing

Governance Matter		Q2 Update
a)	Requests for waivers or out-of-the-ordinary course approvals under the Internal Control and Corporate Governance Matrix, Code of Ethics or any internal control	None
b)	Any conflicts of interest or the appearance of any such conflict or potential conflict	None
c)	Any actual or apparent weakness or inadequacy in the Company's policies of internal controls and financial reporting	Yes, have found multiple reporting issues with templates and process steps as part of month end close – these are systematically being addressed
d)	Any reports or complaints regarding accounting, internal accounting controls or auditing matters	None

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Executive Summary – June



Desirable:

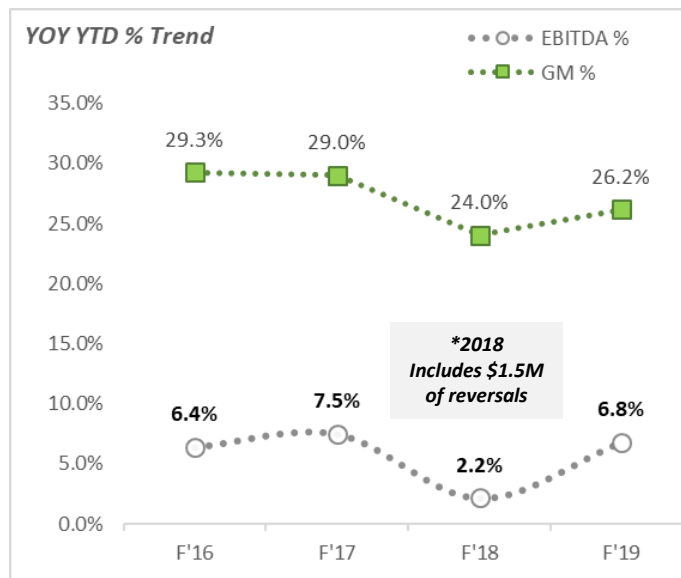
- June EBITDA: \$1.47M (11.8% of Rev) vs. PY June \$2.62M (21.1% of Rev w/ reversals)

	F'16	F'17	F'18	F'19
EBITDA %	6.4%	7.5%	2.2%	6.8%
GM %	29.3%	29.0%	24.0%	26.2%

- Key Drivers:
 - OPEX spend control, June 19.1% vs. PY at 10.7% (w/ reversals)
- YTD Janesville output up 16% YTD:

	2018	2019	%
June	6,747	5,870	-13%
YTD	35,893	41,650	16%
June Adj*	6,747	6,570	-3%
YTD Adj*	35,893	42,350	18%

*Adjusted for Water/Flooding Loss, 700 Units



- 12 month rolling backlog reached new record high of **\$98.1M/Total backlog \$100.6M**
- EU price increase implemented, impact of €1.1M based on 2018 volume/mix

Undesirable:

- Macro Level OPEX spend is solid, however we are digging into IT, Marketing, Professional Services, and “Other”
- “Mega” projects impacting availability, Net Working Capital “up” ~\$4M mainly driven by WIP Inventory specifically: Dubai, NZICC, Christchurch and other large projects
- Janesville factory & front office flooding
- Month end close continues to get “better” however financial tools, month end close, FP&A in full rebuilding mode, have found multiple issues with the legacy team work/templates/etc.
- YOY comparisons get tougher for the rest of 2019 (based on June 2018 cost run-rate change(s): dumped & stopped discretionary accruals, etc.)



Cost Control & Output Increase Delivering EBITDA YTD, Offsetting Legacy Price Decisions...

June 2019 P&L



	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Gross Revenue	\$ 12,407	\$ 12,954	\$ (547)	(4.2%)	\$ 12,431	\$ (24)	(0.2%)	
Net Revenue	12,407	12,954	(547)	(4.2%)	12,431	(24)	(0.2%)	
Material	3,611	4,185	(574)	(13.7%)	3,959	(347)	(8.8%)	
Labor	3,935	3,586	349	9.7%	3,554	381	10.7%	
Other COGS	1,027	1,003	24	2.4%	965	63	6.5%	
Total COGS	8,573	8,774	(201)	(2.3%)	8,477	96	1.1%	
Gross Margin	3,834	4,180	(346)	(8.3%)	3,954	(120)	(3.0%)	
Gross Margin %	30.9%	32.3%			31.8%			
R&D	—	—	—	N/A	—	—	N/A	
Sales & Marketing	1,160	1,267	(107)	(8.4%)	997	163	16.3%	
Administrative	1,198	995	203	20.4%	337	861	255.6%	
Other Opex	6	(3)	9	(270.6%)	(2)	8	(380.0%)	
Total Opex	2,364	2,258	105	4.7%	1,332	1,031	77.4%	
EBITDA	1,470	1,922	(452)	23.5%	2,621	(1,151)	(43.9%)	
EBITDA %	11.8%	14.8%			21.1%			
Net Income (Loss)	\$ 197	\$ 731	\$ (533)	73.0%	\$ 650	\$ (453)	69.7%	
Capex	\$ —	\$ —	\$ —		\$ 40	\$ (40)		

	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Payroll	\$ 1,128	\$ 1,194	\$ (66)	(5.5%)	\$ 1,126	\$ 2	0.2%	
Benefits	224	250	(27)	(10.6%)	232	(8)	(3.4%)	
Bonus	75	112	(37)	(33.1%)	(478)	553	(115.6%)	
Marketing	(24)	28	(52)	(184.9%)	0	(24)	(118380.0%)	
Commissions	180	191	(11)	(5.8%)	125	55	44.1%	
Travel and Entertainment	87	87	0	0.3%	82	5	5.7%	
Rent and Facilities	75	65	10	16.2%	66	9	14.2%	
Insurance	33	32	1	3.5%	34	(1)	(2.7%)	
Professional Fees	60	69	(10)	(13.8%)	137	(77)	(56.5%)	
Util., Repair, Maint., & Sec.	33	34	(1)	(2.9%)	32	1	3.1%	
Office Expenses	5	6	(1)	(15.5%)	5	0	5.0%	
IT	67	48	20	41.5%	46	21	46.7%	
Bad Debts	84	12	72	604.9%	(339)	423	(124.8%)	
Supplies	13	18	(5)	(27.5%)	17	(4)	(23.1%)	
FX	—	—	—	N/A	23	(23)	(100.0%)	
Other Expenses	324	114	210	185.0%	225	99	43.9%	
Total Opex	\$ 2,364	\$ 2,258	\$ 105	4.7%	\$ 1,332	\$ 1,031	77.4%	
	19.1%	17.4%			10.7%			

YTD			PY YTD	
Act	Bud	%	Act	%
\$ 69,284	\$ 71,557	(3.2%)	\$ 64,880	6.8%
69,284	71,557	(3.2%)	64,880	6.8%
23,203	25,277	(8.2%)	22,973	1.0%
21,464	20,724	3.6%	20,259	6.0%
6,438	5,876	9.6%	6,048	6.4%
51,104	51,877	(1.5%)	49,280	3.7%
18,180	19,680	(7.6%)	15,600	16.5%
26.2%	27.5%		24.0%	
—	—	N/A	—	N/A
6,799	7,601	(10.5%)	7,427	(8.5%)
6,845	5,970	14.7%	6,808	0.5%
(177)	(21)	755.3%	(37)	375.9%
13,468	13,550	(0.6%)	14,198	(5.1%)
4,712	6,130	23.1%	1,402	236.1%
6.8%	8.6%		2.2%	
\$ (1,549)	\$ 332	566.0%	\$ (5,784)	73.2%
\$ 1,896	\$ —		\$ 611	210.5%

Management Discussion:

Revenue

- June was \$547K lower than “AOP”, lost some month end shipment traction based on weather (rain) & internal flooding in Janesville

Gross Margin

- Better “mix” in June vs. May, less large/international (Dubai) shipments in June
 - Dubai shipments ramp back up in July
- YTD GM% continues to improve over 2018 (26.2% vs. 24% YTD 2018)
- June 2019 – 30.9%

OPEX

- YTD OPEX remains on track with AOP
- 19.1% for June (and 19.4% YTD) vs. 2018 YTD at 21.9%
 - June 2018 is the month we released a number accrual buckets (bonus, warranty, etc.) back into the P&L based on YTD performance in 2018
 - OPEX - Bonus
 - OPEX – Bad Debt
 - For 2018 these buckets of cost are negative in the PY

EBITDA

- June EBITDA of \$1.47M was a miss to “AOP” by \$452K, however YOY YTD we are “better” by \$3.3M, apples to apples (removing the accrual “dump” we are \$4.7M ahead of 2018
- YTD 2019 – 6.8% vs. YTD 2018 at 2.2% (w/ the reversal), YTD 2018 w/o the reversal ~.2% EBITDA

Covenant Analysis - June FCCR: 1.60



\$'000	Jan-19 Actual	Feb-19 Actual	Mar-19 Actual	Apr-19 Actual	May-19 Actual	Jun-19 Actual	Jul-19 Budget	Aug-19 Budget	Sep-19 Budget	Oct-19 Budget	Nov-19 Budget	Dec-19 Budget	2019
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)													
Net Income (Loss)	\$ (961)	\$ (647)	\$ 119	\$ (26)	\$ (231)	\$ 197	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ (542)
Bank EBITDA Calculation:													
Interest and amortization	344	347	358	349	98	465	275	266	254	254	262	258	3,530
Taxes	(7)	43	19	36	88	36	156	158	161	(45)	(47)	(46)	553
Depreciation and amortization	494	495	495	569	507	507	577	577	577	577	577	577	6,529
Directors Fees and Expense Reimbursements < \$150k	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Net Cost Savings from RIF's and Facility Relo's	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition transaction costs < \$250k for 12 month period	-	-	-	-	-	-	-	-	-	-	-	-	-
Monitoring fees (including expenses)	250	18	-	250	-	-	340	-	-	370	-	-	1,228
Gain/loss on disposition of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent Purchase Price Obligation Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Losses (Gains) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-
FX gain/loss	(6)	16	48	2	58	(44)	-	-	-	-	-	-	73
Severance	-	-	-	63	-	308	-	-	-	-	-	-	371
Extraordinary charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-cash charges or non-cash gains	-	-	51	-	-	-	-	-	-	-	-	-	51
Other non-recurring fees and expenses < \$6.5mm in total	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-recurring items:													
Australian facility certification < \$400k in aggregate	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension Buyout (not to exceed \$500K)	-	-	-	-	-	-	-	-	-	-	-	-	-
One-Time Costs (not to exceed \$2.4M)	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory write-offs < \$320k in total	-	-	-	-	-	-	-	-	-	-	-	-	-
A/R write-offs < \$1.3mm in total	64	127	98	78	81	84	-	-	-	-	-	-	533
Warranty claim payments: Mystic Lake < 400k	-	-	-	-	-	-	-	-	-	-	-	-	-
Warranty claim payments: Non- Mystic Lake < 625k	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-recurring items	64	127	98	78	81	84	-	-	-	-	-	-	533
Bank EBITDA	\$ 178	\$ 399	\$ 1,189	\$ 1,321	\$ 601	\$ 1,553	\$ 1,816	\$ 1,476	\$ 1,476	\$ 1,019	\$ 649	\$ 649	\$ 12,325
Less:													
Unfinanced CAPEX	245	117	175	250	-	-	240	250	250	170	170	170	2,037
Cash income and franchise taxes	(7)	43	19	36	88	36	156	158	161	(45)	(47)	(46)	553
Restricted Payments paid in cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Monitoring fees (including expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Numerator	\$ (60)	\$ 239	\$ 994	\$ 1,035	\$ 513	\$ 1,517	\$ 1,420	\$ 1,068	\$ 1,065	\$ 894	\$ 526	\$ 525	\$ 9,735
Fixed Charges:													
Cash Interest	300	301	311	349	98	465	275	266	254	254	262	258	3,393
Regularly scheduled principal payments	209	-	-	209	-	-	209	-	-	209	-	-	836
Capital Lease payments	3	3	3	-	-	-	3	3	3	3	3	3	28
Total Fixed Charges	\$ 512	\$ 304	\$ 314	\$ 558	\$ 98	\$ 465	\$ 487	\$ 270	\$ 257	\$ 466	\$ 265	\$ 261	\$ 4,257
TTM Numerator	4,390	5,329	6,086	7,604	8,512	7,335	8,669	8,641	8,672	8,984	9,197	9,735	9,735
TTM Fixed Charges	4,410	4,464	4,480	4,565	4,388	4,589	4,591	4,571	4,555	4,372	4,326	4,257	4,257
Fixed Charge Covenant Ratio	1.00	1.19	1.36	1.67	1.94	1.60	1.89	1.89	1.90	2.06	2.13	2.29	2.29
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	\$ 39,647	\$ 39,147	\$ 38,438	\$ 38,138	\$ 37,738	\$ 37,229	\$ 37,229
TTM Bank EBITDA	\$ 7,009	\$ 7,986	\$ 8,871	\$ 10,417	\$ 11,188	\$ 9,929	\$ 11,309	\$ 11,557	\$ 11,986	\$ 11,786	\$ 11,774	\$ 12,325	\$ 12,325
Leverage Ratio	6.13	5.48	4.71	4.01	3.71	4.31	3.51	3.39	3.21	3.24	3.21	3.02	3.02
Required	*NR			*NR			*NR			4.75 x			

*Not required until December 31st, 2019 pursuant to section 2.9 (ii) of the 2nd amendment to the Term Loan Credit Agreement and Waiver

Balance Sheet



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY	PY
\$'000	Act	Act	Act	Act	Act	Act	Bud	Act
Current Assets								
Cash and cash equivalents	\$ 2,930	\$ 2,754	\$ 1,577	\$ 1,521	\$ 1,561	\$ 3,263	\$ 3,500	\$ 2,668
Short term investments	—	—	—	—	—	—	—	—
<i>Accounts receivable, gross</i>	35,130	36,910	34,436	33,243	34,172	36,345	34,452	36,879
<i>Accounts receivable, reserves</i>	(1,455)	(1,545)	(1,629)	(1,679)	(1,746)	(1,836)	—	(1,407)
Accounts receivable, net	33,675	35,365	32,807	31,564	32,426	34,509	34,452	35,472
<i>Inventory, gross</i>	14,553	15,308	15,388	16,303	16,774	18,889	11,969	13,393
<i>Inventory, reserves</i>	(243)	(253)	(264)	(274)	(282)	(195)	—	(298)
Inventory, net	14,310	15,055	15,124	16,028	16,493	18,695	11,969	13,095
Prepaid expenses and other current assets	1,832	1,728	1,591	1,529	1,476	1,338	1,595	1,666
Current portion of deferred taxes	5,612	5,579	5,583	5,568	5,263	5,280	5,797	5,559
Revenue in excess of billings	—	—	—	—	—	—	—	—
Other current assets	285	331	222	318	323	397	—	261
Total Current Assets	58,644	60,813	56,904	56,528	57,542	63,482	57,313	58,721
Non-Current Assets								
<i>Property, plant & equipment, gross</i>	36,688	37,895	38,006	38,147	38,088	38,362	37,697	36,262
<i>Accumulated depreciation</i>	(23,108)	(23,208)	(23,334)	(23,515)	(23,601)	(23,838)	(22,835)	(22,835)
Property, plant & equipment, net	13,580	14,687	14,673	14,632	14,487	14,524	14,862	13,427
<i>Identifiable intangible assets, gross</i>	15,247	15,236	15,238	15,233	15,227	15,233	5,583	15,231
<i>Accumulated amortization</i>	(5,870)	(6,215)	(6,561)	(6,906)	(7,251)	(7,597)	—	(5,523)
Identifiable intangible assets, net	9,377	9,022	8,677	8,327	7,976	7,636	5,583	9,707
Deferred financing cost	1,906	1,955	1,908	1,862	1,950	1,900	1,903	1,950
Other non-current assets	3,723	2,705	2,703	2,697	2,693	2,697	2,696	3,719
Total Non-Current Assets	28,585	28,368	27,961	27,518	27,106	26,756	25,044	28,804
Total Assets	\$ 87,230	\$ 89,181	\$ 84,864	\$ 84,046	\$ 84,648	\$ 90,238	\$ 82,357	\$ 87,524
Current Liabilities								
Current portion of long-term debt	\$ 1,250	\$ 835	\$ 835	\$ 835	\$ 835	\$ 835	\$ 835	\$ 835
Line of Credit	10,203	11,382	9,458	9,623	9,308	10,596	5,544	7,832
Accounts payable	12,385	12,453	10,618	15,884	15,798	16,614	8,913	13,527
Accrued liabilities	6,054	6,682	6,363	962	2,508	5,564	5,748	6,224
Accrued compensation	1,508	1,551	1,662	1,461	1,364	1,970	—	2,121
Income taxes payable	83	113	129	146	188	246	260	129
Other current liabilities	2,630	2,911	2,895	2,905	2,957	3,075	2,011	2,721
Total Current Liabilities	34,112	36,789	32,416	31,895	33,037	38,965	23,311	33,389
Long-term liabilities								
Long-term debt less current maturities	31,521	31,521	31,521	31,313	31,313	31,313	30,895	31,730
Deferred income taxes	47	68	96	95	94	95	45	46
Other non-current liabilities	48	47	(111)	46	46	(653)	49	46
Total Long-Term Liabilities	31,616	31,636	31,507	31,454	31,452	30,755	30,989	31,822
Total Liabilities	65,728	68,425	63,923	63,349	64,489	69,720	54,300	65,211
Shareholders' Equity								
Common stock	—	—	—	—	—	—	—	—
Capital in excess of stated value	36,350	36,350	36,350	36,350	36,350	36,350	36,350	36,350
Retained earnings	(14,999)	(15,646)	(15,377)	(15,544)	(16,069)	(15,872)	(9,109)	(14,038)
Accumulated other comprehensive income	512	512	521	518	519	522	47	47
Other equity transactions	(361)	(460)	(553)	(627)	(641)	(482)	769	(46)
Total Shareholders' Equity	21,501	20,756	20,942	20,697	20,158	20,518	28,056	22,313
Total Liabilities and Shareholders' Equity	\$ 87,230	\$ 89,181	\$ 84,864	\$ 84,046	\$ 84,648	\$ 90,238	\$ 82,357	\$ 87,524

Cash Flow Statement

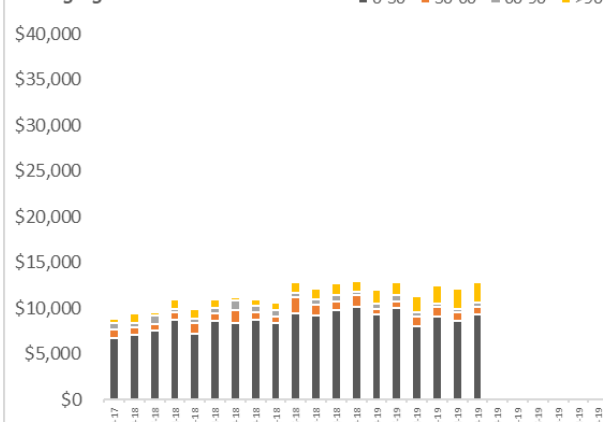


\$'000	MTD		Variance		PY-MTD		Variance		YTD		Variance		PY YTD		Variance									
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%										
Cash flow from operations																								
Net Income (Loss)	\$	197	\$	731	\$	(533)	(73.0%)	\$	650	\$	(453)	(69.7%)	\$	(1,486)	\$	332	\$	(1,818)	(547.1%)	\$	(5,784)	\$	4,299	(74.3%)
Depreciation, amortization and other		507		577		(70)	(12.2%)		1,565		(1,058)	(67.6%)		3,067		3,462		(395)	(11.4%)		3,034		33	1.1%
Capitalized fees & expenses		88		32		56	178.4%		32		56	178.4%		33		190		(156)	(82.4%)		190		(156)	(82.4%)
Gain (loss) on sale of fixed assets		—		—		—	N/A		—		—	N/A		—		—		—	N/A		(19)		19	(100.0%)
Non-cash interest expense		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Non-cash dividends		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Deferred income tax		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Change in operating assets and liabilities:																								
Accounts receivable		(2,157)		(1,518)		(638)	42.0%		(1,641)		(516)	31.4%		828		(1,832)		2,659	(145.2%)		377		451	119.5%
Inventory		(2,202)		84		(2,286)	(2736.9%)		605		(2,807)	(464.0%)		(5,600)		(1,528)		(4,072)	266.4%		655		(6,255)	(955.5%)
Prepaid expenses and other current assets		35		588		(554)	(94.1%)		369		(334)	(90.6%)		430		312		118	37.8%		498		(68)	(13.7%)
Accounts payable		(134)		(56)		(78)	140.7%		284		(418)	(147.1%)		3,187		395		2,792	707.7%		1,624		1,563	96.3%
Accrued expenses		3,714		(1,655)		5,369	(324.4%)		(1,228)		4,942	(402.5%)		(388)		390		(778)	(199.5%)		(2,432)		2,043	(84.0%)
Accrued income taxes		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Other changes in operating assets and liabilities		(238)		—		(238)	N/A		83		(321)	(385.6%)		(1,056)		—		(1,056)	N/A		355		(1,410)	(397.4%)
Other cash flow from operations		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Total Cash Flow from Operations	\$	(190)	\$	(1,218)	\$	1,029	(84.4%)	\$	720	\$	(910)	(126.4%)	\$	(2,458)	\$	1,720	\$	(4,178)	(242.9%)	\$	(1,503)	\$	(955)	63.5%
Cash flow from investing																								
Additions to property, plant and equipment	\$	(274)	\$	—	\$	(274)		\$	(40)	\$	(234)	591.1%	\$	(898)	\$	—	\$	(898)	N/A	\$	(611)	\$	(288)	47.1%
Acquisitions of companies, net of cash acquired		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Investment in intangibles		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Earnout payments		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Other cash flow from investing (goodwill)		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Total Cash Flow from Investing	\$	(274)	\$	—	\$	(274)		\$	(40)	\$	(234)	591.1%	\$	(898)	\$	—	\$	(898)	N/A	\$	(611)	\$	(288)	47.1%
Cash flow from financing																								
Proceeds from the issuance (repayment) of ST	\$	1,288	\$	1,458	\$	(170)	(11.7%)	\$	(1,379)	\$	2,667	(193.4%)	\$	2,764	\$	433	\$	2,331	538.8%	\$	1,871	\$	893	47.7%
Proceeds from the issuance of debt		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Repayment of debt		—		—		—	N/A		22		(22)	(100.0%)		(418)		(418)		1	(0.1%)		(343)		(75)	21.8%
Capital lease		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Common stock issued (repurchased)		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Common stock cash dividends paid		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Preferred stock issued (repurchased)		—		—		—	N/A		—		—	N/A		—		—		—	N/A		—		—	N/A
Other cash flow from financing costs		—		—		—	N/A		—		—	N/A		—		—		—	N/A		(0)		0	(100.0%)
Total Cash Flow from Financing	\$	1,288	\$	1,458	\$	(170)	(11.7%)	\$	(1,358)	\$	2,646	(194.8%)	\$	2,346	\$	15	\$	2,331	15933.0%	\$	1,528	\$	818	53.5%
Effect of FX rates on cash and cash equivalents	\$	332	\$	(240)	\$	572	(238.3%)	\$	(4)	\$	336	(8399.5%)	\$	109	\$	(333)	\$	442	(132.9%)	\$	(419)	\$	528	(126.1%)
Net change in cash	\$	38	\$	(0)	\$	38	<-1000%	\$	(682)	\$	720	(105.6%)	\$	593	\$	1,402	\$	(809)	(57.7%)	\$	(1,004)	\$	1,597	(159.0%)
Beginning cash		1,561		3,500		(1,939)	(55.4%)		4,012		(2,451)	(61.1%)		2,668		2,668		—	0.0%		4,335		(1,667)	(38.5%)
Change in cash		38		(0)		38	<-1000%		(682)		720	(105.6%)		593		1,402		(809)	(57.7%)		(1,004)		1,597	(159.0%)
Ending cash	\$	1,599	\$	3,500	\$	(1,901)	(54.3%)	\$	3,330	\$	(1,732)	(52.0%)	\$	3,263	\$	3,500	\$	(237)	(6.8%)	\$	3,330	\$	(68)	(2.0%)

Monthly Working Capital (AP, Inventory, & AR)



AP Aging - Trend

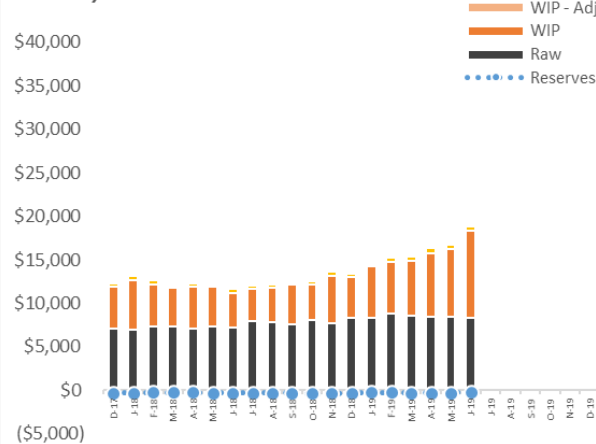


Total AP: \$12,791
DPO: 30

Comments/Next Steps:

- Domestic: started weekly meetings to review due invoices and pay what is necessary until domestic LOC availability goes above \$3.5M
- International: We paid salary/wages and installers first, then pay past-due invoices

Inventory

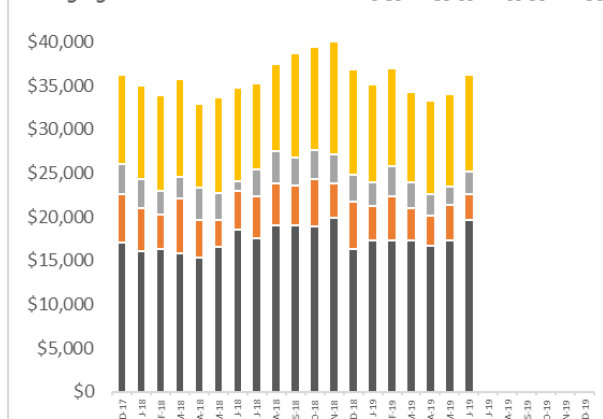


Total Inventory: \$19,280
Reserves: \$195K

Comments/Next Steps:

- Raw/FG – in line with historical run rates factoring in summer season
- WIP: Total increase in WIP since Dec 2018: \$5.3M
- International WIP: +\$2,930 vs. Dec 2018 driven by NZICC & Christchurch projects
- Domestic WIP +\$2,380 vs. Dec 2018 driven by \$1.2M JVL (Dubai/Major Projects) and another +\$1M in the sub offices – need to dig into sub office detail as next step
 - Financial reporting/visibility today is not in place to quickly deep dive

AR Aging - Trend



Total AR: \$36,272
DSO: 93

Comments/Next Steps:

- High Level “in line” with historical cycle of AR, however now layering in \$3-4M+ of large projects on top of normal run rate, Dubai ~\$2M alone
- Domestically:
 - Set up aggressive collection targets and then follow up with the subs to explain variances
- Internationally: Starting weekly cash calls
- However, the main driver is the strategic “shift” to large projects in 2016/2017 and the impact that has on working capital

Large Projects Having Significant Impact on Working Capital, Monitoring Cash Closely...

Business/Finance Update

Audit & Governance

Financial Review

Special Topics and Executive Session

- EEOC Charge (ex. Executive @ Hufcor)
 - Determination received in favor of former employee (former Vice President)
 - Violation of equal pay based on gender and race
 - Currently negotiating final settlement
- WFMLA & WFEA Charge
 - Claim of wrongful termination due to use of FMLA and wrongful termination due to disability by Union JVL Employee
 - Terminated 2/5/19 for violation of the attendance policy
 - WFMLA charge was found with no probable cause, however employee has appealed and currently awaiting hearing date; no decision regarding the WFEA case
 - 4th step grievance meeting complete, awaiting potential arbitration
- Unfair Labor Practice Charge
 - Claim of wrongful termination of Union JVL Employee
 - Terminated 4/4/19 for violation of shop rules, Hufcor Harassment and Bullying Policies
 - NLRB has deferred their decision and investigation until after the grievance and/or arbitration process has been exhausted
 - 4th step grievance meeting scheduled for 8/1/19
- Unfair Labor Practice Charge (Unilateral Benefits Changes)
 - Claim of unilateral changes to the health insurance, which was bargained for in 2017 – 2021 CBA – bad faith bargaining for changes made to the health insurance not spoken about at negotiations
 - Currently responding to NLRB requesting deferral of case until grievance procedure is exhausted
 - 4th step grievance meeting scheduled for 8/1/19
- Outsourced Parts Arbitration (9/19/19)
 - Exhausted grievance procedure regarding outsourced parts
 - Union contends company is not allowed to outsource, and the Company and CBA language disagree
 - Currently negotiating resolution